

**CHAPTER 142—S.F.No. 1589**

*An act relating to the operation of state government; providing funding for the legislature, constitutional officers and other agencies, boards, councils, commissions, and state entities; changing certain state government programs; changing powers and duties of certain state officers; repealing the Minnesota Sunset Act; requiring the chair of the Legislative Advisory Commission alternate between a member of the senate and a member of the house of representatives; requiring the chair of the Legislative Advisory Commission be a senate member in 2013; allowing the Legislative Advisory Commission to accept grants and gifts related to the commission's duties; requiring data security audits by the legislative auditor under certain circumstances; requiring notification of the legislative auditor when public resources have been used unlawfully or government data has been accessed unlawfully; allowing the secretary of state authority to accept funds from local government units for election systems enhancements and to receive certain funds for the address confidentiality program; allowing the state auditor to change a onetime user fee for a small city and town accounting system software; changing provisions for bid solicitations and proposals; changing certain provisions for service contracts and the solicitation process; requiring a determination of the information technology cost for agency technology cost for agency technology projects; expanding E-Government initiative and establishing the E-Government Advisory Council; allowing a convenience fee for users of NorthStar or online government information services; changing certain audit provisions relating to duties of the state auditor and the legislative auditor; allowing the state auditor to bill counties and political subdivisions periodically for services rendered; establishing a state auditor enterprise fund; modifying provisions for general noncommercial radio station and equipment grants; removing investigative powers of the Mississippi River Parkway Commission; changing a paid military leave provision; modifying provisions in the Veterans Service Office grant program; changing provisions in the Minnesota GI Bill program; establishing presumption of rehabilitation by an honorable discharge status from military service following a prior offense; providing for a bid preference for contracts for veteran-owned small businesses; allowing active duty service members to take a peace officer reciprocity exam; making Department of Revenue changes; establishing electronic filing requirements; establishing an automobile theft prevention surcharge; requesting the legislative auditor conduct a data security of the Department of Revenue's use of debit cards for tax refunds; adjusting certain salary groups; making compensation council changes; requiring a compensation study; adjusting constitutional officers salaries; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 3.30, subdivision 2; 3.303, by adding a subdivision; 3.85, subdivisions 8, 9; 3.855, subdivision 3; 3.885, by adding a subdivision; 3.971, subdivision 6, by adding subdivisions; 6.48; 6.56, subdivision 2; 13.591, subdivision 3; 15A.0815, subdivisions 1, 2, 3, 5; 15A.082, subdivisions 1, 2, 3; 16A.10, subdivision 1c; 16A.82; 16C.02, subdivision 13; 16C.06, subdivision 2; 16C.09; 16C.10, subdivision 6; 16C.145; 16C.33, subdivision 3; 16C.34, subdivision 1; 16E.07, by adding a subdivision; 32C.04; 43A.17, subdivisions 1, 3; 65B.84, subdivision 1; 129D.14, subdivisions 2, 3; 129D.15; 129D.155; 161.1419, subdivision 3; 192.26; 197.608, subdivisions 1, 3, 4, 5, 6; 197.791, subdivisions 4, 5; 254A.035, subdivision 2; 254A.04; 256B.093, subdivision 1; 260.835, subdivision 2; 270C.69, subdivision 1; 289A.20, subdivisions 2, 4; 289A.26, subdivision 2a; 295.55, subdivision 4; 297F.09, subdivision 7;*



from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

**Subd. 4. Legislative Coordinating Commission** 15,813,000 15,813,000

Appropriations by Fund

<u>General</u>	<u>15,685,000</u>	<u>15,685,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

The Legislative Coordinating Commission is authorized to enter into an agreement with the National Conference of State Legislatures to provide the organization up to \$100,000 of its funds to support activities in preparation for the annual conference to be held in Minnesota in 2014. It is anticipated that these funds will be returned to the Legislative Coordinating Commission, and are reappropriated to the commission.

**Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR** \$ 3,353,000 \$ 3,353,000

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) \$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

**Sec. 4. STATE AUDITOR** \$ 2,070,000 \$ 2,121,000

Sec. 5. **ATTORNEY GENERAL** \$ **24,342,000** \$ **24,342,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>22,125,000</u>	<u>22,125,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,822,000</u>	<u>1,822,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

Of this appropriation, \$65,000 in the first year and \$65,000 in the second year are from the general fund for transfer to the commissioner of public safety for a grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training.

Sec. 6. **SECRETARY OF STATE** \$ **5,938,000** \$ **6,583,000**

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, is appropriated for the purposes and uses authorized by federal law.

**Redistricting Case.** \$355,000 the first year is appropriated to the secretary of state to be used to pay attorney fees as ordered by the court in the legislative and congressional redistricting case Hippert et al. v. Ritchie et al., A11-152, and interest thereon. This appropriation is available for expenditure the day following final enactment.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD** \$ **1,000,000** \$ **1,000,000**

Sec. 8. **INVESTMENT BOARD** \$ **139,000** \$ **139,000**

Sec. 9. **ADMINISTRATIVE HEARINGS** \$ **7,732,000** \$ **7,506,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>482,000</u>	<u>256,000</u>
<u>Workers' Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>

**Campaign Violations Hearings.** (a) \$130,000 the first year is appropriated from the general fund for the cost of considering complaints filed under



**Nellie Stone Johnson bust or statue.** \$30,000 is to place a bust or statue of Nellie Stone Johnson in the State Capitol Building. This appropriation is contingent on receipt of an equal nonstate match. The commissioner must follow the process in Minnesota Statutes, sections 138.67 to 138.70, in the acquisition and placement of the bust or statue. This appropriation is available until expended.

<b><u>Subd. 3. Strategic Management Services</u></b>	<u>1,757,000</u>	<u>1,757,000</u>
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<b><u>Subd. 4. Fiscal Agent</u></b>	<u>11,077,000</u>	<u>10,777,000</u>
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The appropriations under this section are to the commissioner of administration for the purposes specified.

**In-Lieu of Rent.** \$8,158,000 the first year and \$8,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

**Public Broadcasting.** (a) \$1,550,000 the first year and \$1,550,000 the second year are for matching grants for public television.

(b) \$250,000 the first year and \$250,000 the second year are for public television equipment grants.

(c) The equipment or matching grants in paragraphs (a) and (b) must be allocated after considering the recommendations of the Minnesota Public Television Association.

(d) \$392,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(e) \$117,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(f) The grants in paragraphs (d) and (e) must be allocated after considering the recommendations of the Association of Minnesota Public Education Radio Stations under Minnesota Statutes, section 129D.14.

(g) \$610,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public

Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

**Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**

**\$ 335,000 \$ 335,000**

**Sec. 13. MINNESOTA MANAGEMENT AND BUDGET**

**\$ 28,144,000 \$ 20,369,000**

**Statewide Budget System.** \$4,500,000 for the biennium is to continue development of the new statewide budget system and to develop new capabilities including, but not limited to, capital budget and fiscal notes.

**Sec. 14. REVENUE**

**Subdivision 1. Total Appropriation**

**\$ 140,673,000 \$ 140,137,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>136,438,000</u>	<u>135,902,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

**Subd. 2. Tax System Management**

**112,057,000 111,521,000**

Appropriations by Fund

<u>General</u>	<u>107,822,000</u>	<u>107,286,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

**County Technical Assistance Grants.** (a) The commissioner of revenue may make technical assistance grants to counties to fund development, implementation, or maintenance of data collection and data processing systems that will facilitate improved

reporting of property tax data on parcels and portions of parcels to the commissioner for analytical and administrative use. The grants may be made in the order they are requested, or on some other basis determined by the commissioner. The commissioner shall determine whether to require an application or recipient agreement and shall determine the form and content of the application or agreement.

(b) \$300,000 is appropriated to the commissioner from the general fund in fiscal year 2014 to make grants to counties as provided in this section. This appropriation is available for fiscal years 2014 and 2015 only, and does not become part of the base.

**Appropriation; Taxpayer Assistance.** (a) \$200,000 in fiscal year 2014, and \$200,000 in fiscal year 2015, are added to the base appropriation of \$200,000 each year. These amounts are appropriated from the general fund to the commissioner of revenue to make grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

<u>Subd. 3. <b>Debt Collection Management</b></u>	<u>28,616,000</u>	<u>28,616,000</u>
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<u>Sec. 15. <b>GAMBLING CONTROL</b></u>	<u>\$ 3,959,000</u>	<u>\$ 3,959,000</u>
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These appropriations are from the lawful gambling regulation account in the special revenue fund.

<u>Sec. 16. <b>RACING COMMISSION</b></u>	<u>\$ 899,000</u>	<u>\$ 899,000</u>
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These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 17. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$30,500,000 in fiscal year 2014 and \$30,500,000 in fiscal year 2015.

