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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-EIGHTH SESSION

**H. F. No. 1389**

03/11/2013 Authored by Kahn  
The bill was read for the first time and referred to the Committee on Government Operations  
By motion, recalled and re-referred to the Committee on Rules and Legislative Administration

03/13/2013 Adoption of Report: Pass and re-referred to the Committee on Government Operations

03/21/2013 Adoption of Report: Pass as Amended and Read Second Time

04/04/2013 By motion, re-referred to the Committee on Ways and Means

04/11/2013 Adoption of Report: Pass as Amended and Read Second Time

04/29/2013 Calendar for the Day  
Read Third Time  
Passed by the House and transmitted to the Senate

05/20/2013 Returned to the House as Amended by the Senate  
Repassed by the House as Amended by the Senate

1.1 A bill for an act

1.2 relating to state government; changing certain finance and budget provisions;

1.3 adding the Office of MN.IT Services to certain provisions and changing certain

1.4 MN.IT provisions; exempting the state information network from certain term

1.5 limitations on contracts; amending Minnesota Statutes 2012, sections 3.30,

1.6 subdivision 2; 3.3005, subdivision 2, by adding subdivisions; 3.736, subdivision

1.7 7; 3.989, subdivision 2; 3D.14; 4.07, subdivision 2; 4A.01, subdivision 3;

1.8 4A.02; 15.06, subdivision 1; 15.76, subdivisions 1, 2, 3; 16A.056, subdivision

1.9 7; 16A.095; 16A.10, subdivisions 1, 1c; 16A.127, subdivision 4; 16A.96,

1.10 subdivision 2; 16E.01, subdivision 1; 16E.015, by adding a subdivision;

1.11 16E.04, subdivision 2; 16E.18, subdivision 8; 43A.08, subdivision 1a; 299C.65,

1.12 subdivision 1; 403.36, subdivision 1; 477A.03, subdivision 2b; Laws 2011,

1.13 First Special Session chapter 10, article 4, section 7; repealing Minnesota

1.14 Statutes 2012, sections 15.06, subdivision 1a; 16A.06, subdivision 9; 16A.103,

1.15 subdivision 4; 16A.106; 43A.31, subdivision 2; 325G.415.

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

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

1.18 Subd. 2. **Members; duties.** The majority leader of the senate or a designee, the

1.19 chair of the senate Committee on Finance, and the chair of the senate Division of Finance

1.20 responsible for overseeing the items being considered by the commission, the speaker of

1.21 the house or a designee, the chair of the house of representatives Committee on Ways and

1.22 Means, and the chair of the appropriate finance committee, or division of the house of

1.23 representatives committee responsible for overseeing the items being considered by the

1.24 commissioner, constitute the Legislative Advisory Commission. The division chair of

1.25 the Finance Committee in the senate and the division chair of the appropriate finance

1.26 committee or division in the house of representatives shall rotate according to the items

1.27 being considered by the commission. If any of the members elect not to serve on the

1.28 commission, the house of which they are members, if in session, shall select some other

2.1 member for the vacancy. If the legislature is not in session, vacancies in the house of  
2.2 representatives membership of the commission shall be filled by the last speaker of the  
2.3 house or, if the speaker is not available, by the last chair of the house of representatives  
2.4 Rules Committee, and by the last senate Committee on Committees or other appointing  
2.5 authority designated by the senate rules in case of a senate vacancy. The commissioner  
2.6 of management and budget shall be secretary of the commission and keep a permanent  
2.7 record and minutes of its proceedings, which are public records. The commissioner of  
2.8 management and budget shall transmit, under section 3.195, a report to the next legislature  
2.9 of shall post to the agency Web site all actions of the commission. Members shall receive  
2.10 traveling and subsistence expenses incurred attending meetings of the commission. The  
2.11 commission shall meet from time to time upon the call of the governor or upon the  
2.12 call of the secretary at the request of two or more of its members. A recommendation  
2.13 of the commission must be made at a meeting of the commission unless a written  
2.14 recommendation is signed by all the members entitled to vote on the item.

2.15 Sec. 2. Minnesota Statutes 2012, section 3.3005, subdivision 2, is amended to read:

2.16 Subd. 2. **Governor's request to legislature.** A state agency shall not expend money  
2.17 received by it under federal law for any purpose unless a request to spend federal money  
2.18 from that source for that purpose in that fiscal year biennium has been submitted by the  
2.19 governor to the legislature as a part of a budget request submitted during or within ten days  
2.20 before the start of a regular legislative session, or unless specifically authorized by law or  
2.21 as provided by this section. A budget request submitted to the legislature according to this  
2.22 subdivision must be submitted at least 20 days before the deadline set by the legislature  
2.23 for legislative budget committees to act on finance bills.

2.24 Sec. 3. Minnesota Statutes 2012, section 3.3005, is amended by adding a subdivision  
2.25 to read:

2.26 Subd. 7. **Approvals for both years of biennium.** Approval of the spending of  
2.27 federal funds under subdivision 2 is for the full term of the availability of the federal  
2.28 funds, up to the end of the biennium that begins July 1 following the submission of the  
2.29 request. Approval of the spending of federal funds under subdivision 3, 3a, 3b, or 6 is for  
2.30 the full term of the availability of the federal funds, up to the end of the current biennium.  
2.31 Approval of the spending for federal funds under subdivision 4 is for the fiscal year for  
2.32 which the urgency exists.

