

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 1523 - State Employee Health Plan Pharmacy
Benefits Management System**

Author: Senator Linda Berglin

Prepared by: Thomas S. Bottem, Senate Counsel (651/296-3810) *TSB*

Date: March 28, 2005

This bill directs the Commissioner of Employee Relations to deliver pharmaceutical benefits provided under the state employee health plan through a pharmacy benefits management system. The commissioner is authorized to provide the benefits directly through a contract with a third party or to enter into contracts with other states. Together with the Commissioner of Human Services and the Formulary Committee, the commissioner must develop and implement a preferred drug list. Local units of government are authorized to participate in the pharmacy benefits management system, provided that exclusive representatives for their participating employees agree to participate. The Commissioner of Employee Relations is allowed to assess the local units of government the reasonable costs of administration for the system.

The bill is effective January 1, 2006.

TSB:dv

Fiscal Note – 2005-06 Session

Bill #: S1523-0 **Complete Date:** 04/12/05

Chief Author: BERGLIN, LINDA

Title: STATE EMPLOY INS PHARMACY BENEFITS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Employee Relations

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Bill Description

This bill requires that effective January 1, 2006, the commissioner of employee relations establish a pharmacy benefits management system by purchasing pharmacy benefits for the State Employee Group Insurance Program (SEGIP) through a single pharmacy benefits manager. This may be accomplished by contracting directly with a pharmacy benefits manager, contracting indirectly through a third-party benefits manager to provide the services, or contracting through a multi-state drug purchasing program. The designated pharmacy benefits manager is required to consult with the commissioner of human services and the Formulary Committee of the Department of Human Services to develop a preferred drug list and to incorporate the preferred drug list into a tiered cost-sharing arrangement to maximize medical efficacy and cost savings. In addition, the bill allows certain local units of government to elect to use the pharmacy benefits management system at a reasonable cost to be determined by the commissioner.

Background

The Department of Employee Relations (DOER) currently contracts with three third-party administrators to provide the health benefits for the State Employee Group Insurance Program. Each administrator has its own pharmacy benefit manager with which it has contracted to provide a pharmacy benefit that integrates with the medical services delivered by the administrator.

| Administrator | Pharmacy Benefit Manager |
|--|--------------------------|
| • Blue Cross Blue Shield of Minnesota | Prime Therapeutics |
| • HealthPartners Administrators, Inc. | Pharmacare |
| • PreferredOne Administrative Services, Inc. | Express Scripts, Inc. |

These pharmacy benefit managers (PBMs), in conjunction with the three plan administrators, develop drug formularies, handle claims administration functions, and negotiate both drug discounts with pharmacies and rebate arrangements with manufacturers.

The contracts DOER has negotiated with each administrator require that the respective pharmacy benefit managers (PBM) return 100% of all rebates. In addition, the contracts permit the state or its representative to audit both the administrators and the PBMs to assure compliance. Annually DOER initiates a renewal process that is the equivalent of a formal request for proposal in which the current administrators and PBMs are required to provide detailed information to support their current and proposed fees. The information is used to compare costs across administrators and PBMs and negotiate adjustments as appropriate.

Bill Impact

Requirement for single PBM: DOER initiated a study to determine whether a single PBM would provide more competitive pharmacy pricing than the current three PBM model. DOER's actuarial consultants conducted two separate analyses. The first involved detailed interviews with each of the PBMs followed up by a comparative analysis of their respective pharmacy network discount arrangements, formularies and rebates, and administrative fees and PBM revenue. The second involved comparing this information with the top two proposals received by the Buyers Healthcare Action Group (BHCAG) in response to their request for proposal for a single PBM. Highlights of that analysis were:

- Although the State is currently spreading their buying power across three PBMs, they are taking advantage of the significantly higher buying power of the individual plan administrators in setting the price for their drugs.
- The information we reviewed did not indicate that the State would be able to achieve significant discounts and fee savings over their current arrangements by switching to an independent PBM. The information we reviewed also indicates that the implementation could result in cost increases.
- The total net drug costs between the three plan administrators are very similar and it does not appear that one PBM has a significant competitive advantage.

An important consideration in evaluating a single PBM is the impact it would have on the current care delivery that exists if the PBM is no longer integrated with the plan administrator. Each of our three plan administrators have

integrated service delivery arrangements with the existing PBMs. In each situation, electronic connectivity and care management opportunities are continually being maximized. Each of the administrators also contracts with employers who have elected PBMs that are not integrated into the administrators systems. In those instances, the administrative costs are higher and information is often delayed beyond the point where it is helpful to case management.

Increased buying power of a larger pool: The PBMs of our three health plan administrators independently represent purchasing pools ranging from 8 million lives to over 50 million lives. Each of these pools is substantially larger than First Help PBM (DHS's eight-state purchasing alliance), the Minnesota Multi-state Purchasing Alliance for Pharmacy (MMCAP), or the RxIS Coalition (a five state purchasing alliance including Delaware, Missouri, New Mexico, West Virginia, and Ohio).