Sec. 18. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>266,000</u>	\$	<u>266,000</u>
Sec. 19. <u>COUNCIL ON BLACK MINNESOTANS</u>	\$	<u>392,000</u>	\$	<u>392,000</u>
Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	\$	<u>354,000</u>	\$	<u>354,000</u>
Sec. 21. <u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u>	\$	<u>375,000</u>	\$	<u>375,000</u>
Sec. 22. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>562,000</u>	\$	<u>562,000</u>
Sec. 23. <u>MINNESOTA HISTORICAL SOCIETY</u>				
Subdivision 1. <u>Total Appropriation</u>	\$	<u>21,783,000</u>	\$	<u>21,649,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Programs</u>		<u>21,335,000</u>		<u>21,335,000</u>
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Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. Fiscal Agent

(a) <u>Minnesota International Center</u>		<u>39,000</u>		<u>39,000</u>
(b) <u>Minnesota Air National Guard Museum</u>		<u>34,000</u>		<u>-0-</u>
(c) <u>Minnesota Military Museum</u>		<u>160,000</u>		<u>60,000</u>
<u>Of this amount, \$60,000 each year is for an archivist staff position. The base for fiscal year 2016 is \$100,000.</u>				
(d) <u>Farmamerica</u>		<u>115,000</u>		<u>115,000</u>
(e) <u>Hockey Hall of Fame</u>		<u>100,000</u>		<u>100,000</u>

**Balances Forward.** Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 24. **BOARD OF THE ARTS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>7,514,000</u></b>	<b><u>\$</u></b>	<b><u>7,514,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Operations and Services</u></b>	<u>575,000</u>	<u>575,000</u>
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Subd. 3. <b><u>Grants Program</u></b>	<u>4,800,000</u>	<u>4,800,000</u>
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Subd. 4. <b><u>Regional Arts Councils</u></b>	<u>2,139,000</u>	<u>2,139,000</u>
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**Unencumbered Balance Available.** Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

**Projects located in Minnesota; travel restriction.** Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.

Sec. 25. <b><u>MINNESOTA HUMANITIES CENTER</u></b>	<b><u>\$</u></b>	<b><u>291,000</u></b>	<b><u>\$</u></b>	<b><u>251,000</u></b>
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\$40,000 the first year is for a grant to Everybody Wins!-Minnesota, a Minnesota 501(c)(3) corporation, to operate a reading program for Minnesota children.

Sec. 26. <b><u>SCIENCE MUSEUM OF MINNESOTA</u></b>	<b><u>\$</u></b>	<b><u>1,079,000</u></b>	<b><u>\$</u></b>	<b><u>1,079,000</u></b>
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Sec. 27. <b><u>GENERAL CONTINGENT ACCOUNTS</u></b>	<b><u>\$</u></b>	<b><u>1,000,000</u></b>	<b><u>\$</u></b>	<b><u>500,000</u></b>
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Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 28. <b><u>TORT CLAIMS</u></b>	<b><u>\$</u></b>	<b><u>161,000</u></b>	<b><u>\$</u></b>	<b><u>161,000</u></b>
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These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

**Sec. 29. MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>3,891,000</u></b>	<b><u>\$</u></b>	<b><u>3,964,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Legislators</u></b>		<b><u>3,406,000</u></b>		<b><u>3,475,000</u></b>
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. <b><u>Constitutional Officers</u></b>		<b><u>485,000</u></b>		<b><u>489,000</u></b>
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Under Minnesota Statutes, section 352C.001, if an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 30. <b><u>MINNEAPOLIS EMPLOYEES RETIREMENT FUND DIVISION ACCOUNT</u></b>	<b><u>\$</u></b>	<b><u>24,000,000</u></b>	<b><u>\$</u></b>	<b><u>24,000,000</u></b>
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These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 31. <b><u>TEACHERS RETIREMENT ASSOCIATION</u></b>	<b><u>\$</u></b>	<b><u>15,454,000</u></b>	<b><u>\$</u></b>	<b><u>15,454,000</u></b>
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The amounts estimated to be needed are as follows:

**Special Direct State Aid.** \$12,954,000 the first year and \$12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

**Special Direct State Matching Aid.** \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 32. <b><u>ST. PAUL TEACHERS RETIREMENT FUND</u></b>	<b><u>\$</u></b>	<b><u>2,827,000</u></b>	<b><u>\$</u></b>	<b><u>2,827,000</u></b>
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The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 33. <b><u>DULUTH TEACHERS RETIREMENT FUND</u></b>	<b><u>\$</u></b>	<b><u>346,000</u></b>	<b><u>\$</u></b>	<b><u>346,000</u></b>
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The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 34. **MILITARY AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>19,368,000</u></b>	<b><u>\$</u></b>	<b><u>19,368,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Maintenance of Training Facilities</u></b>		<b><u>6,661,000</u></b>		<b><u>6,661,000</u></b>
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Subd. 3. <b><u>General Support</u></b>		<b><u>2,359,000</u></b>		<b><u>2,359,000</u></b>
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Subd. 4. <b><u>Enlistment Incentives</u></b>		<b><u>10,348,000</u></b>		<b><u>10,348,000</u></b>
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If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 35. **VETERANS AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>63,508,000</u></b>	<b><u>\$</u></b>	<b><u>62,753,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Veterans Services**16,051,00016,240,000

**Veterans Service Organizations.** \$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

**Minnesota Assistance Council for Veterans.** \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

- (1) utilities;
- (2) employment; and
- (3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

**IT Upgrades.** \$618,000 in fiscal year 2014 and \$382,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

**Veterans Cemetery in Fillmore County.** \$425,000 in fiscal year 2015 is for operation of the new veterans cemetery in Fillmore County. This amount is added to the program's base funding.

**Honor Guards.** \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

**Minnesota GI Bill.** \$200,000 each year is for the costs of administering the Minnesota GI Bill

postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, \$100,000 is for transfer to the Office of Higher Education.

**Gold Star Program.** \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans. This amount is added to the program's base funding.

**County Veterans Service Office.** \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

**Veterans Paramedic Apprenticeship Program.** All unspent funds, estimated to be \$110,000, from the Veterans Paramedic Apprenticeship Program, from the onetime appropriation under Laws 2009, chapter 79, article 13, section 7, are canceled to the general fund on July 1, 2013.

Subd. 3. Veterans Homes

47,457,000

46,513,000

**Veterans Homes Special Revenue Account.** The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

**IT Upgrades.** \$2,472,000 in fiscal year 2014 and \$1,528,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

**Maximize Federal Reimbursements.** The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

## ARTICLE 2

### MINNESOTA SUNSET ACT

Section 1. Minnesota Statutes 2012, section 3.885, is amended by adding a subdivision to read:

Subd. 11. **Review of advisory groups.** (a) By September 1 of each odd-numbered year, the commission shall compile a list of executive branch advisory groups created in statute. The commission may develop a schedule for review of advisory groups, or may select particular groups for review. By December 31 of each odd-numbered year, the commission may make recommendations on the continuing need for certain advisory groups, and on any changes in laws governing a group that are needed to improve the group's efficiency and effectiveness.

(b) In conducting reviews of executive branch advisory groups, the commission shall consider:

(1) the mission of each group, and the extent to which the mission has been satisfied;

(2) the extent to which each advisory group is effective in allowing persons interested in the program or activity for which the group provides advice to have input into the operations of the state agency implementing the program or activity;

(3) the extent to which the existence of the advisory group provides state agencies with an efficient and effective means of obtaining expert advice and opinions;

(4) whether there are more efficient and effective methods of accomplishing the mission of the advisory group; and

(5) whether the work of the advisory group overlaps or duplicates the work of other groups.

Sec. 2. Minnesota Statutes 2012, section 254A.035, subdivision 2, is amended to read:

Subd. 2. **Membership terms, compensation, removal and expiration.** The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian Advisory Council members shall be as provided in section 15.059. The council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 3. Minnesota Statutes 2012, section 254A.04, is amended to read:

#### **254A.04 CITIZENS ADVISORY COUNCIL.**

There is hereby created an Alcohol and Other Drug Abuse Advisory Council to advise the Department of Human Services concerning the problems of alcohol and other drug dependency and abuse, composed of ten members. Five members shall be individuals whose interests or training are in the field of alcohol dependency and abuse; and five members whose interests or training are in the field of dependency and abuse of drugs other than alcohol. The terms, compensation and removal of members shall be as provided in section 15.059. The council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever~~

~~is later.~~ The commissioner of human services shall appoint members whose terms end in even-numbered years. The commissioner of health shall appoint members whose terms end in odd-numbered years.

Sec. 4. Minnesota Statutes 2012, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. **State traumatic brain injury program.** The commissioner of human services shall:

- (1) maintain a statewide traumatic brain injury program;
- (2) supervise and coordinate services and policies for persons with traumatic brain injuries;
- (3) contract with qualified agencies or employ staff to provide statewide administrative case management and consultation;
- (4) maintain an advisory committee to provide recommendations in reports to the commissioner regarding program and service needs of persons with brain injuries;
- (5) investigate the need for the development of rules or statutes for the brain injury home and community-based services waiver;
- (6) investigate present and potential models of service coordination which can be delivered at the local level; and
- (7) the advisory committee required by clause (4) must consist of no fewer than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair. Notwithstanding section 15.059, subdivision 5, the advisory committee does not terminate until June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 5. Minnesota Statutes 2012, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** Notwithstanding section 15.059, subdivision 5, the American Indian Child Welfare Advisory Council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 6. Laws 2012, chapter 278, article 1, section 5, is amended to read:

Sec. 5. **COUNCIL ON BLACK MINNESOTANS.**

The Office of the Legislative Auditor should conduct a financial audit of the Council on Black Minnesotans by December 1, 2013. In its next report to the ~~Sunset Advisory Commission~~ governor and legislature under Minnesota Statutes, section 3.9225, subdivision 7, the Council on Black Minnesotans must respond to any issues raised in this audit and to issues raised in previous audits.