3.1 Sec. 4. Minnesota Statutes 2012, section 3.3005, is amended by adding a subdivision  
3.2 to read:

3.3 Subd. 8. **Request contents.** A request to spend federal funds submitted under this  
3.4 section must include the name of the federal grant, the federal agency from which the  
3.5 funds are available, a federal identification number, a brief description of the purpose of  
3.6 the grant, the amounts expected by fiscal year, an indication if any state match is required,  
3.7 an indication if there is a maintenance of effort requirement, and the number of full-time  
3.8 equivalent positions needed to implement the grant.

3.9 Sec. 5. Minnesota Statutes 2012, section 3.736, subdivision 7, is amended to read:

3.10 Subd. 7. **Payment.** A state agency, including an entity defined as part of the  
3.11 state in section 3.732, subdivision 1, clause (1), incurring a tort claim judgment or  
3.12 settlement obligation or whose employees acting within the scope of their employment  
3.13 incur the obligation shall seek approval to make payment ~~by submitting a written request~~  
3.14 ~~to the commissioner of management and budget~~ from the commissioner or director  
3.15 of that agency. The request shall contain a description of the tort claim that causes  
3.16 the request, specify the amount of the obligation and be accompanied by copies of  
3.17 judgments, settlement agreements or other documentation relevant to the obligation for  
3.18 which the agency seeks payment. Upon receipt of the request and review of the claim,  
3.19 the commissioner ~~of management and budget~~ or director shall determine the proper  
3.20 appropriation from which to make payment. If there is enough money in an appropriation  
3.21 or combination of appropriations to the agency for its general operations and management  
3.22 to pay the claim without unduly hindering the operation of the agency, the commissioner  
3.23 or director shall direct that payment be made from that source. Claims relating to activities  
3.24 paid for by appropriations of dedicated receipts shall be paid from those appropriations if  
3.25 practicable. On determining that an agency has sufficient money in these appropriations  
3.26 to pay only part of a claim, the commissioner of management and budget shall pay the  
3.27 remainder of the claim from the money appropriated to the commissioner for the purpose.  
3.28 On determining that the agency does not have enough money to pay any part of the claim,  
3.29 the commissioner shall pay all of the claim from money appropriated to the commissioner  
3.30 for the purpose. Payment shall be made only upon receipt of a written release by the  
3.31 claimant in a form approved by the attorney general, or the person designated as the  
3.32 university attorney, as the case may be.

3.33 No attachment or execution shall issue against the state.

3.34 Sec. 6. Minnesota Statutes 2012, section 3.989, subdivision 2, is amended to read:

4.1 Subd. 2. **Compilation of local impact notes.** The commissioner of management  
4.2 and budget shall ~~prepare by September 1 of each even-numbered year a compilation~~  
4.3 ~~of key impact notes requested by the legislature during the previous biennial session~~  
4.4 ~~as provided in section 3.987. The commissioner may consult with local government~~  
4.5 ~~representatives and legislative fiscal staff to determine which local impact notes were key~~  
4.6 post to the agency Web site a copy of all local impact notes.

4.7 Sec. 7. Minnesota Statutes 2012, section 3D.14, is amended to read:

4.8 **3D.14 CONTINUATION BY LAW.**

4.9 (a) The following departments and agencies must be reviewed according to the  
4.10 schedule in section 3D.21, but do not expire according to that schedule, unless another law  
4.11 is enacted providing that the entity does expire:

4.12 (1) a department or agency listed in section 15.01; or ~~section~~ 15.06, subdivision 1  
4.13 ~~or 1a~~; and

4.14 (2) the Office of Higher Education, Explore Minnesota Tourism, and the Public  
4.15 Utilities Commission.

4.16 (b) During the regular session immediately before the sunset of a state agency or an  
4.17 advisory committee that expires under section 3D.21, the legislature may enact legislation  
4.18 to continue the agency or advisory committee for a period not to exceed 12 years. This  
4.19 chapter does not prohibit the legislature from:

4.20 (1) terminating a state agency or advisory committee subject to this chapter at a date  
4.21 earlier than that provided in this chapter; or

4.22 (2) considering any other legislation relative to a state agency or advisory committee  
4.23 subject to this chapter.

4.24 Sec. 8. Minnesota Statutes 2012, section 4.07, subdivision 2, is amended to read:

4.25 Subd. 2. **State agency named to act instead.** The governor may designate a state  
4.26 agency or agencies to act for the governor in applying for, receiving, and accepting federal  
4.27 funds under the provisions of subdivision 1. ~~Such designation of a state department or~~  
4.28 ~~agency shall be filed in the Office of the Secretary of State.~~

4.29 Sec. 9. Minnesota Statutes 2012, section 4A.01, subdivision 3, is amended to read:

4.30 Subd. 3. **Report.** The commissioner must submit a report to the governor and chairs  
4.31 and ranking minority members of the senate and house of representatives committees  
4.32 with jurisdiction on state government finance by January 15 of each year that provides  
4.33 economic, social, and environmental demographic information to assist public and elected

5.1 officials with long-term management decisions. The report must identify and assess  
5.2 the information important to understanding the state's two-, ten-, and 50-year outlook;  
5.3 ~~including the budget implications for those time periods.~~ The report must include the  
5.4 demographic forecast required by section 4A.02, paragraph (e), and information to assist  
5.5 with the preparation of the milestones report required by section 4A.11, and may include  
5.6 policy recommendations based upon the information and assessment provided.

