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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1433

02/21/2019 Authored by Fabian, Erickson, Boe, Gruenhagen, Poston and others
The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to state government; establishing a procedure for resolution of disputed
1.3 billings by the state auditor; amending Minnesota Statutes 2018, section 6.56,
1.4 subdivision 3, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2018, section 6.56, subdivision 3, is amended to read:

1.7 Subd. 3. Payment of interest on late payments required. (a) A political subdivision
1.8 shall pay interest to the state auditor for undisputed billings when the political subdivision
1.9 has not paid the billing within 60 days following receipt of the invoice. A negotiated contract
1.10 or agreement between a political subdivision and the state auditor which requires an audit
1.11 by the political subdivision before acceptance and payment of the state auditor's invoice
1.12 shall not be considered past due until 60 days after the completion of the audit by the political
1.13 subdivision. Before any interest payment is made, the state auditor must invoice the political
1.14 subdivision for the interest.

1.15 (b) The rate of interest paid by the political subdivision on undisputed bills not paid
1.16 within 60 days shall be 1.5 percent per month or any part of a month.

1.17 (c) No interest penalties may accrue against a political subdivision that delays payment
1.18 of a bill due to a ~~disagreement~~ dispute with the state auditor over the validity of the bill ~~if~~
1.19 ~~the dispute is settled within 60 days after the bill became due. Upon the resolution of the~~
1.20 ~~dispute, the political subdivision must pay the state auditor accrued interest on all proper~~
1.21 ~~invoices for which payment was not received within 60 days following the receipt of the~~
1.22 ~~original invoice, unless payment of accrued interest is specifically directed in the order of~~
1.23 the administrative law judge resolving the dispute under subdivision 4.

2.1 (d) The minimum monthly interest penalty payment that a political subdivision shall
2.2 pay the state auditor for the unpaid balance for any one overdue bill equal to or in excess
2.3 of \$100, is \$10. For unpaid balances of less than \$100, the political subdivision shall pay
2.4 the actual penalty due to the state auditor.

2.5 Sec. 2. Minnesota Statutes 2018, section 6.56, is amended by adding a subdivision to read:

2.6 Subd. 4. **Resolution of disputed billings.** A political subdivision may dispute a bill
2.7 issued by the state auditor by submission of a letter to the state auditor describing the grounds
2.8 for the dispute. Upon receipt of a letter disputing a billing, the state auditor must initiate a
2.9 contested case proceeding, as provided in sections 14.57 to 14.62. Notwithstanding section
2.10 14.62, subdivision 2a, the order of the administrative law judge resolving the dispute is final
2.11 and may not be modified or rejected by the state auditor.

2.12 Sec. 3. **EFFECTIVE DATE.**

2.13 Sections 1 and 2 are effective the day following final enactment and apply to the
2.14 following:

2.15 (1) disputes submitted to the state auditor by a political subdivision related to billings
2.16 issued on or after that date; and

2.17 (2) disputes related to billings for the cost of supplemental calendar year 2015 audits
2.18 required by the state auditor in the following counties: Clearwater, Hubbard, Kittson,
2.19 Koochiching, Lake of the Woods, Pennington, Red Lake, and Roseau.