Sec. 7. Laws 2012, chapter 278, article 2, section 27, is amended to read:

Sec. 27. **HEALTH-RELATED LICENSING BOARDS REPORTING OBLIGATIONS.**

(a) By January 15, 2013, the health-related boards and the commissioner of health, as the regulator for occupational therapy practitioners, speech-language pathologists, audiologists, and hearing instrument dispensers, shall jointly study and submit draft legislation to ~~the Sunset Commission~~ and the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services developing consistent reporting requirements that require institutions, professional societies, other licensed professionals, courts, insurers, and other entities to report conduct constituting grounds for disciplinary action to the respective regulatory entity. The study and draft legislation shall include a self-reporting requirement that requires the licensed individual to report to the respective regulatory entity any action that would require a report to be filed by another specified entity. The study and draft legislation shall also include penalties that may be imposed for failure to report.

(b) Health-related boards with existing statutory reporting obligations shall participate to ensure that the existing reporting requirements are consistent with the recommended requirements and draft legislation.

Sec. 8. Laws 2012, chapter 278, article 2, section 34, is amended to read:

Sec. 34. **BOARD OF MEDICAL PRACTICE REVIEW.**

The legislative auditor is requested to conduct a special investigation of the Minnesota Board of Medical Practice and its implementation of the Medical Practice Act. The legislative auditor is requested to submit the results of the investigation to the Legislative Audit Commission, ~~the Sunset Advisory Commission~~, and the chairs and ranking minority members of the senate and house of representatives policy committees having jurisdiction over the board by January 1, 2013.

Sec. 9. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall delete all references to "the Sunset Advisory Commission" wherever they appear in Minnesota Statutes, and shall make other changes as necessary in Minnesota Statutes as a result of the enactment of this article.

Sec. 10. **REPEALER.**

(a) Minnesota Statutes 2012, sections 3D.01; 3D.02; 3D.03; 3D.04; 3D.045; 3D.05; 3D.06; 3D.065; 3D.07; 3D.08; 3D.09; 3D.10; 3D.11; 3D.12; 3D.13; 3D.14; 3D.15; 3D.16; 3D.17; 3D.18; 3D.19; 3D.20; and 3D.21, subdivisions 2, 3, 4, 5, 6, 7, and 8, are repealed.

(b) Laws 2012, chapter 278, article 1, section 6, is repealed.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective the day following final enactment.

### ARTICLE 3

#### STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2012, section 3.30, subdivision 2, is amended to read:

Subd. 2. **Members; duties.** (a) The majority leader of the senate or a designee, the chair of the senate Committee on Finance, and the chair of the senate Division of Finance responsible for overseeing the items being considered by the commission, the speaker of the house or a designee, the chair of the house of representatives Committee on Ways and Means, and the chair of the appropriate finance committee, or division of the house of representatives committee responsible for overseeing the items being considered by the commissioner, constitute the Legislative Advisory Commission. The division chair of the Finance Committee in the senate and the division chair of the appropriate finance committee or division in the house of representatives shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house of representatives membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house of representatives Rules Committee, and by the last senate Committee on Committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of management and budget shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of management and budget shall transmit, under section 3.195, a report to the next legislature of all actions of

the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

(b) The chair alternates between a member of the senate and a member of the house of representatives in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2012, section 3.303, is amended by adding a subdivision to read:

Subd. 11. **Acceptance of grants and gifts.** The commission may accept gifts and grants for purposes related to the duties of the commission. Money received by the commission from gifts and grants is appropriated to the commission for purposes specified in the gift or grant.

Sec. 3. Minnesota Statutes 2012, section 3.85, subdivision 8, is amended to read:

Subd. 8. **Expenses, reimbursement.** The members of the commission and its ~~assistants~~ staff shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. Reimbursement for expenses incurred shall be made ~~under the rules governing state employees in~~ accordance with policies adopted by the Legislative Coordinating Commission.

Sec. 4. Minnesota Statutes 2012, section 3.85, subdivision 9, is amended to read:

Subd. 9. **Expenses and reports.** Expenses of the commission shall be approved by the chair or another member as the rules of the commission provide. ~~The expenses shall then be paid like other state expenses. A general summary or statement of expenses incurred by the commission and paid shall be made to the legislature by November 15 of each even-numbered year.~~

Sec. 5. Minnesota Statutes 2012, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, ~~shall audit~~ Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, offices, courts, and other ~~state~~ organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 6a. **Data security audits.** The legislative auditor shall audit, as resources permit, information and data systems supported with public funds and operated by an organization listed in subdivision 6. The audits shall include an assessment of controls designed to protect government data, particularly government data classified as not public by chapter 13, from unauthorized access and use. The audits shall also include

an assessment of organizations' compliance with other applicable legal requirements related to the operation of information and data systems and proper classification and protection of the data contained in the systems.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial, or information officers of an organization subject to audit under this section, must promptly notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose, or when the officer obtains information indicating that government data classified by chapter 13 as not public may have been accessed or used unlawfully. As necessary, the legislative auditor shall coordinate an investigation of the allegation with appropriate law enforcement officials.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 8. **[5.38] AUTHORITY TO ACCEPT FUNDS.**

The secretary of state may enter into agreements with a local governmental unit to provide a technological service or project to enhance the state's election system. The secretary of state and the local governmental unit shall agree to the amount of consideration to be paid under the agreement. In addition, the secretary of state may accept federal funds for election purposes. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for the uses authorized by this section. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city, town, or school district.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 9. **[5B.12] AUTHORITY TO ACCEPT FUNDS.**

Notwithstanding sections 16A.013 to 16A.016, the secretary of state may accept funds contributed by individuals and may apply for grants from charitable foundations, to be used for the address confidentiality program established in section 5B.03. In addition, the secretary of state may apply for grants from the federal government for purposes of the address confidentiality program. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for use in the address confidentiality program. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. Any contributions from program participants must be aggregated, and the names of program participants must not be reported.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 10. **[6.475] CITY AND TOWN ACCOUNTING SYSTEM SOFTWARE.**

(a) The state auditor may charge a onetime user fee to cities, towns, and other government entities for the development, maintenance, and distribution of the small city and town accounting system software. The amount of this fee shall be set by the state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities.

(b) A city and town accounting systems (CTAS) account is established in the special revenue fund.

(c) Amounts received under paragraph (a) shall be credited to the CTAS account in the special revenue fund and are appropriated to the state auditor for all costs associated with the development, maintenance, and distribution of the small city and town accounting system software. If at any time the small city and town accounting system software ceases to be offered by the state auditor, any amount remaining in the CTAS account shall be equitably refunded to users. The amount of the refund shall be set by the state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, and the account shall be closed.

Sec. 11. Minnesota Statutes 2012, section 6.48, is amended to read:

**6.48 EXAMINATION OF COUNTIES; COST, FEES.**

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the Department of Human Services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving any examination shall pay to the ~~state general fund, notwithstanding the provisions of section 16A.125,~~ state auditor enterprise fund the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, ~~having a population of 200,000 or over, monthly periodically~~ for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The ~~general~~ state auditor enterprise fund shall be credited with all collections made for any such examinations.

Sec. 12. Minnesota Statutes 2012, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while

actually engaged in making such examination. The state auditor may bill such political subdivision ~~monthly~~ periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~general~~ state auditor enterprise fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 13. **[6.581] STATE AUDITOR ENTERPRISE FUND.**

Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund is established in the state treasury. All amounts received for the costs and expenses of examinations performed under this chapter shall be credited to the fund. Amounts credited to the fund are annually appropriated to the state auditor to pay the costs and expenses related to the examinations performed, including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses.

Subd. 2. **Contract with private parties; equipment acquisition.** When full-time personnel are not available, the state auditor may contract with a private entity for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the Office of the State Auditor.

Subd. 3. **Schedule of charges.** The state auditor may adjust the schedule of charges for the examinations performed so that the charges are sufficient to cover all costs of the examinations performed and that the aggregate charges collected are sufficient to pay all salaries and other expenses, including the charges for the use of the equipment used in connection with the reimbursable examinations performed, and the cost of contracting for accounting and other technical services. The schedule of charges shall be based on an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for the examinations performed at least annually. All schedules of charges must be approved by the commissioner of management and budget before the charges are adopted to ensure that the amount collected is sufficient to pay all the costs connected with the examinations performed during the fiscal year.

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over the budget of the state auditor, a summary of state auditor enterprise fund anticipated revenues, and expenditures for the biennium ending June 30 of that year. The report must also include for the biennium the number of full-time equivalents paid by the fund, any audit rate changes stated as a percentage, the number of audit reports issued, and the number of counties audited.