5.7 Sec. 10. Minnesota Statutes 2012, section 4A.02, is amended to read:

5.8 **4A.02 STATE DEMOGRAPHER.**

5.9 (a) The commissioner shall appoint a state demographer. The demographer must be  
5.10 professionally competent in demography and must possess demonstrated ability based  
5.11 upon past performance.

5.12 (b) The demographer shall:

5.13 (1) continuously gather and develop demographic data relevant to the state;

5.14 (2) design and test methods of research and data collection;

5.15 (3) periodically prepare population projections for the state and designated regions  
5.16 and periodically prepare projections for each county or other political subdivision of the  
5.17 state as necessary to carry out the purposes of this section;

5.18 (4) review, comment on, and prepare analysis of population estimates and  
5.19 projections made by state agencies, political subdivisions, other states, federal agencies, or  
5.20 nongovernmental persons, institutions, or commissions;

5.21 (5) serve as the state liaison with the United States Bureau of the Census, coordinate  
5.22 state and federal demographic activities to the fullest extent possible, and aid the  
5.23 legislature in preparing a census data plan and form for each decennial census;

5.24 (6) compile an annual study of population estimates on the basis of county, regional,  
5.25 or other political or geographical subdivisions as necessary to carry out the purposes of  
5.26 this section and section 4A.03;

5.27 (7) by January 1 of each year, issue a report to the legislature containing an analysis  
5.28 of the demographic implications of the annual population study and population projections;

5.29 (8) prepare maps for all counties in the state, all municipalities with a population  
5.30 of 10,000 or more, and other municipalities as needed for census purposes, according to  
5.31 scale and detail recommended by the United States Bureau of the Census, with the maps  
5.32 of cities showing precinct boundaries;

5.33 (9) prepare an estimate of population and of the number of households for each  
5.34 governmental subdivision for which the Metropolitan Council does not prepare an annual

6.1 estimate, and convey the estimates to the governing body of each political subdivision  
6.2 by June 1 of each year;

6.3 (10) direct, under section 414.01, subdivision 14, and certify population and  
6.4 household estimates of annexed or detached areas of municipalities or towns after being  
6.5 notified of the order or letter of approval by the chief administrative law judge of the  
6.6 State Office of Administrative Hearings;

6.7 (11) prepare, for any purpose for which a population estimate is required by law  
6.8 or needed to implement a law, a population estimate of a municipality or town whose  
6.9 population is affected by action under section 379.02 or 414.01, subdivision 14; and

6.10 (12) prepare an estimate of average household size for each statutory or home rule  
6.11 charter city with a population of 2,500 or more by June 1 of each year.

6.12 (c) A governing body may challenge an estimate made under paragraph (b) by filing  
6.13 their specific objections in writing with the state demographer by June 24. If the challenge  
6.14 does not result in an acceptable estimate, the governing body may have a special census  
6.15 conducted by the United States Bureau of the Census. The political subdivision must  
6.16 notify the state demographer by July 1 of its intent to have the special census conducted.  
6.17 The political subdivision must bear all costs of the special census. Results of the special  
6.18 census must be received by the state demographer by the next April 15 to be used in that  
6.19 year's June 1 estimate to the political subdivision under paragraph (b).

6.20 (d) The state demographer shall certify the estimates of population and household  
6.21 size to the commissioner of revenue by July 15 each year, including any estimates still  
6.22 under objection.

6.23 ~~(e) The state demographer shall release a demographic forecast in conjunction with~~  
6.24 ~~the commissioner of management and budget and the November state economic forecast.~~

6.25 (f) The state demographer may contract for the development of data and research  
6.26 required under this chapter, including, but not limited to, population estimates and  
6.27 projections, the preparation of maps, and other estimates.

6.28 Sec. 11. Minnesota Statutes 2012, section 15.06, subdivision 1, is amended to read:

6.29 Subdivision 1. **Applicability.** This section applies to the following departments  
6.30 or agencies: the Departments of Administration, Agriculture, Commerce, Corrections,  
6.31 Education, Employment and Economic Development, Health, Human Rights, Labor and  
6.32 Industry, Management and Budget, Natural Resources, Public Safety, Human Services,  
6.33 Revenue, Transportation, and Veterans Affairs; the Housing Finance and Pollution Control  
6.34 Agencies; the Office of Commissioner of Iron Range Resources and Rehabilitation;  
6.35 the Office of MN.IT Services; the Bureau of Mediation Services; and their successor

7.1 departments and agencies. The heads of the foregoing departments or agencies are  
7.2 "commissioners."

7.3 Sec. 12. Minnesota Statutes 2012, section 15.76, subdivision 1, is amended to read:

7.4 Subdivision 1. **Program established.** The state agency value initiative (SAVI)  
7.5 program is established to encourage state agencies to identify cost-effective and efficiency  
7.6 measures in agency programs and operations that result in cost savings for the state.  
7.7 All state agencies, ~~including Minnesota State Colleges and Universities,~~ not separately  
7.8 authorized to carry forward operating funds may participate in this program.