Preferred drug list: A key component of maximizing rebates from manufacturers is the formulary. If DOER's collaboration with DHS resulted in a formulary that differed from the contracted PBM, DOER would lose purchasing leverage and its rebates may be reduced.

Tiered cost-sharing: SEGIP's existing cost sharing is part of the collective bargaining agreements with the unions. We continue to examine adjusting the tiering and have not done so at this point because we have not been able to come up with an alternative (other than increasing copays) that would clearly result in a cost reduction.

Local Unit of government participation: We would be concerned about extending SEGIP's pharmacy purchasing program to local units of government. To fully examine this issue, it would be necessary to review the possibility with the plan administrators to determine whether this would be a possibility and the resulting impacts.

Assumptions

DOER has completed an actuarial analysis that is the equivalent of a rigorous request for proposal. In that analysis, we had an opportunity to complete a detailed evaluation of our current three PBMs using state employee health plan data. In addition, we evaluated the RFP results for the top two bidders responding to the BHCAG RFP (both respondents are currently part of our program.) Based on this information, we were able to conclude that the state would not be able to achieve significant discounts in fee savings with pharmacies or rebates with manufacturers by switching to a single PBM. In addition, any such move would need to be weighed against possible implementation costs, administrative increases and member disruption. Finally, of significant concern would be the loss of the integrated care management component that currently exists between the three health plan administrators and their PBMs.

Expenditure/Revenue Formula

In conclusion, our analysis resulted in no clear evidence that contracting with a single PBM would save money and it may result in both an additional cost and a reduction in the level of care management.

Long-Term Fiscal Considerations

Uncertain

Local Government Costs

N/A

References

- Developed with assistance from Deloitte Consulting, LLP, providing actuarial and consulting services to DOER for the administration of SEGIP benefit plans.
- SEGIP health plan administrators and PBMs as listed in the above narrative.
- Brendan Krause, *State Purchasing Pools for Prescription Drugs: What's Happening and How Do They Work?* (NGA Center for Best Practices, Health Division Issue Brief, August 2004)

Agency Contact Name: Liz Houlding (651-296-6287)
FN Coord Signature: MIKE HOPWOOD
Date: 04/08/05 Phone: 297-5220

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL
Date: 04/12/05 Phone: 215-0595

Senators Berglin, Kiscaden, Higgins, Koering and Larson introduced--
S.F. No. 1523: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to state government; requiring the state
3 employee health insurance plan to purchase
4 prescription drugs through one pharmacy benefits
5 manager; authorizing local units of government to
6 participate in the drug purchasing program;
7 appropriating money; amending Minnesota Statutes 2004,
8 section 43A.311.

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

10 Section 1. Minnesota Statutes 2004, section 43A.311, is
11 amended to read:

12 43A.311 [~~DRUG-PURCHASING~~ PHARMACY BENEFITS PROGRAM.]

13 Subdivision 1. [PHARMACY BENEFITS MANAGEMENT.] The
14 ~~commissioner-of-employee-relations,-in-conjunction-with-the~~
15 ~~commissioner-of-human-services-and-other-state-agencies,-shall~~
16 ~~evaluate-whether-participation-in-a-multistate-or-multiagency~~
17 ~~drug-purchasing-program-can-reduce-costs-or-improve-the~~
18 ~~operations-of-the-drug-benefit-programs-administered-by-the~~
19 ~~department-and-other-state-agencies.--The-commissioner-and-other~~
20 ~~state-agencies-may-enter-into-a-contract-with-a-vendor-or-other~~
21 ~~states-for-purposes-of-participating-in-a-multistate-or~~
22 ~~multiagency-drug-purchasing-program.~~ The commissioner shall
23 deliver pharmaceutical benefits provided under sections 43A.22
24 to 43A.30 through a pharmacy benefits management system. The
25 commissioner may provide the pharmacy benefits management
26 services directly, may contract with a third-party pharmacy
27 benefits manager to provide the services, or may enter into a

1 contract with other states for the purpose of participating in a
2 multistate drug purchasing program. The commissioner must
3 revise any contracts with health care benefits administrators
4 accordingly.

5 Subd. 2. [PREFERRED DRUG LIST.] The pharmacy benefits
6 manager, in consultation with the commissioner of human services
7 and the Formulary Committee established under section 256B.0625,
8 subdivision 13c, shall develop and implement a preferred drug
9 list. The pharmacy benefits manager shall customize the list of
10 drugs to incorporate tiered cost-sharing arrangements to
11 maximize medical efficacy and cost savings.

12 Subd. 3. [LOCAL UNIT OF GOVERNMENT PARTICIPATION.] (a) An
13 eligible employer, as defined in section 43A.316, subdivision 2,
14 paragraph (c), may elect to use the pharmacy benefits management
15 system created under subdivision 1, provided that the exclusive
16 representatives for participating employees have agreed to
17 participate.

18 (b) The commissioner may assess reasonable costs of
19 administration for the system to a participating employer.
20 Receipts from the assessments must be deposited in the pharmacy
21 benefits management system fund established in the state
22 treasury. All money and interest in the fund is appropriated to
23 the commissioner for the costs of administration under this
24 subdivision.