Sec. 14. Minnesota Statutes 2012, section 13.591, subdivision 3, is amended to read:

Subd. 3. **Business as vendor.** (a) Data submitted by a business to a government entity in response to a request for bids as defined in section 16C.02, subdivision 11, are private or nonpublic until ~~the bids are opened. Once the bids are opened,~~ the time and date specified in the solicitation that bids are due, at which ~~time~~ the name of the bidder and the dollar amount specified in the response ~~are read and~~ become public. All other data in a bidder's response to a bid are private or nonpublic data until completion of the selection process. For purposes of this section, "completion of the selection process" means that the government

entity has completed its evaluation and has ranked the responses. After a government entity has completed the selection process, all remaining data submitted by all bidders are public with the exception of trade secret data as defined and classified in section 13.37. A statement by a bidder that submitted data are copyrighted or otherwise protected does not prevent public access to the data contained in the bid.

If all responses to a request for bids are rejected prior to completion of the selection process, all data, other than ~~that made public at the bid opening~~ the name of the bidder and the dollar amount specified in the response, remain private or nonpublic until a resolicitation of bids results in completion of the selection process or a determination is made to abandon the purchase. If the rejection occurs after the completion of the selection process, the data remain public. If a resolicitation of bids does not occur within one year of the bid opening date, the remaining data become public.

(b) Data submitted by a business to a government entity in response to a request for proposal, as defined in section 16C.02, subdivision 12, are private or nonpublic until ~~the responses are opened. Once the responses are opened,~~ the time and date specified in the solicitation that proposals are due, at which time the name of the responder is read and becomes public. All other data in a responder's response to a request for proposal are private or nonpublic data until completion of the evaluation process. For purposes of this section, "completion of the evaluation process" means that the government entity has completed negotiating the contract with the selected vendor. After a government entity has completed the evaluation process, all remaining data submitted by all responders are public with the exception of trade secret data as defined and classified in section 13.37. A statement by a responder that submitted data are copyrighted or otherwise protected does not prevent public access to the data contained in the response.

If all responses to a request for proposal are rejected prior to completion of the evaluation process, all data, other than ~~that made public at the response opening,~~ the names of the responders, remain private or nonpublic until a resolicitation of the requests for proposal results in completion of the evaluation process or a determination is made to abandon the purchase. If the rejection occurs after the completion of the evaluation process, the data remain public. If a resolicitation of proposals does not occur within one year of the proposal opening date, the remaining data become public.

Sec. 15. Minnesota Statutes 2012, section 16A.10, subdivision 1c, is amended to read:

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant ~~Minnesota Milestones and other~~ statewide goals and indicators related to the proposed initiative. ~~The commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators.~~

Sec. 16. Minnesota Statutes 2012, section 16C.02, subdivision 13, is amended to read:

Subd. 13. **Resident vendor.** "Resident vendor" means a person, firm, or corporation that:

(1) is authorized to conduct business in the state of Minnesota on the date a solicitation for a contract is first advertised or announced. It includes a foreign corporation duly authorized to engage in business in Minnesota;

(2) has paid unemployment taxes or income taxes in this state during the 12 calendar months immediately preceding submission of the bid or proposal for which any preference is sought;

(3) has a business address in the state; and

(4) has affirmatively claimed that status in the bid or proposal submission.

Sec. 17. Minnesota Statutes 2012, section 16C.06, subdivision 2, is amended to read:

Subd. 2. **Solicitation process.** (a) A formal solicitation must be used to acquire all goods, service contracts, and utilities estimated at or more than \$50,000, or in the case of a Department of Transportation solicitation, at or more than \$100,000, unless otherwise provided for. All formal responses must be sealed when they are received and must be ~~opened in public at the hour stated in the solicitation made publicly available as required by section 13.591.~~ Formal responses must be authenticated by the responder in a manner specified by the commissioner.

(b) An informal solicitation may be used to acquire all goods, service contracts, and utilities that are estimated at less than \$50,000, or in the case of a Department of Transportation solicitation, at or less than \$100,000. The number of vendors required to receive solicitations may be determined by the commissioner. Informal responses must be authenticated by the responder in a manner specified by the commissioner.

Sec. 18. Minnesota Statutes 2012, section 16C.09, is amended to read:

#### **16C.09 PROCEDURE FOR SERVICE CONTRACTS.**

(a) Before entering into or approving a service contract valued in excess of \$5,000, the commissioner must determine, at least, that:

- (1) no current state employee is able and available to perform the services called for by the contract;
- (2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;
- (3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;
- (4) the contractor and agents are not employees of the state;
- (5) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and
- (6) the combined contract and amendments will not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.

(b) For purposes of paragraph (a), clause (1), employees are available if qualified and:

- (1) are already doing the work in question; or
- (2) are on layoff status in classes that can do the work in question.

An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.

(c) This section does not apply to an agency's use of inmates pursuant to sections 241.20 to 241.23 or to an agency's use of persons required by a court to provide:

- (1) community service; or
- (2) conservation or maintenance services on lands under the jurisdiction and control of the state.

Sec. 19. Minnesota Statutes 2012, section 16C.10, subdivision 6, is amended to read:

Subd. 6. **Expenditures under specified amounts.** The solicitation process described in this chapter is not required for:

(1) acquisition of goods or services, other than professional or technical services, in an amount of ~~\$2,500~~ \$5,000 or less; or

(2) acquisition of professional or technical services in an amount of \$5,000 or less, provided the requirements of section 16C.08, subdivisions 3 to 6, are met.

Sec. 20. Minnesota Statutes 2012, section 16C.145, is amended to read:

**16C.145 NONVISUAL TECHNOLOGY ACCESS STANDARDS.**

(a) The commissioner shall develop nonvisual technology access standards. The standards must be included in all contracts for the procurement of information technology by, or for the use of, agencies, political subdivisions, and the Minnesota State Colleges and Universities. The University of Minnesota is encouraged to consider similar standards.

(b) The nonvisual access standards must include the following minimum specifications:

(1) that effective, interactive control and use of the technology including the operating system, applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

(2) that the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

(3) that nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

(4) that the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

(c) Nothing in this section requires the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

(d) Executive branch state agencies subject to section 16E.03, subdivision 9, are not required to include nonvisual technology access standards developed under this section in contracts for the procurement of information technology.

Sec. 21. Minnesota Statutes 2012, section 16C.33, subdivision 3, is amended to read:

Subd. 3. **Solicitation of qualifications or proposals.** (a) Every user agency, except the Capitol Area Architectural and Planning Board, shall submit a written request for a design-builder for its project to the commissioner who shall forward the request to the board, consistent with section 16B.33, subdivision 3, paragraph (a). The University of Minnesota shall follow the process in subdivision 4 to select design-builders for projects that are subject to section 16B.33. The written request must include a description of the project, the total project cost, a description of any special requirements or unique features of the proposed project, and other information requested by the board which will assist the board in carrying out its duties and responsibilities set forth in this section.

(b) A request for qualifications or proposals soliciting design-builders shall be prepared for each design-build contract pursuant to subdivision 5 or 7. The request for qualifications or proposals shall contain, at a minimum, the following elements:

(1) the identity of the agency for which the project will be built and that will award the design-build contract;

(2) procedures for submitting qualifications or proposals, the criteria for evaluation of qualifications or proposals and the relative weight for each criterion and subcriterion, and the procedures for making awards according to the stated criteria and subcriteria, including a reference to the requirements of this section;

(3) the proposed terms and conditions for the contract;

(4) the desired qualifications of the design-builder and the desired or permitted areas of construction to be performed by named members of the design-build team, if applicable. The primary designer shall be a named member of the design-build team;

(5) the schedule for commencement and completion of the project;

(6) any applicable budget limits for the project;

(7) the requirements for insurance and statutorily required performance and payment bonds;

(8) the identification and location of any other information in the possession or control of the agency that the user agency determines is material, which may include surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records;

(9) for a design-build design and price-based selection process, the request shall also include the design criteria package, including the performance and technical requirements for the project, and the functional and operational elements for the delivery of the completed project. The request shall also contain a description of the drawings, specifications, or other submittals to be included with the proposal, with guidance as to the form and level of completeness of the drawings, specifications or submittals that will be acceptable, and the stipend to be paid to the design-builders selected to submit the above described information; and

(10) the criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of qualified design-builders. The criteria shall not consider the collective bargaining status of the design-builder.

(c) Notice of requests for qualifications or proposals must be advertised in ~~the State Register~~ a manner designated by the commissioner.

Sec. 22. Minnesota Statutes 2012, section 16C.34, subdivision 1, is amended to read:

Subdivision 1. **Solicitation of qualifications.** (a) Every user agency, except the Capitol Area Architectural and Planning Board, shall submit a written request for proposals for a construction manager at risk for its project to the commissioner. The written request for proposals must include a description of the project, the estimated cost of completing the project, a description of any special requirements or unique features of the proposed project, and other information which will assist the commissioner in carrying out its duties and responsibilities set forth in this section.

(b) The commissioner may include in the request for qualifications criteria a requirement that the proposer include the overhead and fee that the construction manager at risk proposes to charge for its services.

(c) A request for qualifications shall be prepared for each construction manager at risk contract as provided in this section. The request for qualifications shall contain, at a minimum, the following elements:

(1) the identity of the agency for which the project will be built and that will award the construction manager at risk contract;

(2) procedures for submitting qualifications, the criteria and subcriteria for evaluation of qualifications and the relative weight for each criteria and subcriteria, and the procedures for making awards in an open,

competitive, and objective manner, and according to the stated criteria and subcriteria, including a reference to the requirements of this section;

(3) the terms and conditions for the contract;

(4) the qualifications that the construction manager at risk shall be desired to have;

(5) a schedule for commencement and completion of the project;

(6) any applicable budget limits for the project;

(7) requirements for insurance, statutorily required performance and payment bonds;

(8) identification and location of any other information in the possession or control of the agency that the user agency determines is material, which may include surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records; and

(9) criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of construction managers at risk. The criteria shall not consider the collective bargaining status of the construction manager at risk.