7.9 Sec. 13. Minnesota Statutes 2012, section 15.76, subdivision 2, is amended to read:

7.10 Subd. 2. **Retained savings.** (a) In order to encourage innovation and creative  
7.11 cost savings by state employees, upon approval of the commissioner of management  
7.12 and budget, 50 percent of any appropriations for agency operations that remain unspent  
7.13 at the end of a biennium because of unanticipated innovation, efficiencies, or creative  
7.14 cost-savings may be carried forward and retained by the agency to fund specific agency  
7.15 proposals or projects. Agencies choosing to spend retained savings funds must ensure that  
7.16 project expenditures do not create future obligations beyond the amounts available from  
7.17 the retained savings. The retained savings must be used only to fund projects that directly  
7.18 support the performance of the agency's mission. This section does not restrict authority  
7.19 granted by other law to carry forward money for a different period or for different purposes.

7.20 (b) This section supersedes any contrary provision of section 16A.28.

7.21 Sec. 14. Minnesota Statutes 2012, section 15.76, subdivision 3, is amended to read:

7.22 Subd. 3. ~~Special peer review panel; Review process.~~ (a) ~~Each participating agency~~  
7.23 ~~must organize a peer review panel that will determine which proposal or project receives~~  
7.24 ~~funding from the SAVI program. The peer review panel must be comprised of department~~  
7.25 ~~employees who are credited with cost-savings initiatives and department managers. The~~  
7.26 ~~ratio between managers and department employees must be balanced.~~

7.27 (b) An agency may spend money for a project ~~recommended for funding by the~~  
7.28 ~~peer review panel~~ after:

7.29 (1) the agency has posted notice of spending for the proposed project on the agency  
7.30 Web site for at least 30 days; and

7.31 (2) the commissioner of management and budget has approved spending money  
7.32 from the SAVI account for the project; and

8.1 ~~(e) Before approving a project, (3) the commissioner of management and budget~~  
8.2 ~~must submit the request to~~ has notified the Legislative Advisory Commission for its  
8.3 review and recommendation comment. ~~Upon receiving a request from the commissioner,~~  
8.4 ~~the Legislative Advisory Commission shall post notice of the request on a legislative~~  
8.5 ~~Web site for at least 30 days. Failure of the commission to make a recommendation~~  
8.6 ~~within this 30-day period is considered a negative recommendation. A recommendation~~  
8.7 ~~of the commission must be made at a meeting of the commission unless a written~~  
8.8 ~~recommendation is signed by all the members entitled to vote on the item.~~

8.9 Sec. 15. Minnesota Statutes 2012, section 16A.056, subdivision 7, is amended to read:

8.10 Subd. 7. **Retention of data.** The database required under this section must include  
8.11 information beginning with fiscal year ~~2010~~ 2012 appropriations and must retain data  
8.12 for at least ten years.

8.13 Sec. 16. Minnesota Statutes 2012, section 16A.095, is amended to read:

8.14 **16A.095 STATE BUDGET SYSTEM.**

8.15 Subdivision 1. **Rules and instructions.** The commissioner shall make rules and  
8.16 instructions for budget preparation. They must deal with classifying expenditures and with  
8.17 the content and submission of budget requests and appropriation performance measures  
8.18 for each budget activity.

8.19 Subd. 2. **Budget improvements.** The commissioner may choose executive agencies  
8.20 to test improvements in the budget system. The commissioner shall recommend required  
8.21 legislation to install improvements in the budget system for all executive agencies that  
8.22 submit budget information in the system. The budget system must classify expenditures by  
8.23 programs and budget activities and, to the greatest extent practicable, emphasize alternative  
8.24 approaches in program development and criteria to evaluate and measure performance.

8.25 Subd. 2a. **Mutual cooperation; due regard.** Executive agencies must cooperate  
8.26 with the commissioner in making a preparing the budget. The budget must meet  
8.27 the commissioner's requirements while giving due regard to the executive agencies'  
8.28 requirements.

8.29 Sec. 17. Minnesota Statutes 2012, section 16A.10, subdivision 1, is amended to read:

8.30 Subdivision 1. **Budget format.** In each even-numbered calendar year the  
8.31 commissioner shall prepare budget forms and instructions for all agencies, including  
8.32 guidelines for reporting agency performance measures, subject to the approval of the  
8.33 governor. The commissioner shall request and receive advisory recommendations from

9.1 the chairs of the senate Finance Committee and house of representatives Ways and  
9.2 Means Committee before adopting a format for the biennial budget document. By June  
9.3 15, the commissioner shall send the proposed budget forms to the appropriations and  
9.4 finance committees. The committees have until July 15 to give the commissioner their  
9.5 advisory recommendations on possible improvements. To facilitate this consultation, the  
9.6 commissioner shall establish a working group consisting of executive branch staff and  
9.7 designees of the chairs of the senate Finance and house of representatives Ways and Means  
9.8 Committees. The commissioner must involve this group in all stages of development of  
9.9 budget forms and instructions. The budget format must show actual expenditures and  
9.10 receipts for the most recent fiscal year, estimated expenditures and receipts for the current  
9.11 fiscal year, and estimates for each fiscal year of the next biennium. Estimated expenditures  
9.12 must be classified by funds and character of expenditures and ~~may be~~ subclassified by  
9.13 programs and activities. Agency revenue estimates must have supporting documentation  
9.14 to show how the estimates were made and what factors were used. Receipts must be  
9.15 classified by funds, programs, and activities. Expenditure and revenue estimates must be  
9.16 based on the law in existence at the time the estimates are prepared.