25 [EFFECTIVE DATE.] This section is effective January 1, 2006.

**Senate Counsel, Research,
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State of Minnesota

S.F. No. 267 - Providing for Fees and Standards for the Recording of Certain Documents

Author: Senator Steve Murphy

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)

Date: February 7, 2005

S.F. No. 267 was prepared by the Minnesota County Recordors Association's legislative committee, along with the Minnesota Real Estate Services Association and the Minnesota Land Title Association, to update the law that relates to real estate recording. S.F. No. 267 is an attempt to provide consistency in real estate recording fees by eliminating confusing and inconsistent fees, and providing for a flat, uniform statewide recording fee. The bill also enhances the County Recorder's technology fund that improves time lines for producing data and allows for electronic recording.

Section 1 limits fees imposed on the recording process to those established in these sections of law. Eliminates the per page charge. Eliminates the \$10 nonstandard document fee. Includes an additional \$9 for the County Recorder's technology fund. Adjusts miscellaneous fees to better reflect the actual cost of providing the service.

Section 2 reduces the allowable recording time from the current 30 days to 15 days.

Section 3 clarifies the standards for documents presented for recording.

Section 4 establishes similar fees for Torrens property as done for abstract property previously.

Section 5 sets forth the complicated allocation of the fees.

Section 6 modifies the fees that apply to CIC (common interest community) property filings.

DPM:vs

Fiscal Note – 2005-06 Session

Bill #: S0267-0 **Complete Date:** 03/01/05

Chief Author: MURPHY, STEVE

Title: REAL ESTATE RECORDING & REG FEE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | | X |
| Local | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Finance Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Revenues | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Net Cost <Savings> | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Bill Description

This bill modifies real estate recording and registering fees charged by counties, setting flat, uniform statewide rates. The bill also increases the contribution from recording fees to the county technology fund.

Assumptions

Sets a flat fee of \$40 for indexing and recording any deed or other instrument. Under current law the fee is \$1 per page with a minimum of \$15. Provides for allocation of the \$40 fee to the state general fund, the county for administrative costs, the county technology fund, and the county general fund.

Increases the maximum fee from \$5 to \$10 for every entry of an abstract of title, from \$50 to \$100 for an abstract certificate, and from \$2 to \$5 per name for each required name search certification.

Increases from \$9.50 to \$10 the fee for a copy of an official plat filed, and from \$0.50 to \$5 for certification of each plat.

Increases from \$30 to \$50 the minimum fee for filing an amended floor plan of a multiunit building.

The existing 5% surcharge collected on certain transactions and paid to the state treasury is amended to a flat \$1.50 fee. The \$4.00 existing additional surcharge per filing collected by the counties and paid to the state treasury and credited to the general fund does not change.

The state would be required to initiate refunds under 507.093 (b) which is amended deleting the "county recorder or registrar" references and adding the "general fund" as the recording fee refunding agent when real estate documents are not filed in a timely manner as prescribed by statute.

Expenditure and/or Revenue Formula

It can be estimated that the change from the 5% per recording transaction to the flat fee of \$1.50 per transaction will be revenue neutral. The \$4.00 existing additional surcharge collected for the general fund does not change, therefore, no increase in revenues are expected.

In addition, because the numbers of county recording transactions affected by this bill are unknown, it is impossible to determine any affect this bill will have on general fund revenues.

Long-Term Fiscal Considerations

Language in 507.093 (b) requiring the state to become the refunding agent versus the county recorder or registrar may have fiscal considerations depending on the volume of refunds required annually. This refund data is unknown.

Local Government Costs

Because the numbers of county recording transactions affected by this bill are unknown, it is impossible to determine any affect that this bill will have on local government costs.

FN Coord Signature: PETER SAUSEN

Date: 02/24/05 Phone: 296-8372

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL

Date: 03/01/05 Phone: 215-0595

Pass

Senators Murphy, Rosen, Koering, Kierlin and Vickerman introduced--
S.F. No. 267: Referred to the Committee on State and Local Government Operations.

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A bill for an act

relating to counties; providing for fees and standards
for the recording of certain documents; amending
Minnesota Statutes 2004, sections 357.18; 386.30;
507.093; 508.82; 508A.82; 515B.1-116.

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

Section 1. Minnesota Statutes 2004, section 357.18, is
amended to read:

357.18 [COUNTY RECORDER.]