(d) Notice of requests for qualifications must be advertised in ~~the State Register~~ a manner designated by the commissioner.

#### Sec. 23. [16E.0466] STATE AGENCY TECHNOLOGY PROJECTS.

Every state agency with an information or telecommunications project must consult with the Office of Enterprise Technology to determine the information technology cost of the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the agency must transfer the information technology cost portion of the project to the Office of Enterprise Technology. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

Sec. 24. Minnesota Statutes 2012, section 16E.07, is amended by adding a subdivision to read:

Subd. 12. **Private entity services; fee authority.** (a) The office may enter into a contract with a private entity to manage, maintain, support, and expand North Star and online government information services to citizens and businesses.

(b) A contract established under paragraph (a) may provide for compensation of the private entity through a fee established under paragraph (c).

(c) The office, subject to the approval of the agency or office responsible for the data or services involved in the transaction, may charge and may authorize a private entity that enters into a contract under paragraph (a) to charge a convenience fee for users of North Star and online government information services up to a total of \$2 per transaction, provided that no fee shall be charged for viewing or inspecting data. The office shall consider the recommendation of the E-Government Advisory Council under section 16E.071 in setting the convenience fee. A fee established under this paragraph is in addition to any fees or surcharges authorized under other law.

(d) Receipts from the convenience fee shall be deposited in the North Star account established in subdivision 7. Notwithstanding section 16A.1285, subdivision 2, receipts credited to the account are appropriated to the office for payment to the contracted private entity under paragraph (a). In lieu of depositing the receipts in the North Star account, the office can directly transfer the receipts to the private entity or allow the private entity to retain the receipts pursuant to a contract established under this subdivision.

(e) The office shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15 of each odd-numbered year regarding the convenience fee receipts and the status of North Star projects and online government information services developed and supported by convenience fee receipts.

Sec. 25. **[16E.071] E-GOVERNMENT ADVISORY COUNCIL.**

Subdivision 1. **E-Government Advisory Council established.** The E-Government Advisory Council is established for the purpose of improving online government information services to citizens and businesses.

Subd. 2. **Membership.** The council shall consist of nine members as follows:

(1) the state chief information officer or the chief information officer's designee;

(2) one public member appointed by the speaker of the house;

(3) one public member appointed by the senate Subcommittee on Committees of the Rules and Administration Committee;

(4) five members appointed by the governor representing state executive branch agencies that are actively involved with private businesses, the private business community, or the public; and

(5) one member appointed by the governor who is knowledgeable in public access to government data.

Subd. 3. **Initial appointments and first meeting.** Appointing authorities shall make the first appointments to the council by September 1, 2013. The first member appointed by the speaker of the house shall serve until the first Monday in January, 2015. The governor shall designate three initial appointees to serve until the first Monday in January 2015. The term of the other three initial appointees of the governor and the first member appointed by the senate shall be until the first Monday in January 2017. The chief information officer or the chief information officer's designee shall convene the council's first meeting by November 1, 2013, and shall act as chair until the council elects a chair at its first meeting.

Subd. 4. **Terms; removal; vacancies; compensation.** Membership terms, removal of member, and filling of vacancies are as provided in section 15.059, except that members shall not receive compensation or be reimbursed for expenses and except that terms of initial appointees are as provided in subdivision 3.

Subd. 5. **Chair.** The council shall annually elect a chair from its members.

Subd. 6. **Duties.** The council shall recommend to the office the priority of North Star projects and online government information services to be developed and supported by convenience fee receipts. The council shall provide oversight on the convenience fee and its receipts in the North Star account. The council shall by majority quorum vote to recommend to approve or disapprove establishing the convenience fee on particular types of transactions, the fee amount, and any changes in the fee amount. If the convenience fee receipts are retained by or transferred to the private entity in lieu of deposit in the North Star account, the council may audit the private entity's convenience fee receipts, expenses paid by the receipts, and associated financial statements.

Subd. 7. **Staff.** The office shall provide administrative support to the council.

Subd. 8. **Sunset.** The council shall expire the first Monday in January 2017.

Subd. 9. **Reports.** By June 1, 2014, and every year thereafter, the council shall report to the office with its recommendations regarding establishing the convenience fee, the fee amount, and changes to the fee amount.

Sec. 26. Minnesota Statutes 2012, section 32C.04, is amended to read:

**32C.04 ACCOUNTS; AUDITS.**

The authority may establish funds and accounts that it determines to be reasonable and necessary to conduct the business of the authority. The board shall ~~provide for and pay the cost of an independent annual audit of its official books and records~~ be subject to audit by the state legislative auditor. A copy of ~~this an~~ audit must be filed with the secretary of state.

Sec. 27. Minnesota Statutes 2012, section 129D.14, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "Corporation for Public Broadcasting" or "CPB" means the nonprofit organization established pursuant to United States Code, title 47, section 396.

(b) "Federal Communications Commission" or "FCC" means the federal agency established pursuant to United States Code, title 47, section 151.

(c) "Licensee" means ~~the individual or business~~ an entity to whom which the Federal Communications Commission has issued ~~the a~~ license to operate a noncommercial radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503.

(d) "Noncommercial radio station" means a station operated by a licensee of the FCC as a noncommercial educational radio station ~~under a license or program test authority from the Federal Communications Commission as a noncommercial educational radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503,~~ licensed to a community within the state and serving a segment of the population of the state.

(e) "Operating income" may include:

- (1) individual and other community contributions;
- (2) all grants received from the Corporation for Public Broadcasting;
- (3) grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;
- (4) interest income;
- (5) earned income;
- (6) employee salaries paid through the federal Comprehensive Employment and Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;
- (7) employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;
- (8) direct operating costs provided by supporting educational institutions; and
- (9) no more than \$15,000 in volunteer time calculated at the federal minimum wage.

The following are specifically excluded in determining a station's operating income:

- (1) dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;

(2) grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and

(3) noncommercial radio station grants received in the previous fiscal year pursuant to this section.

(f) "Local" means the area designated by the FCC's 60 dBu contour map.

Sec. 28. Minnesota Statutes 2012, section 129D.14, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To qualify for a grant under this section, the licensee ~~shall~~ must:

~~(a)~~ (1) hold a valid noncommercial ~~educational~~ radio station license ~~or program test authority~~ from the ~~Federal Communications Commission; FCC~~ that is a Class "A" or "C" FM, as defined in Code of Federal Regulations, title 47, subpart B, sections 73.210 and 73.211 or Class "C" or "D" AM, as defined in Code of Federal Regulations, title 47, subpart A, section 73.21. Stations with a Class "L1" and "LP100" are not eligible for this funding. The station must be licensed to a community in the state of Minnesota and must be operated as a noncommercial educational station.

~~(b)~~ (2) have facilities adequate to provide local program production and origination;

~~(c)~~ (3) employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;

~~(d)~~ (4) maintain a minimum daily broadcasting schedule of ~~(+)~~ (i) the maximum allowed by its Federal Communications Commission license or ~~(2)~~ (ii) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;

~~(e)~~ (5) broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license with an exception for power outages and natural disasters;

~~(f)~~ (6) have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in-school or professional in-service audiences;

~~(g)~~ (7) originate significant, locally produced programming designed to serve its community of license;

~~(h)~~ (8) have a total annual operating income and budget of at least \$50,000;

~~(i)~~ (9) have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;

~~(j)~~ (10) have a board of directors that: ~~(+)~~ (i) holds the portion of any meeting relating to the management or operation of the radio station open to the public and ~~(2)~~ (ii) permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and

~~(k)~~ (11) have met the criteria in clauses ~~(a)~~ (1) to ~~(j)~~ (10) for six months before it is eligible for state assistance under this section.

(b) The commissioner shall accept the judgment of Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the station is not qualified for assistance or is qualified for but not receiving funding from the Corporation

for Public Broadcasting, an independent audit is required to verify eligibility under paragraph (a), clause (8). If neither is available, the commissioner may accept a written declaration of eligibility signed by an independent auditor, a certified public accountant, or the chief executive officer of the station's parent organization ~~if it is an institution of education.~~

Sec. 29. Minnesota Statutes 2012, section 129D.15, is amended to read:

**129D.15 EQUIPMENT GRANTS.**

To be eligible for an equipment grant under sections 129D.11 to 129D.14, a public broadcasting station must meet the eligibility criteria set forth in sections 129D.13 and 129D.14. Before receiving an equipment grant, a station must submit to the commissioner a list of the equipment the station plans to purchase with the equipment grant. The commissioner may not require the station to purchase equipment before receiving the grant funds. A station must report to the commissioner a list of the equipment purchased with the grant.