9.17 Sec. 18. Minnesota Statutes 2012, section 16A.10, subdivision 1c, is amended to read:

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

9.27 Sec. 19. Minnesota Statutes 2012, section 16A.127, subdivision 4, is amended to read:

9.28 Subd. 4. **Federal proposals.** Agency applications for federal money shall include  
9.29 necessary submissions to recover both statewide and agency indirect costs. ~~A copy of the~~  
9.30 ~~indirect cost submission must be submitted to the commissioner for review.~~ An agency  
9.31 indirect cost plan is unnecessary if the commissioner determines that the costs incurred in  
9.32 preparing and maintaining it exceed the benefit received by the state. If less than the entire  
9.33 agency proposal is federally approved, the commissioner may accept reimbursement of

10.1 less than all of the federal receipts. If no federal funds are approved for indirect costs,  
10.2 the agency must document that fact to the commissioner.

10.3 Sec. 20. Minnesota Statutes 2012, section 16A.96, subdivision 2, is amended to read:

10.4 Subd. 2. **Authority.** (a) Subject to the limitations of this subdivision, the  
10.5 commissioner of management and budget may sell and issue appropriation bonds of the  
10.6 state under this section for the purposes of the Minnesota pay-for-performance program  
10.7 established in sections 16A.93 to 16A.96. Proceeds of the bonds must be credited to  
10.8 a special appropriation bond proceeds account in the state treasury. Net income from  
10.9 investment of the proceeds, as estimated by the commissioner, must be credited to the  
10.10 special appropriation bond proceeds account.

10.11 (b) Appropriation bonds may be sold and issued in amounts that, in the opinion of  
10.12 the commissioner, are necessary to provide sufficient funds for achieving the purposes  
10.13 authorized as provided under paragraph (a), and pay debt service, pay costs of issuance,  
10.14 make deposits to reserve funds, pay the costs of credit enhancement, or make payments  
10.15 under other agreements entered into under paragraph (d); provided, however, that bonds  
10.16 issued and unpaid shall not exceed \$10,000,000 in principal amount, excluding refunding  
10.17 bonds sold and issued under subdivision 4. ~~During the biennium ending June 30, 2013,~~  
10.18 The commissioner may sell and issue bonds only in an amount that the commissioner  
10.19 determines will result in principal and interest payments less than the amount of savings to  
10.20 be generated through pay-for-performance contracts under section 16A.94. For programs  
10.21 achieving savings under a pay-for-performance contract, the commissioner must reduce  
10.22 general fund appropriations by at least the amount of principal and interest payments on  
10.23 bonds issued under this section.

10.24 (c) Appropriation bonds may be issued in one or more series on the terms and  
10.25 conditions the commissioner determines to be in the best interests of the state, but the term  
10.26 on any series of bonds may not exceed 20 years.

10.27 (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any  
10.28 time thereafter, so long as the appropriation bonds are outstanding, the commissioner  
10.29 may enter into agreements and ancillary arrangements relating to the appropriation  
10.30 bonds, including but not limited to trust indentures, liquidity facilities, remarketing or  
10.31 dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,  
10.32 reimbursement agreements, indexing agreements, or interest exchange agreements. Any  
10.33 payments made or received according to the agreement or ancillary arrangement shall be  
10.34 made from or deposited as provided in the agreement or ancillary arrangement. The

11.1 determination of the commissioner included in an interest exchange agreement that the  
11.2 agreement relates to an appropriation bond shall be conclusive.

11.3 Sec. 21. Minnesota Statutes 2012, section 16E.01, subdivision 1, is amended to read:

11.4 Subdivision 1. **Creation; chief information officer.** The Office of ~~Enterprise~~  
11.5 ~~Technology~~ MN.IT Services, referred to in this chapter as the "office," is an agency in  
11.6 the executive branch headed by a commissioner, who also is the state chief information  
11.7 officer. The appointment of the ~~chief information officer~~ commissioner is subject to the  
11.8 advice and consent of the senate under section 15.066.

11.9 Sec. 22. Minnesota Statutes 2012, section 16E.015, is amended by adding a subdivision  
11.10 to read:

11.11 Subd. 5. **State information network.** "State information network" means  
11.12 optical fiber facilities and terminal equipment used in the delivery of high-speed  
11.13 telecommunications services.

11.14 Sec. 23. Minnesota Statutes 2012, section 16E.04, subdivision 2, is amended to read:

11.15 Subd. 2. **Responsibilities.** (a) In addition to other activities prescribed by law, the  
11.16 office shall carry out the duties set out in this subdivision.

11.17 (b) The office shall develop and establish a state information architecture to ensure:

11.18 (1) that state agency development and purchase of information and communications  
11.19 systems, equipment, and services is designed to ensure that individual agency information  
11.20 systems complement and do not needlessly duplicate or conflict with the systems of other  
11.21 agencies; and

11.22 (2) enhanced public access to data can be provided consistent with standards  
11.23 developed under section 16E.05, subdivision 4.