Subdivision 1. [COUNTY RECORDER FEES.] The fees to be
charged by the county recorder shall be as follows and not
exceed the following:

(1) for indexing and recording any deed or other instrument
~~\$1-for-each-page-of-an-instrument, with a minimum fee of \$15 a~~
fee of \$40; \$4 shall be paid to the state treasury and credited
to the general fund; 50 cents shall be retained by the county to
cover the administrative costs; \$10 shall be deposited in the
technology fund pursuant to subdivision 3; and \$25.50 to the
county general fund;

(2) for documents containing multiple assignments, partial
releases or satisfactions \$10 for each document number or book
and page cited;

(3) for certified copies of any records or papers, \$1 for
each page of an instrument with a minimum fee of \$5;

(4) for an abstract of title, the fees shall be determined

1 by resolution of the county board duly adopted upon the
2 recommendation of the county recorder, and the fees shall not
3 exceed ~~\$5~~ \$10 for every entry, ~~\$50~~ \$100 for abstract
4 certificate, \$1 per page for each exhibit included within an
5 abstract as a part of an abstract entry, and ~~\$2~~ \$5 per name for
6 each required name search certification;

7 (5) for a copy of an official plat filed pursuant to
8 section 505.08, the fee shall be ~~\$9-50~~ \$10 and an additional 50
9 cents \$5 shall be charged for the certification of each plat;

10 (6) for filing an amended floor plan in accordance with
11 chapter 515, an amended condominium plat in accordance with
12 chapter 515A, or a common interest community plat or amendment
13 complying with section 515B.2-110, subsection (c), the fee shall
14 be 50 cents per apartment or unit with a minimum fee of ~~\$30~~ \$50;

15 (7) for a copy of a floor plan filed pursuant to chapter
16 515, a copy of a condominium plat filed in accordance with
17 chapter 515A, or a copy of a common interest community plat
18 complying with section 515B.2-110, subsection (c), the fee shall
19 be \$1 for each page of the floor plan, condominium plat or
20 common interest community plat with a minimum fee of \$10.

21 Subd. 1a. [ABSTRACTING SERVICE FEES.] Fees fixed by or
22 established pursuant to subdivision 1 shall be the maximum fee
23 charged in all counties where the county recorder performs
24 abstracting services and shall be charged by persons authorized
25 to perform abstracting services in county buildings pursuant to
26 section 386.18.

27 Subd. 2. [FEES FOR RECORDING INSTRUMENTS IN COUNTY
28 RECORDER OFFICE.] Notwithstanding the provisions of any ~~general~~
29 ~~or~~ special law to the contrary, the established fees pursuant to
30 subdivision 1 shall be the recording fee per document charged in
31 all counties. The fees prescribed by this section shall govern
32 the filing or recording of all instruments in the office of the
33 county recorder other than Uniform Commercial Code documents,
34 and documents filed or recorded pursuant to sections 270.69,
35 subdivision 2, paragraph (c), 272.481 to 272.488, 277.20, and
36 386.77.

1 Subd. 3. ~~{SURCHARGE.} In addition to the fees imposed in~~
 2 ~~subdivision 1, a \$4.50 surcharge shall be collected; on each~~
 3 ~~fee charged under subdivision 1, clauses (1) and (6); and for~~
 4 ~~each abstract certificate under subdivision 1, clause (4);~~
 5 ~~Fifty cents of each surcharge shall be retained by the county to~~
 6 ~~cover its administrative costs and \$4 shall be paid to the state~~
 7 ~~treasury and credited to the general fund.~~

8 Subd. 4. [EQUIPMENT TECHNOLOGY FUND.] ~~\$1~~ of each The \$10
 9 fee collected under subdivision 1, clause (1), shall be
 10 deposited in an equipment a technology fund to for obtaining,
 11 maintaining, and updating current technology and equipment to
 12 provide services from the record system. The fund shall be
 13 disbursed at the county recorder's discretion to provide modern
 14 information services from the records system. The fund is a
 15 supplemental fund and shall not be construed to diminish the
 16 duty of the county governing body to furnish funding for
 17 expenses and personnel necessary in the performance of the
 18 duties of said office pursuant to section 386.015, subdivision
 19 6, paragraph (a), clause (2), and to comply with the
 20 requirements of section 386.30.

21 Subd. 5 4. [VARIANCE FROM STANDARDS.] A document ~~that does~~
 22 ~~not~~ should conform to the standards in section 507.093,
 23 paragraph (a), ~~shall not be recorded except upon payment of an~~
 24 ~~additional fee of \$10 per document~~ but should not be rejected
 25 unless the document is not legible or cannot be archived. This
 26 subdivision applies only to documents dated after July 31, 1997,
 27 and does not apply to Minnesota uniform conveyancing
 28 ~~blanks contained in the book of forms~~ on file in the office of
 29 the commissioner of commerce provided for under section 507.09,
 30 certified copies, or any other form provided for under Minnesota
 31 Statutes.

32 Sec. 2. Minnesota Statutes 2004, section 386.30, is
 33 amended to read:

34 386.30 [DEEDS RECORDED WITHIN 30 15 BUSINESS DAYS.]