Sec. 30. Minnesota Statutes 2012, section 129D.155, is amended to read:

**129D.155 REPAYMENT OF FUNDS.**

State funds distributed to public television or noncommercial radio stations and used to purchase equipment assets must be repaid to the state, without interest, if the assets purchased with these funds are sold within five years or otherwise converted to a person other than a nonprofit or municipal corporation. The amount due to the state shall be the net amount realized from the sale of the assets, but shall not exceed the amount of state funds advanced for the purchase of the asset. The commissioner of administration may approve the use of funds derived from the sale of such assets for the purchase of new equipment for similar purposes.

Sec. 31. Minnesota Statutes 2012, section 161.1419, subdivision 3, is amended to read:

Subd. 3. ~~Investigatory powers; Chair, vice-chair, and secretary.~~ The commission may hold meetings and hearings at such time and places as it may designate to accomplish the purposes set forth in this section ~~and may subpoena witnesses and records.~~ It shall select a chair, a vice-chair, and such other officers from its membership as it deems necessary. The commission shall appoint a secretary who shall also serve as a commission member.

Sec. 32. Minnesota Statutes 2012, section 469.3201, is amended to read:

**469.3201 STATE LEGISLATIVE AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND BUSINESS SUBSIDY AGREEMENTS.**

As resources allow, the Office of the State Auditor legislative auditor must annually audit the creation and operation of all job opportunity building zones and business subsidy agreements entered into under Minnesota Statutes, sections 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may request from the commissioner of revenue tax return information of taxpayers who are eligible to receive tax benefits authorized under section 469.315. To the extent necessary to perform this audit, the state auditor may request from the commissioner of employment and economic development wage detail report information required under section 268.044 of taxpayers eligible to receive tax benefits authorized under section 469.315 All public officials and parties to the agreements shall provide the legislative auditor with all documents and data the legislative auditor deems necessary and in all other respects comply with the requirements of section 3.978, subdivision 2.

Sec. 33. Minnesota Statutes 2012, section 471.699, is amended to read:

**471.699 ENFORCEMENT OF REPORTING REQUIREMENTS.**

Failure of a city to timely file a statement or report under section 471.697 or 471.698 shall, in addition to any other penalties provided by law, authorize the state auditor to send full-time personnel to the city or to contract with private persons, firms, or corporations pursuant to section ~~6.58~~ 6.581, in order to complete and file the financial statement or report. The expenses related to the completion and filing of the financial statement or report shall be charged to the city. Upon failure by the city to pay the charge within 30 days of billing, the state auditor shall so certify to the commissioner of management and budget who shall forward the amount certified to the general fund and deduct the amount from any state funds due to the city under any shared taxes or aids. The state auditor's annual report on cities shall include a listing of all cities failing to file a statement or report.

Sec. 34. **LEGISLATIVE ADVISORY COMMISSION CHAIR; 2013.**

Under Minnesota Statutes, section 3.30, subdivision 2, the chair of the Legislative Advisory Commission must be a member of the senate in 2013.

Sec. 35. **AUDIT OF FINANCIAL STATEMENTS.**

The legislative auditor shall examine alternatives for achieving an annual independent audit of the financial statements of the state of Minnesota required by Minnesota Statutes, section 16A.50, and make recommendations to the Legislative Audit Commission and appropriate legislative committees by October 1, 2013.

Sec. 36. **REVISOR'S INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall:

(1) substitute the term "Office of MN.IT Services" for "Office of Enterprise Technology" in each place where the latter term appears; and

(2) substitute the term "MN.IT services revolving fund" for "enterprise technology revolving fund" in each place where the latter term appears.

Sec. 37. **REPEALER.**

Minnesota Statutes 2012, sections 3.304, subdivisions 1 and 5; 3.885, subdivision 10; and 6.58, are repealed.

## ARTICLE 4

### MILITARY AND VETERANS PROVISIONS

Section 1. Minnesota Statutes 2012, section 192.26, is amended to read:

**192.26 STATE AND MUNICIPAL OFFICERS AND EMPLOYEES NOT TO LOSE PAY WHILE ON AUTHORIZED LEAVE FOR MILITARY DUTY.**

Subdivision 1. **Authorized leave.** Subject to the conditions hereinafter prescribed, any officer or employee of the state or of any political subdivision, municipal corporation, or other public agency of the state who shall be a member of the National Guard, or any other component of the militia of the state now or hereafter organized or constituted under state or federal law, or who shall be a member of the officers' reserve corps, the enlisted reserve corps, the Naval Reserve, the Marine Corps reserve, or any other reserve

component of the military or naval forces of the United States now or hereafter organized or constituted under federal law, shall be entitled to leave of absence from the public office or employment without loss of pay, seniority status, efficiency rating, vacation, sick leave, or other benefits for all the time when engaged with such organization or component in training or active service ordered or authorized by proper authority pursuant to law, whether for state or federal purposes, but not exceeding a total of 15 days in any calendar year. The state or political subdivision, municipal corporation, or other public agency shall allow the officer or employee to choose when during the calendar year to take the 15 days of paid military leave. The officer or employee may choose to use all of the 15 days of paid military leave at one time or, in the alternative, the 15 days of paid military leave may be divided and taken throughout the calendar year at the discretion of the officer or employee. Such leave shall be allowed only in case the required military or naval service is satisfactorily performed, which shall be presumed unless the contrary is established. Such leave shall not be allowed unless the officer or employee (1) returns to the public position immediately on being relieved from such military or naval service and not later than the expiration of the time herein limited for such leave, or (2) is prevented from so returning by physical or mental disability or other cause not due to the officer's or employee's own fault, or (3) is required by proper authority to continue in such military or naval service beyond the time herein limited for such leave.

Sec. 2. Minnesota Statutes 2012, section 197.608, subdivision 1, is amended to read:

Subdivision 1. **Grant program.** A veterans service office grant program is established to be administered by the commissioner of veterans affairs consisting of grants to counties to enable them to enhance the effectiveness of their veterans service offices. "Commissioner" as used in this section means the commissioner of veterans affairs.

Sec. 3. Minnesota Statutes 2012, section 197.608, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To be eligible for a grant under ~~this program~~ subdivision 6, a county must employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner.

(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under ~~subdivision 2a~~ 6 for one year from the date the county veterans service officer is appointed.

(c) ~~Except for the situation described in paragraph (b), A county whose county veterans service officer does not receive certification during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle by the end of the first year of the county veterans service officer's appointment is ineligible for the grant under subdivision 6 until the county veterans service officer receives certification.~~

Sec. 4. Minnesota Statutes 2012, section 197.608, subdivision 4, is amended to read:

Subd. 4. **Grant process.** (a) The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the County Veterans Service Office.

(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant under subdivision 6 only for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant.

(c) The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.

Sec. 5. Minnesota Statutes 2012, section 197.608, subdivision 5, is amended to read:

Subd. 5. **Qualifying uses.** The commissioner shall consult with the Minnesota Association of County Veterans Service Officers in developing a list of qualifying uses for grants awarded under ~~this program~~ subdivision 6.

~~The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.~~

Sec. 6. Minnesota Statutes 2012, section 197.608, subdivision 6, is amended to read:

Subd. 6. **Grant amount.** (a) Each county is eligible to receive an annual grant of \$7,500 for the following purposes:

(1) to provide outreach to the county's veterans;

(2) to assist in the reintegration of combat veterans into society;

(3) to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans;

(4) to reduce homelessness among veterans; and

(5) to enhance the operations of the county veterans service office.

(b) In addition to the grant amount in paragraph (a), each county is eligible to receive an additional annual grant under this paragraph. The amount of each additional annual grant must be determined by the commissioner and may not exceed:

(1) ~~\$1,400~~ \$0, if the county's veteran population is less than 1,000;

(2) ~~\$2,800~~ \$2,500, if the county's veteran population is 1,000 or more but less than 3,000;

(3) ~~\$4,200~~ \$5,000, if the county's veteran population is 3,000 or more but less than ~~10,000~~ 4,999;

or

(4) ~~\$5,600~~ \$7,500, if the county's veteran population is ~~10,000~~ 5,000 or more; but less than 9,999;

(5) \$10,000, if the county's veteran population is 10,000 or more but less than 19,999;

(6) \$15,000, if the county's veteran population is 20,000 or more but less than 29,999; or

(7) \$20,000, if the county's veteran population is 30,000 or more.

(c) The Minnesota Association of County Veterans Service Officers is eligible to receive an annual grant of \$50,000. The grant shall be used for administrative costs of the association, certification of mandated county veterans service officer training and accreditation, and costs associated with reintegration services.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Sec. 7. Minnesota Statutes 2012, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time ~~on or after September 11, 2001;~~

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military ~~at any time on or after September 11, 2001~~, and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time ~~on or after September 11, 2001~~, and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 8. Minnesota Statutes 2012, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration and payments made under the Veterans Retraining Assistance Program (VRAP).

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

(1) \$1,000 per semester or term of enrollment;

(2) \$3,000 per state fiscal year; and

(3) \$10,000 in a lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 9. Minnesota Statutes 2012, section 364.03, subdivision 3, is amended to read:

Subd. 3. **Evidence of rehabilitation.** (a) A person who has been convicted of a crime or crimes which directly relate to the public employment sought or to the occupation for which a license is sought shall not be disqualified from the employment or occupation if the person can show competent evidence of sufficient rehabilitation and present fitness to perform the duties of the public employment sought or the occupation for which the license is sought. ~~Sufficient~~ Competent evidence of sufficient rehabilitation may be established by the production of the person's most recent certified copy of a United States Department of Defense form DD-214 showing the person's honorable discharge, or separation under honorable conditions, from the United States armed forces for military service rendered following conviction for any crime that would otherwise disqualify the person from the public employment sought or the occupation for which the license is sought, or:

(1) a copy of the local, state, or federal release order; and

(2) evidence showing that at least one year has elapsed since release from any local, state, or federal correctional institution without subsequent conviction of a crime; and evidence showing compliance with all terms and conditions of probation or parole; or

(3) a copy of the relevant Department of Corrections discharge order or other documents showing completion of probation or parole supervision.