11.24 When state agencies have need for the same or similar public data, the chief information  
11.25 officer, in coordination with the affected agencies, shall manage the most efficient and  
11.26 cost-effective method of producing and storing data for or sharing data between those  
11.27 agencies. The development of this information architecture must include the establishment  
11.28 of standards and guidelines to be followed by state agencies. The office shall ensure  
11.29 compliance with the architecture.

11.30 (c) The office shall, in cooperation with state agencies, plan and manage the  
11.31 development and improvement of information systems so that an individual information  
11.32 system reflects and supports the state agency's mission and the state's requirements  
11.33 and functions. ~~The office shall review and approve agency technology plans to ensure~~

12.1 ~~consistency with enterprise information and telecommunications technology strategy. By~~  
 12.2 ~~January 15 of each year, the chief information officer must report to the chairs and the~~  
 12.3 ~~ranking minority members of the legislative committees and divisions with jurisdiction over~~  
 12.4 ~~the office regarding the assistance provided under this paragraph. The report must include~~  
 12.5 ~~a listing of agencies that have developed or are developing plans under this paragraph.~~

12.6 (d) The office shall review and approve agency requests for funding for the  
 12.7 development or purchase of information systems equipment or software before the  
 12.8 requests may be included in the governor's budget.

12.9 (e) The office shall review and approve agency requests for grant funding that have  
 12.10 an information and technology component.

12.11 (f) The office shall review major purchases of information systems equipment to:

12.12 (1) ensure that the equipment follows the standards and guidelines of the state  
 12.13 information architecture;

12.14 (2) ensure the agency's proposed purchase reflects a cost-effective policy regarding  
 12.15 volume purchasing; and

12.16 (3) ensure that the equipment is consistent with other systems in other state agencies  
 12.17 so that data can be shared among agencies, unless the office determines that the agency  
 12.18 purchasing the equipment has special needs justifying the inconsistency.

12.19 (g) The office shall review the operation of information systems by state agencies  
 12.20 and ensure that these systems are operated efficiently and securely and continually meet  
 12.21 the standards and guidelines established by the office. The standards and guidelines must  
 12.22 emphasize uniformity that is cost-effective for the enterprise, that encourages information  
 12.23 interchange, open systems environments, and portability of information whenever  
 12.24 practicable and consistent with an agency's authority and chapter 13.

12.25 ~~(h) The office shall conduct a comprehensive review at least every three years of~~  
 12.26 ~~the information systems investments that have been made by state agencies and higher~~  
 12.27 ~~education institutions. The review must include recommendations on any information~~  
 12.28 ~~systems applications that could be provided in a more cost-beneficial manner by an outside~~  
 12.29 ~~source. The office must report the results of its review to the legislature and the governor.~~

12.30 Sec. 24. Minnesota Statutes 2012, section 16E.18, subdivision 8, is amended to read:

12.31 Subd. 8. **Exemption.** The system state information network is exempt from the  
 12.32 five-year five and ten-year limitation on contracts set by sections 16C.05, subdivision 2,  
 12.33 paragraph (b), 16C.08, subdivision 3, clause (5), ~~and~~ 16C.09, clause (6), and section  
 12.34 16C.03, subdivision 17. A contract compliance review must be performed by the office on

13.1 a five-year basis for any contract that has a total term greater than five years. The review  
13.2 must detail any compliance or performance issues on the part of the contractor.

13.3 Sec. 25. Minnesota Statutes 2012, section 43A.08, subdivision 1a, is amended to read:

13.4 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the  
13.5 following agencies may designate additional unclassified positions according to this  
13.6 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;  
13.7 Education; Employment and Economic Development; Explore Minnesota Tourism;  
13.8 Management and Budget; Health; Human Rights; Labor and Industry; Natural Resources;  
13.9 Public Safety; Human Services; Revenue; Transportation; and Veterans Affairs; the  
13.10 Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of  
13.11 Investment; the Office of Administrative Hearings; the Office of MN.IT Services; the  
13.12 Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State  
13.13 Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center  
13.14 for Arts Education; and the Minnesota Zoological Board.

13.15 A position designated by an appointing authority according to this subdivision must  
13.16 meet the following standards and criteria:

13.17 (1) the designation of the position would not be contrary to other law relating  
13.18 specifically to that agency;

13.19 (2) the person occupying the position would report directly to the agency head or  
13.20 deputy agency head and would be designated as part of the agency head's management  
13.21 team;

13.22 (3) the duties of the position would involve significant discretion and substantial  
13.23 involvement in the development, interpretation, and implementation of agency policy;

13.24 (4) the duties of the position would not require primarily personnel, accounting, or  
13.25 other technical expertise where continuity in the position would be important;

13.26 (5) there would be a need for the person occupying the position to be accountable to,  
13.27 loyal to, and compatible with, the governor and the agency head, the employing statutory  
13.28 board or commission, or the employing constitutional officer;

13.29 (6) the position would be at the level of division or bureau director or assistant  
13.30 to the agency head; and

13.31 (7) the commissioner has approved the designation as being consistent with the  
13.32 standards and criteria in this subdivision.