35 Each county recorder shall, within 30 15 business days
 36 after any instrument entitled to record is left for that

1 purpose, actually record the same in the manner provided by law
 2 and return the same in person or by mail to the person who left
 3 such instrument for record, if the person's residence is known,
 4 or to such other person and at such address as the recorder may
 5 be directed to deliver the same. If the instrument is submitted
 6 electronically, the recorder must return it in the same manner
 7 within five business days. Persistent failure to so record and
 8 return instruments entitled to record, upon demand therefor and
 9 payment of recording fees, shall constitute nonfeasance in
 10 office and be sufficient ground for removal therefrom. The
 11 15-business-day and five-business-day periods begin on the day
 12 that the tax certifications required by chapters 272 and 287 are
 13 made. In a county in which the office of county recorder has
 14 been combined with another county office, the ~~30-day~~
 15 15-business-day time period begins when the tax certifications
 16 required by chapters 272 and 287 are made, but the total period
 17 to complete the time period after receipt of the instrument by
 18 the office must not exceed ~~60~~ 30 business days.

19 Sec. 3. Minnesota Statutes 2004, section 507.093, is
 20 amended to read:

21 507.093 [STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED.]

22 (a) The following standards are imposed on documents to be
 23 recorded with the county recorder or ~~filed~~ with the registrar of
 24 titles:

25 (1) The document shall consist of one or more individual
 26 sheets measuring no larger than 8.5 inches by 14 inches.

27 (2) The form of the document shall be printed, typewritten,
 28 or computer generated in black ink and the form of the document
 29 shall not be smaller than 8-point type.

30 (3) The document shall be on white paper of not less than
 31 20-pound weight with no background color, or images, ~~or~~ writing
 32 and shall have a clear border of approximately one-half inch on
 33 the top, bottom, and each side.

34 (4) The first page of the document shall contain a blank
 35 space at the top measuring three inches, as measured from the
 36 top of the page. The right half is to be used by the county

1 recorder or registrar of titles for recording information ~~or~~
 2 ~~registrar-of-titles-for-filing-information~~ and the left half is
 3 to be used by the county auditor or treasurer for
 4 certification. An administrative page may be attached to the
 5 face of the document to accommodate this standard.

6 (5) The title of the document shall be prominently
 7 displayed at the top of the first page below the blank space
 8 referred to in clause (4).

9 (6) No additional sheet shall be attached or affixed to a
 10 page that covers up any information or printed part of the form.

11 (7) A document presented for recording ~~or-filing~~ must be
 12 sufficiently legible to ~~reproduce~~ produce a readable copy using
 13 the county recorder's or registrar of ~~title's~~ titles' current
 14 method of ~~reproduction~~ archiving records.

15 ~~The standards in this paragraph do not apply to a document~~
 16 ~~that is recorded or filed as part of a pilot project for the~~
 17 ~~electronic filing of real estate documents implemented by the~~
 18 ~~task force created in Laws 2000, chapter 39.~~

19 (b) ~~The recording or filing fee for a document that does~~
 20 ~~not conform to the standards in paragraph (a) shall be increased~~
 21 ~~as provided in sections 357.18, subdivision 5, 508.82, and~~
 22 ~~508A.82.~~

23 (c) The recorder ~~or registrar~~ general fund shall refund the
 24 recording ~~or-filing~~ fee to the applicant if the real estate
 25 documents are not ~~filed or registered~~ recorded within 30 15
 26 business days after receipt or after five business days if the
 27 document is submitted electronically, or as otherwise provided
 28 by section 386.30.

29 Sec. 4. Minnesota Statutes 2004, section 508.82, is
 30 amended to read:

31 508.82 [REGISTRAR'S REGISTRAR OF TITLES' FEES.]

32 Subdivision 1. [STANDARD DOCUMENTS.] The fees to be paid
 33 to charged by the registrar of titles shall be ~~as follows~~ and
 34 not exceed the following:

35 (1) of the fees provided herein, ~~five-percent~~ \$1.50 of the
 36 fees collected under clauses (3), ~~(5), (11), (13)~~ (4), (10),

1 ~~(12), (14), (16), and (17)~~ for filing or memorializing shall be
 2 paid to the ~~commissioner-of-finance~~ state treasury pursuant to
 3 section 508.75 and credited to the general fund; ~~plus-a-\$4-50~~
 4 ~~surcharge-shall-be-charged-and-collected-in-addition-to-the~~
 5 ~~total-fees-charged-for-each-transaction-under-clauses-(2)-(3)-~~
 6 ~~(5)-(11)-(13)-(14)-(16)-and-(17)-with-50-cents-of-this~~
 7 ~~surcharge-to-be-retained-by-the-county-to-cover-its~~
 8 ~~administrative-costs,-and-\$4-to-be-paid-to-the-state-treasury~~
 9 ~~and-credited-to-the-general-fund;~~

10 (2) for registering a first certificate of title, including
 11 issuing a copy of it, ~~\$30~~ \$40. Pursuant to clause (1),
 12 distribution of this fee is as follows:

13 (i) \$4 shall be paid to the state treasury and credited to
 14 the general fund;

15 (ii) 50 cents shall be retained by the county to cover
 16 administrative costs;

17 (iii) \$10 shall be deposited in the technology fund
 18 pursuant to section 357.18, subdivision 3; and

19 (iv) \$25.50 shall be deposited to the county general fund;