(b) In addition to the documentary evidence presented, the licensing or hiring authority shall consider any evidence presented by the applicant regarding:

- (1) the nature and seriousness of the crime or crimes for which convicted;
- (2) all circumstances relative to the crime or crimes, including mitigating circumstances or social conditions surrounding the commission of the crime or crimes;
- (3) the age of the person at the time the crime or crimes were committed;
- (4) the length of time elapsed since the crime or crimes were committed; and
- (5) all other competent evidence of rehabilitation and present fitness presented, including, but not limited to, letters of reference by persons who have been in contact with the applicant since the applicant's release from any local, state, or federal correctional institution.

(c) The certified copy of a person's United States Department of Defense form DD-214 showing the person's honorable discharge or separation under honorable conditions from the United States armed forces ceases to qualify as competent evidence of sufficient rehabilitation for purposes of this section upon the person's conviction for any gross misdemeanor or felony committed by the person subsequent to the effective date of that honorable discharge or separation from military service.

Sec. 10. [471.3457] VETERAN-OWNED SMALL BUSINESS CONTRACTS.

Subdivision 1. **Definitions.** For the purposes of this section:

- (1) "local government" means a town or home rule charter or statutory city; and
- (2) "governing body" means the town board of supervisors or city council.

Subd. 2. **Authority.** The governing body of a local government may implement a program within its jurisdiction to provide a bid preference in awarding contracts as defined in section 471.345, and in awarding contracts for services, to designated veteran-owned small businesses, as provided in section 375.771.

Sec. 11. Minnesota Statutes 2012, section 626.8517, is amended to read:

**626.8517 ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.**

- (a) For purposes of this section:
- (1) "active service" has the meaning given in section 190.05, subdivision 5; and
  - (2) "relevant military experience" means:
    - (i) five years' active service experience in a military law enforcement occupational specialty;
    - (ii) three years' active service experience in a military law enforcement occupational specialty, and completion of a two-year or more degree from a regionally accredited postsecondary education institution; or
    - (iii) five years' cumulative experience as a full-time peace officer in another state combined with active service experience in a military law enforcement occupational specialty.

(b) A person who has relevant military experience and who is eligible to take the reciprocity examination if the person has relevant military experience and:

- (1) has been honorably discharged from military active service as evidenced by a the most recent form DD-214 is eligible to take the reciprocity examination; or

(2) is currently in active service as evidenced by:

(i) active duty orders providing service time in military police specialty;

(ii) a United States Department of Defense Manpower Data Center status report pursuant to Service Members Civil Relief Act, active duty status report; or

(iii) Military Personnel Center assignment information.

(c) A person who passed the examination under paragraph (b), clause (2), shall not be eligible to be licensed as a peace officer until honorably discharged as evidenced by the most recent form DD-214.

Sec. 12. **REPEALER.**

Minnesota Statutes 2012, section 197.608, subdivision 2a, is repealed.

**ARTICLE 5**

**REVENUE DEPARTMENT**

Section 1. Minnesota Statutes 2012, section 16A.82, is amended to read:

**16A.82 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.**

The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for replacement of the state's accounting and procurement systems, provided that the state is not obligated to continue such appropriation of funds or to make lease payments in any future fiscal year.

Fiscal year 2010	\$2,828,038
Fiscal year 2011	\$3,063,950
Fiscal year 2012	\$8,967,850
Fiscal year 2013	\$8,968,950
Fiscal year 2014	\$8,970,850
Fiscal year 2015	\$8,971,150
Fiscal year 2016	\$8,966,450
Fiscal year 2017	\$8,967,500
Fiscal year 2018	\$8,970,750
Fiscal year 2019	\$8,968,500

Of these appropriations, up to \$2,000 per year may be used to pay the annual trustee fees for the lease-purchase agreements authorized in this section ~~and section 270C.145~~. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

Sec. 2. Minnesota Statutes 2012, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the general fund described in section ~~168A.40~~, ~~subdivision 4~~ 297I.11, subdivision 2.

**EFFECTIVE DATE.** This section is effective for premiums collected after June 30, 2013.

Sec. 3. Minnesota Statutes 2012, section 270C.69, subdivision 1, is amended to read:

Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270C.63, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any taxes, including penalties, interest, and costs. The commissioner can proceed under this section only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this section until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (2) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this section. The effect of the notice shall expire one year after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this section. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this section. The notice to the taxpayer's employer may be served by mail or by delivery by an agent of the department and shall be in substantially the same form as provided in section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270C.7109. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

(b) The "compensation due" any employee is defined in accordance with the provisions of section 571.921. The maximum withholding allowed under this section for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the commissioner of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the commissioner as noted in this section.

(c) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, ~~on a form and~~ in the manner prescribed by the commissioner, the amount withheld during each pay period under this section. The employer must file all wage levy disclosure forms and remit all wage levy payments by electronic means.

**EFFECTIVE DATE.** This section is effective for wage levy disclosures or wage levy payments filed or made after December 31, 2013.

Sec. 4. Minnesota Statutes 2012, section 289A.20, subdivision 2, is amended to read:

Subd. 2. **Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts.** (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section

289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is:

~~(1) \$20,000 or more in the fiscal year ending June 30, 2005, or~~

~~(2) \$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter;~~

the employer must remit each required deposit for wages paid in ~~the~~ all subsequent calendar year years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 5. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

(1) use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year; and

(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:

(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.

(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.

(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.

(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of \$120,000 or more during the most recent fiscal year ending June 30.

(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).

(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.

(b) Notwithstanding paragraph (a), a vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30, ~~2009~~ 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in ~~the~~ all subsequent calendar ~~year~~ years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar year, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any

other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.

(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 6. Minnesota Statutes 2012, section 289A.26, subdivision 2a, is amended to read:

Subd. 2a. **Electronic payments.** If the aggregate amount of estimated tax payments made is:

(1) ~~\$20,000 or more in the fiscal year ending June 30, 2005; or~~

(2) ~~\$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter;~~

all estimated tax payments in ~~the~~ all subsequent calendar ~~year~~ years must be paid by electronic means.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 7. Minnesota Statutes 2012, section 295.55, subdivision 4, is amended to read:

Subd. 4. **Electronic payments.** A taxpayer with an aggregate tax liability of:

(1) ~~\$20,000 or more in the fiscal year ending June 30, 2005; or~~

(2) ~~\$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter;~~

must remit all liabilities by electronic means in ~~the~~ all subsequent calendar ~~year~~ years.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 8. Minnesota Statutes 2012, section 297F.09, subdivision 7, is amended to read:

Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a liability of \$10,000 or more during a fiscal year ending June 30 must remit all liabilities in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 9. Minnesota Statutes 2012, section 297G.09, subdivision 6, is amended to read:

Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having an excise tax liability of \$10,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the all subsequent calendar year years by electronic means.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 10. **[297I.11] AUTOMOBILE THEFT PREVENTION SURCHARGE.**

Subdivision 1. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge to the commissioner of revenue for purposes of the automobile theft prevention program described in section 65B.84. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

- (1) a passenger automobile;
- (2) a pickup truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Subd. 3. **Collection and administration.** The commissioner shall collect and administer the surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

**EFFECTIVE DATE.** This section is effective for premiums collected after June 30, 2013.

Sec. 11. Minnesota Statutes 2012, section 297I.30, is amended by adding a subdivision to read:

Subd. 10. **Automobile theft prevention surcharge.** On or before May 1, August 1, November 1, and February 1 of each year, every insurer required to pay the surcharge under section 297I.11 shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, in the form prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for premiums collected after June 30, 2013.

Sec. 12. Minnesota Statutes 2012, section 297I.35, subdivision 2, is amended to read:

Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges due under this chapter during a fiscal year ending June 30 is equal to or exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the commissioner by electronic means, then all tax and surcharge payments in the all subsequent calendar year years must be paid by electronic means.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 13. Minnesota Statutes 2012, section 473.843, subdivision 3, is amended to read:

Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of \$10,000 or more during a fiscal year ending June 30 must pay all fees in the all subsequent calendar year years by electronic means.

**EFFECTIVE DATE.** This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 14. **DATA SECURITY AUDIT.**

The legislative auditor is requested, as resources permit, to conduct a data security audit under Minnesota Statutes, section 3.971, subdivision 6a, of the Department of Revenue's use of debit cards as payment for tax refunds.

Sec. 15. **REPEALER.**

(a) Minnesota Statutes 2012, section 168A.40, subdivisions 3 and 4, are repealed effective for premiums collected after June 30, 2013.

(b) Minnesota Statutes 2012, section 270C.145, is repealed the day following final enactment.