13.33 Sec. 26. Minnesota Statutes 2012, section 299C.65, subdivision 1, is amended to read:

14.1 Subdivision 1. **Membership, duties.** (a) The Criminal and Juvenile Justice  
14.2 Information Policy Group consists of the commissioner of corrections, the commissioner  
14.3 of public safety, the state chief information officer, ~~the commissioner of management and~~  
14.4 ~~budget~~, four members of the judicial branch appointed by the chief justice of the Supreme  
14.5 Court, and the chair and first vice-chair of the Criminal and Juvenile Justice Information  
14.6 Task Force. The policy group may appoint additional, nonvoting members as necessary  
14.7 from time to time.

14.8 (b) The commissioner of public safety is designated as the chair of the policy group.  
14.9 The commissioner and the policy group have overall responsibility for the integration of  
14.10 statewide criminal justice information systems. This integration effort shall be known  
14.11 as CriMNet. The policy group may hire an executive director to manage the CriMNet  
14.12 projects and to be responsible for the day-to-day operations of CriMNet. The executive  
14.13 director shall serve at the pleasure of the policy group in unclassified service. The policy  
14.14 group must ensure that generally accepted project management techniques are utilized for  
14.15 each CriMNet project, including:

- 14.16 (1) clear sponsorship;
- 14.17 (2) scope management;
- 14.18 (3) project planning, control, and execution;
- 14.19 (4) continuous risk assessment and mitigation;
- 14.20 (5) cost management;
- 14.21 (6) quality management reviews;
- 14.22 (7) communications management;
- 14.23 (8) proven methodology; and
- 14.24 (9) education and training.

14.25 (c) Products and services for CriMNet project management, system design,  
14.26 implementation, and application hosting must be acquired using an appropriate  
14.27 procurement process, which includes:

- 14.28 (1) a determination of required products and services;
- 14.29 (2) a request for proposal development and identification of potential sources;
- 14.30 (3) competitive bid solicitation, evaluation, and selection; and
- 14.31 (4) contract administration and close-out.

14.32 (d) The policy group shall study and make recommendations to the governor, the  
14.33 Supreme Court, and the legislature on:

- 14.34 (1) a framework for integrated criminal justice information systems, including the  
14.35 development and maintenance of a community data model for state, county, and local  
14.36 criminal justice information;

15.1 (2) the responsibilities of each entity within the criminal and juvenile justice systems  
15.2 concerning the collection, maintenance, dissemination, and sharing of criminal justice  
15.3 information with one another;

15.4 (3) actions necessary to ensure that information maintained in the criminal justice  
15.5 information systems is accurate and up-to-date;

15.6 (4) the development of an information system containing criminal justice  
15.7 information on gross misdemeanor-level and felony-level juvenile offenders that is part of  
15.8 the integrated criminal justice information system framework;

15.9 (5) the development of an information system containing criminal justice  
15.10 information on misdemeanor arrests, prosecutions, and convictions that is part of the  
15.11 integrated criminal justice information system framework;

15.12 (6) comprehensive training programs and requirements for all individuals in criminal  
15.13 justice agencies to ensure the quality and accuracy of information in those systems;

15.14 (7) continuing education requirements for individuals in criminal justice agencies  
15.15 who are responsible for the collection, maintenance, dissemination, and sharing of  
15.16 criminal justice data;

15.17 (8) a periodic audit process to ensure the quality and accuracy of information  
15.18 contained in the criminal justice information systems;

15.19 (9) the equipment, training, and funding needs of the state and local agencies that  
15.20 participate in the criminal justice information systems;

15.21 (10) the impact of integrated criminal justice information systems on individual  
15.22 privacy rights;

15.23 (11) the impact of proposed legislation on the criminal justice system, including any  
15.24 fiscal impact, need for training, changes in information systems, and changes in processes;

15.25 (12) the collection of data on race and ethnicity in criminal justice information  
15.26 systems;

15.27 (13) the development of a tracking system for domestic abuse orders for protection;

15.28 (14) processes for expungement, correction of inaccurate records, destruction of  
15.29 records, and other matters relating to the privacy interests of individuals; and

15.30 (15) the development of a database for extended jurisdiction juvenile records and  
15.31 whether the records should be public or private and how long they should be retained.

15.32 Sec. 27. Minnesota Statutes 2012, section 403.36, subdivision 1, is amended to read:

15.33 Subdivision 1. **Membership.** (a) The commissioner of public safety shall convene  
15.34 and chair the Statewide Radio Board to develop a project plan for a statewide, shared,

16.1 trunked public safety radio communication system. The system may be referred to as  
16.2 "Allied Radio Matrix for Emergency Response," or "ARMER."