20 (3) for registering each instrument transferring the fee
 21 simple title for which a new certificate of title is issued and
 22 for the registration of the new certificate of title, including
 23 a copy of it, ~~\$30~~ \$40. Pursuant to clause (1), distribution of
 24 this fee is as follows:

25 (i) \$1.50 shall be paid to the state treasury and credited
 26 to the general fund;

27 (ii) \$4 shall be paid to the state treasury and credited to
 28 the general fund;

29 (iii) 50 cents shall be retained by the county to cover
 30 administrative costs;

31 (iv) \$10 shall be deposited in the technology fund pursuant
 32 to section 357.18, subdivision 3; and

33 (v) \$24 shall be deposited to the county general fund;

34 ~~(4) for-issuance-of-a-EEET-pursuant-to-section-508-351-~~
 35 ~~\$15-~~

36 ~~(5)~~ for the entry of each memorial on a

1 certificate, ~~\$15~~ \$40. For multiple certificate entries, \$20
 2 thereafter. Pursuant to clause (1), distribution of this fee is
 3 as follows:

4 (i) \$1.50 shall be paid to the state treasury and credited
 5 to the general fund;

6 (ii) \$4 shall be paid to the state treasury and credited to
 7 the general fund;

8 (iii) 50 cents shall be retained by the county to cover
 9 administrative costs;

10 (iv) \$10 shall be deposited in the technology fund pursuant
 11 to section 357.18, subdivision 3;

12 (v) \$24 shall be deposited to the county general fund; and

13 (vi) \$20 shall be deposited to the county general fund for
 14 each multiple entry used;

15 ~~†6†~~ (5) for issuing each residue certificate, ~~\$20~~ \$40;

16 ~~†7†~~ (6) for exchange certificates, ~~\$10~~ \$20 for each
 17 certificate canceled and ~~\$10~~ \$20 for each new certificate
 18 issued;

19 ~~†8†~~ (7) for each certificate showing condition of the
 20 register, ~~\$10~~ \$50;

21 ~~†9†~~ (8) for any certified copy of any instrument or writing
 22 on file or recorded in the registrar's registrar of titles'
 23 office, the same fees allowed by law to county recorders for
 24 like services;

25 ~~†10†~~ (9) for a noncertified copy of any certificate of
 26 title, other than the copies issued under clauses (2) and (3),
 27 any instrument or writing on file or recorded in the office of
 28 the registrar of titles, or any specified page or part of it, an
 29 amount as determined by the county board for each page or
 30 fraction of a page specified. If computer or microfilm printers
 31 are used to reproduce the instrument or writing, a like amount
 32 per image;

33 ~~†11†~~ (10) for filing two copies of any plat in the office
 34 of the registrar, ~~\$30~~ \$50. Pursuant to clause (1), distribution
 35 of this fee is as follows:

36 (i) \$1.50 shall be paid to the state treasury and credited

1 to the general fund;

2 (ii) \$4 shall be paid to the state treasury and credited to
3 the general fund;

4 (iii) 50 cents shall be retained by the county to cover
5 administrative costs;

6 (iv) \$10 shall be deposited in the technology fund pursuant
7 to section 357.18, subdivision 3; and

8 (v) \$34 shall be deposited to the county general fund;

9 ~~{12}~~ (11) for any other service under this chapter, such
10 fee as the court shall determine;

11 ~~{13}~~ (12) for filing an amendment to a declaration in
12 accordance with chapter 515, ~~\$10~~ \$40 for each certificate upon
13 which the document is registered and ~~\$30~~ for multiple
14 certificate entries, \$20 thereafter; \$50 for an amended floor
15 plan filed in accordance with chapter 515. Pursuant to clause
16 (1), distribution of this fee is as follows:

17 (i) \$1.50 shall be paid to the state treasury and credited
18 to the general fund;

19 (ii) \$4 shall be paid to the state treasury and credited to
20 the general fund;

21 (iii) 50 cents shall be retained by the county to cover
22 administrative costs;

23 (iv) \$10 shall be deposited in the technology fund pursuant
24 to section 357.18, subdivision 3;

25 (v) \$24 shall be deposited to the county general fund for
26 amendment to a declaration;

27 (vi) \$20 shall be deposited to the county general fund for
28 each multiple entry used; and

29 (vii) \$34 shall be deposited to the county general fund for
30 an amended floor plan;

31 (13) for issuance of a CECT pursuant to section 508.351,
32 \$40;

33 (14) for filing an amendment to a common interest community
34 declaration and plat or amendment complying with section
35 515B.2-110, subsection (c), ~~\$10~~ \$40 for each certificate upon
36 which the document is registered and ~~\$30~~ for multiple

1 certificate entries, \$20 thereafter and \$50 for the filing of
2 the condominium or common interest community plat or amendment.