## ARTICLE 6

### COMPENSATION COUNCIL

Section 1. Minnesota Statutes 2012, section 3.855, subdivision 3, is amended to read:

Subd. 3. **Other salaries and compensation plans.** The commission shall also:

(1) review and approve, reject, or modify a plan for compensation and terms and conditions of employment prepared and submitted by the commissioner of management and budget under section 43A.18, subdivision 2, covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;

(2) review and approve, reject, or modify a plan for total compensation and terms and conditions of employment for employees in positions identified as being managerial under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A;

(3) review and approve, reject, or modify recommendations for salaries submitted by ~~the governor or other an appointing authority other than the governor~~ under section 15A.0815, subdivision 5, covering agency head positions listed in section 15A.0815;

(4) review and approve, reject, or modify recommendations for ~~salaries~~ salary range of officials of higher education systems under section 15A.081, ~~subdivisions 7b and~~ subdivision 7c;

(5) review and approve, reject, or modify plans for compensation, terms, and conditions of employment proposed under section 43A.18, subdivisions 3a, 3b, and 4; and

(6) review and approve, reject, or modify the plan for compensation, terms, and conditions of employment of classified employees in the office of the legislative auditor under section 3.971, subdivision 2.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 15A.0815, subdivision 1, is amended to read:

Subdivision 1. **Salary limits.** The governor or other appropriate appointing authority shall set the salary rates for positions listed in this section within the salary limits listed in subdivisions 2 to 4. If the appointing authority is not the governor, the appointing authority's action is subject to approval of the Legislative Coordinating Commission and the legislature as provided by subdivision 5 and sections 3.855 and 15A.081, subdivision 7b.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Group I salary limits.** ~~The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor.~~ The salary for a position listed in this subdivision shall not exceed 133 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must 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. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

- Commissioner of administration;
- Commissioner of agriculture;
- Commissioner of education;
- Commissioner of commerce;
- Commissioner of corrections;
- Commissioner of health;
- Executive director, Minnesota Office of Higher Education;
- Commissioner, Housing Finance Agency;
- Commissioner of human rights;
- Commissioner of human services;
- Commissioner of labor and industry;
- Commissioner of management and budget;
- Commissioner of natural resources;
- ~~Director of Office of Strategic and Long-Range Planning;~~
- Commissioner, Pollution Control Agency;
- Executive director, Public Employees Retirement Association;
- Commissioner of public safety;

Commissioner of revenue;  
Executive director, State Retirement System;  
Executive director, Teachers Retirement Association;  
Commissioner of employment and economic development;  
Commissioner of transportation; and  
Commissioner of veterans affairs.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may not exceed 85 percent of the salary of the governor. The salary for a position listed in this subdivision shall not exceed 120 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must 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. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

Executive director of Gambling Control Board;  
Commissioner, Iron Range Resources and Rehabilitation Board;  
Commissioner, Bureau of Mediation Services;  
Ombudsman for Mental Health and Developmental Disabilities;  
Chair, Metropolitan Council;  
School trust lands director;  
Executive director of pari-mutuel racing; and  
Commissioner, Public Utilities Commission.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 15A.0815, subdivision 5, is amended to read:

Subd. 5. **Appointing authorities to recommend certain salaries.** (a) When the governor is the appointing authority, the governor, or other appropriate appointing authority, may submit to the Legislative Coordinating Commission recommendations for must establish salaries within the salary limits for the positions listed in subdivisions 2 to 4. An appointing authority may also propose additions or deletions of positions from those listed. Before establishing a salary, the governor must consult with the commissioner of management and budget concerning the salary. In establishing the salary, the governor shall consider the criteria established in section 43A.18, subdivision 8, and the performance of individual incumbents. The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities, and in determining recommendations rate each position by this system.

(b) An appointing authority other than the governor may submit to the Legislative Coordinating Commission recommendations for salaries within the salary limits for the positions listed in subdivisions 2 to 4.

~~(b)~~ Before submitting the recommendations, the appointing authority shall consult with the commissioner of management and budget concerning the recommendations.

~~(c)~~ In making recommendations, the appointing authority shall consider the criteria established in section 43A.18, subdivision 8, and the performance of individual incumbents. The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals. The appointing authority shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities, and in determining recommendations, rate each position by this system.

~~(d)~~ Before the appointing authority's recommended salaries take effect, the recommendations must be reviewed and approved, rejected, or modified by the Legislative Coordinating Commission and the legislature under section 3.855, subdivisions 2 and 3. ~~If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.~~

(c) The governor or other appointing authority may propose additions or deletions of positions from those listed in subdivisions 2 to 4.

~~(e)~~ (d) The governor or other appointing authority shall set the initial salary of a head of a new agency or a chair of a new metropolitan board or commission whose salary is not specifically prescribed by law after consultation with the commissioner, whose recommendation is advisory only. The amount of the new salary must be comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

~~(f)~~ (e) The salary of a newly appointed head of an agency or chair of a metropolitan agency listed in subdivisions 2 to 4 who is appointed by someone other than the governor, may be increased or decreased by the appointing authority from the salary previously set for that position within 30 days of the new appointment after consultation with the commissioner. If the appointing authority increases a salary under this paragraph, the appointing authority shall submit the new salary to the Legislative Coordinating Commission and the full legislature for approval, modification, or rejection under section 3.855, subdivisions 2 and 3. ~~If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each ~~even-numbered~~ odd-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.

Sec. 7. Minnesota Statutes 2012, section 15A.082, subdivision 2, is amended to read:

Subd. 2. **Membership.** The Compensation Council consists of 16 members: two members ~~of the house of representatives~~ appointed by the speaker of the house, who are not members of the legislature; two members ~~of the senate~~ appointed by the majority leader of the senate, who are not members of the legislature; one member ~~of the house of representatives~~ appointed by the minority leader of the house of representatives,<sub>2</sub>

who is not a member of the legislature; one member of the senate appointed by the minority leader of the senate, who is not a member of the legislature; 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~~ after the first Monday in January and before January 15. 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.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2012, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations.** (a) By ~~May 1~~ March 15 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house 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 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.

Sec. 9. Minnesota Statutes 2012, section 43A.17, subdivision 1, is amended to read:

Subdivision 1. **Salary limits.** As used in subdivisions 1 to 9, "salary" means hourly, monthly, or annual rate of pay including any lump-sum payments and cost-of-living adjustment increases but excluding payments due to overtime worked, shift or equipment differentials, work out of class as required by collective bargaining agreements or plans established under section 43A.18, and back pay on reallocation or other payments related to the hours or conditions under which work is performed rather than to the salary range or rate to which a class is assigned. For presidents of state universities, "salary" does not include a housing allowance provided through a compensation plan approved under section 43A.18, subdivision 3a.

~~The salary, as established in section 15A.0815, of the head of a state agency in the executive branch is the upper limit on the salaries of individual employees in the agency. However, if an agency head is assigned a salary that is lower than the current salary of another agency employee, the employee retains the salary, but may not receive an increase in salary as long as the salary is above that of the agency head. The commissioner may grant exemptions from these upper limits as provided in subdivisions 3 and 4.~~

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 43A.17, subdivision 3, is amended to read:

Subd. 3. **Unusual employment situations.** (a) Upon the request of the appointing authority, and when the commissioner determines that changes in employment situations create difficulties in attracting or

retaining employees, the commissioner may approve an unusual employment situation increase to advance an employee within the compensation plan salary range.

~~(b) If the commissioner determines that a position requires special expertise necessitating a higher salary to attract or retain qualified persons, the commissioner may grant an exemption not to exceed 120 percent of the salary of the head of the agency or the maximum rate established for the position, whichever is less.~~

~~(c) The following conditions apply to a request under paragraph (a) to advance an employee within a compensation plan or under paragraph (b) to exceed the salary of the agency head salary range:~~

~~(1) the appointing authority making the request must submit a detailed written statement for each position contained in the request, specifying the changes in employment situations that create difficulties in attracting or retaining an employee for the position;~~

~~(2) the commissioner shall review each proposal giving due consideration to salary rates paid to other employees in the same class and agency and, if other conditions in this paragraph are met, may approve any request that in the commissioner's judgment is in the best interest of the state;~~

~~(3) the action must be consistent with applicable provisions of collective bargaining agreements or plans adopted under section 43A.18;~~

~~(4) each increase or exemption must be separately documented for each employee or position and may not be applied to groups of employees; and~~

~~(5) the commissioner shall report the granting of a request to the chair of the Legislative Coordinating Commission within three working days.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 11. COMPENSATION STUDY.**

The commissioner of management and budget must contract with an independent consultant to conduct a comprehensive market analysis of compensation for managerial positions in the executive branch in order to better align compensation for these positions with comparable positions in the private sector and with other relevant public sector employers. The analysis should evaluate total compensation, including insurance, retirement, and performance pay.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 12. CONSTITUTIONAL OFFICERS SALARIES.**

The salary of the governor is increased by three percent effective January 1, 2015, and by three percent on January 1, 2016. The salaries of the other constitutional officers shall be adjusted to retain their proportional relationship as of January 1, 2013, to the salary of the governor.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

**Sec. 13. REPEALER.**

Minnesota Statutes 2012, section 43A.17, subdivision 4, is repealed.

Presented to the governor May 22, 2013

Signed by the governor May 23, 2013, 11:41 a.m.