16.3 (b) The board consists of the following members or their designees:

16.4 (1) the commissioner of public safety;

16.5 (2) the commissioner of transportation;

16.6 (3) the state chief information officer;

16.7 (4) the commissioner of natural resources;

16.8 (5) the chief of the Minnesota State Patrol;

16.9 ~~(6) the commissioner of management and budget;~~

16.10 ~~(7) the chair of the Metropolitan Council;~~

16.11 ~~(8)~~ (7) two elected city officials, one from the nine-county metropolitan area and one  
16.12 from Greater Minnesota, appointed by the governing body of the League of Minnesota  
16.13 Cities;

16.14 ~~(9)~~ (8) two elected county officials, one from the nine-county metropolitan area  
16.15 and one from Greater Minnesota, appointed by the governing body of the Association  
16.16 of Minnesota Counties;

16.17 ~~(10)~~ (9) two sheriffs, one from the nine-county metropolitan area and one from  
16.18 Greater Minnesota, appointed by the governing body of the Minnesota Sheriffs'  
16.19 Association;

16.20 ~~(11)~~ (10) two chiefs of police, one from the nine-county metropolitan area and one  
16.21 from Greater Minnesota, appointed by the governor after considering recommendations  
16.22 made by the Minnesota Chiefs' of Police Association;

16.23 ~~(12)~~ (11) two fire chiefs, one from the nine-county metropolitan area and one from  
16.24 Greater Minnesota, appointed by the governor after considering recommendations made  
16.25 by the Minnesota Fire Chiefs' Association;

16.26 ~~(13)~~ (12) two representatives of emergency medical service providers, one from the  
16.27 nine-county metropolitan area and one from Greater Minnesota, appointed by the governor  
16.28 after considering recommendations made by the Minnesota Ambulance Association;

16.29 ~~(14)~~ (13) the chair of the regional radio board for the metropolitan area; and

16.30 ~~(15)~~ (14) a representative of Greater Minnesota elected by those units of government  
16.31 in phase three and any subsequent phase of development as defined in the statewide,  
16.32 shared radio and communication plan, who have submitted a plan to the Statewide Radio  
16.33 Board and where development has been initiated.

16.34 (c) The Statewide Radio Board shall coordinate the appointment of board members  
16.35 representing Greater Minnesota with the appointing authorities and may designate the

17.1 geographic region or regions from which an appointed board member is selected where  
17.2 necessary to provide representation from throughout the state.

17.3 Sec. 28. Minnesota Statutes 2012, section 477A.03, subdivision 2b, is amended to read:

17.4 Subd. 2b. **Counties.** (a) For aids payable in 2013 and thereafter, the total aid  
17.5 payable under section 477A.0124, subdivision 3, is \$80,795,000. Each calendar year,  
17.6 \$500,000 shall be retained by the commissioner of revenue to make reimbursements to  
17.7 the commissioner of management and budget for payments made under section 611.27.  
17.8 ~~For calendar year 2004, the amount shall be in addition to the payments authorized~~  
17.9 ~~under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent~~  
17.10 ~~years;~~ The amount shall be deducted from the appropriation under this paragraph. The  
17.11 reimbursements shall be to defray the additional costs associated with court-ordered  
17.12 counsel under section 611.27. Any retained amounts not used for reimbursement in a year  
17.13 shall be included in the next distribution of county need aid that is certified to the county  
17.14 auditors for the purpose of property tax reduction for the next taxes payable year.

17.15 (b) For aids payable in 2013 and thereafter, the total aid under section 477A.0124,  
17.16 subdivision 4, is \$84,909,575. ~~The commissioner of management and budget shall bill the~~  
17.17 ~~commissioner of revenue shall transfer to the commissioner of management and budget~~  
17.18 \$207,000 annually for the cost of preparation of local impact notes as required by section  
17.19 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter and other local government  
17.20 activities. ~~The commissioner of education shall bill the commissioner of revenue for the~~  
17.21 ~~cost of preparation of local impact notes for school districts as required by section 3.987,~~  
17.22 ~~not to exceed~~ shall transfer to the commissioner of education \$7,000 in fiscal year 2004  
17.23 ~~and thereafter~~ annually for the cost of preparation of local impact notes for school districts  
17.24 as required by section 3.987. The commissioner of revenue shall deduct the amounts ~~billed~~  
17.25 ~~deducted~~ transferred under this paragraph from the appropriation under this paragraph. The amounts  
17.26 ~~deducted~~ transferred are appropriated to the commissioner of management and budget and  
17.27 the commissioner of education ~~for the preparation of local impact notes~~ respectively.

17.28 Sec. 29. Laws 2011, First Special Session chapter 10, article 4, section 7, is amended to  
17.29 read:

17.30 Sec. 7. **STUDY.**

17.31 The chief information officer in the Office of ~~Enterprise Technology~~ MN.IT Services  
17.32 shall report to the chairs and ranking minority members of the house of representatives  
17.33 and senate committees with jurisdiction over state government finance by January 15,  
17.34 2014, on the feasibility and desirability of the office entering into service-level agreements

18.1 with the senate, the house of representatives, the State Lottery, the Statewide Radio Board,  
18.2 Minnesota State Retirement System, the Public Employees Retirement Association, the  
18.3 Teachers Retirement Association, the State Board of Investment, and the Campaign  
18.4 Finance and Public Disclosure Board regarding provision of information technology  
18.5 systems and services to those entities.

18.6 Sec. 30. **REVISOR'S INSTRUCTION.**

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

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

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

18.12 Sec. 31. **REPEALER.**

18.13 Minnesota Statutes 2012, sections 15.06, subdivision 1a; 16A.06, subdivision 9;  
18.14 16A.103, subdivision 4; 16A.106; 43A.31, subdivision 2; and 325G.415, are repealed.