3 Pursuant to clause (1), distribution of this fee is as follows:

4 (i) \$1.50 shall be paid to the state treasury and credited
5 to the general fund;

6 (ii) \$4 shall be paid to the state treasury and credited to
7 the general fund;

8 (iii) 50 cents shall be retained by the county to cover
9 administrative costs;

10 (iv) \$10 shall be deposited in the technology fund pursuant
11 to section 357.18, subdivision 3;

12 (v) \$24 shall be deposited to the county general fund for
13 the filing of an amendment complying with section 515B.2-110,
14 subsection (c);

15 (vi) \$20 shall be deposited to the county general fund for
16 each multiple entry used; and

17 (vii) \$34 shall be deposited to the county general fund for
18 the filing of a condominium or CIC plat or amendment;

19 (15) for a copy of a condominium floor plan filed in
20 accordance with chapter 515, or a copy of a common interest
21 community plat complying with section 515B.2-110, subsection
22 (c), the fee shall be \$1 for each page of the floor plan or
23 common interest community plat with a minimum fee of \$10;

24 (16) for the filing of a certified copy of a plat of the
25 survey pursuant to section 508.23 or 508.671, ~~\$10~~ \$40. Pursuant
26 to clause (1), distribution of this fee is as follows:

27 (i) \$1.50 shall be paid to the state treasury and credited
28 to the general fund;

29 (ii) \$4 shall be paid to the state treasury and credited to
30 the general fund;

31 (iii) 50 cents shall be retained by the county to cover
32 administrative costs;

33 (iv) \$10 shall be deposited in the technology fund pursuant
34 to section 357.18, subdivision 3; and

35 (v) \$24 shall be deposited to the county general fund;

36 (17) for filing a registered land survey in triplicate in

1 accordance with section 508.47, subdivision 4, ~~30~~ \$50.

2 Pursuant to clause (1), distribution of this fee is as follows:

3 (i) \$1.50 shall be paid to the state treasury and credited
4 to the general fund;

5 (ii) \$4 shall be paid to the state treasury and credited to
6 the general fund;

7 (iii) 50 cents shall be retained by the county to cover its
8 administrative costs;

9 (iv) \$10 shall be deposited in the technology fund pursuant
10 to section 357.18, subdivision 3; and

11 (v) \$34 shall be deposited to the county general fund; and

12 (18) for furnishing a certified copy of a registered land
13 survey in accordance with section 508.47, subdivision 4, ~~10~~ \$15.

14 Subd. 1a. [FEES FOR RECORDING INSTRUMENTS WITH REGISTRAR
15 OF TITLES' OFFICE.] Notwithstanding the provisions of any
16 general or special law to the contrary, the established fees
17 pursuant to subdivision 1 shall be the recording fee per
18 document charged in all counties. No other fee may be required
19 for recording a document with the registrar of titles without
20 amending section 508.82. The fees prescribed by this section
21 shall govern the filing or recording of all instruments in the
22 office of the registrar of titles other than Uniform Commercial
23 Code documents and documents filed or recorded pursuant to
24 sections 270.69, subdivision 2, paragraph (c); 272.481 to
25 272.488; 277.20; and 386.77.

26 Subd. 2. [VARIANCE FROM STANDARDS.] A document that does
27 not ~~should~~ conform to the standards in section 507.093,
28 paragraph (a), ~~shall not be filed except upon payment of an~~
29 ~~additional fee of \$10 per document~~ but should not be rejected
30 unless the document is not legible or cannot be archived. This
31 subdivision applies only to documents dated after July 31, 1997,
32 and does not apply to Minnesota uniform conveyancing
33 blanks ~~contained in the book of forms~~ on file in the office of
34 the commissioner of commerce provided for under section 507.09,
35 certified copies, or any other form provided for under Minnesota
36 Statutes.

1 Sec. 5. Minnesota Statutes 2004, section 508A.82, is
2 amended to read:

3 508A.82 [~~REGISTRAR'S~~ REGISTRAR OF TITLES' FEES.]

4 Subdivision 1. [STANDARD DOCUMENTS.] The fees to be paid
5 to charged by the registrar of titles shall be ~~as follows~~ and
6 not exceed the following:

7 (1) of the fees provided herein, five-percent \$1.50 of the
8 fees collected under clauses (3), (5), (11), (13), ~~(14)~~ (15),
9 and ~~(17)~~ (18) for filing or memorializing shall be paid to the
10 ~~commissioner-of-finance~~ state treasury pursuant to section
11 508.75 and credited to the general fund; ~~plus-a-\$4.50-surcharge~~
12 ~~shall-be-charged-and-collected-in-addition-to-the-total-fees~~
13 ~~charged-for-each-transaction-under-clauses-(2)-(3)-(5)-(11)-~~
14 ~~(13)-(14)-and-(17)-with-50-cents-of-this-surcharge-to-be~~
15 ~~retained-by-the-county-to-cover-its-administrative-costs,-and-\$4~~
16 ~~to-be-paid-to-the-state-treasury-and-credited-to-the-general~~
17 ~~fund;~~

18 (2) for registering a first CPT, including issuing a copy
19 of it, ~~\$30~~ \$40. Pursuant to clause (1), distribution of the
20 fee is as follows:

21 (i) \$4 shall be paid to the state treasury and credited to
22 the general fund;

23 (ii) 50 cents shall be retained by the county to cover
24 administrative costs;

25 (iii) \$10 shall be deposited in the technology fund
26 pursuant to section 357.18, subdivision 3; and

27 (iv) \$25.50 shall be deposited to the county general fund;

28 (3) for registering each instrument transferring the fee
29 simple title for which a new CPT is issued and for the
30 registration of the new CPT, including a copy of it, ~~\$30~~ \$40.
31 Pursuant to clause (1), distribution of the fee is as follows:

32 (i) \$1.50 shall be paid to the state treasury and credited
33 to the general fund;

34 (ii) \$4 shall be paid to the state treasury and credited to
35 the general fund;

36 (iii) 50 cents shall be retained by the county to cover

1 administrative costs;

2 (iv) \$10 shall be deposited in the technology fund pursuant
3 to section 357.18, subdivision 3; and

4 (v) \$24 shall be deposited to the county general fund;

5 (4) for issuance of a CECT pursuant to section 508A.351,
6 \$15;

7 (5) for the entry of each memorial on a CPT, ~~\$15~~ \$40; for
8 multiple certificate entries, \$20 thereafter. Pursuant to
9 clause (1) distribution of the fee is as follows:

10 (i) \$1.50 shall be paid to the state treasury and credited
11 to the general fund;

12 (ii) \$4 shall be paid to the state treasury and credited to
13 the general fund;

14 (iii) 50 cents shall be retained by the county to cover
15 administrative costs;

16 (iv) \$10 shall be deposited in the technology fund pursuant
17 to section 357.18, subdivision 3;

18 (v) \$24 shall be deposited to the county general fund; and

19 (vi) \$20 shall be deposited to the county general fund for
20 each multiple entry used;

21 (6) for issuing each residue CPT, ~~\$20~~ \$40;

22 (7) for exchange CPTs or combined certificates of title,
23 ~~\$10~~ \$20 for each CPT and certificate of title canceled and
24 ~~\$10~~ \$20 for each new CPT or combined certificate of title
25 issued;

26 (8) for each CPT showing condition of the
27 register, ~~\$10~~ \$50;

28 (9) for any certified copy of any instrument or writing on
29 file or recorded in the ~~registrar's~~ registrar of titles' office,
30 the same fees allowed by law to county recorders for like
31 services;

32 (10) for a noncertified copy of any CPT, other than the
33 copies issued under clauses (2) and (3), any instrument or
34 writing on file or recorded in the office of the registrar of
35 titles, or any specified page or part of it, an amount as
36 determined by the county board for each page or fraction of a

1 page specified. If computer or microfilm printers are used to
2 reproduce the instrument or writing, a like amount per image;

3 (11) for filing two copies of any plat in the office of the
4 registrar, ~~\$30~~ \$50. Pursuant to clause (1), distribution of
5 the fee is as follows:

6 (i) \$1.50 shall be paid to the state treasury and credited
7 to the general fund;

8 (ii) \$4 shall be paid to the state treasury and credited to
9 the general fund;

10 (iii) 50 cents shall be retained by the county to cover
11 administrative costs;

12 (iv) \$10 shall be deposited in the technology fund pursuant
13 to section 357.18, subdivision 3; and

14 (v) \$34 shall be deposited to the county general fund;

15 (12) for any other service under sections 508A.01 to
16 508A.85, the fee the court shall determine;

17 (13) for filing an amendment to a declaration in accordance
18 with chapter 515, ~~\$10~~ \$40 for each certificate upon which the
19 document is registered and ~~\$30~~ for multiple certificate entries,
20 \$20 thereafter; \$50 for an amended floor plan filed in
21 accordance with chapter 515~~7~~. Pursuant to clause (1),
22 distribution of the fee is as follows:

23 (i) \$1.50 shall be paid to the state treasury and credited
24 to the general fund;

25 (ii) \$4 shall be paid to the state treasury and credited to
26 the general fund;

27 (iii) 50 cents shall be retained by the county to cover
28 administrative costs;

29 (iv) \$10 shall be deposited in the technology fund pursuant
30 to section 357.18, subdivision 3;

31 (v) \$24 shall be deposited to the county general fund for
32 amendment to a declaration;

33 (vi) \$20 shall be deposited to the county general fund for
34 each multiple entry used; and

35 (vii) \$34 shall be deposited to the county general fund for
36 an amended floor plan;

1 (14) for issuance of a CECT pursuant to section 508.351,
2 \$40;

3 (15) for filing an amendment to a common interest community
4 declaration and plat or amendment complying with section
5 515B.2-110, subsection (c), and issuing a CECT if
6 required, ~~\$10~~ \$40 for each certificate upon which the document
7 is registered and ~~\$30~~ for multiple certificate entries, \$20
8 thereafter; \$50 for the filing of the condominium or common
9 interest community plat or amendment; Pursuant to clause (1),
10 distribution of the fee is as follows:

11 (i) \$1.50 shall be paid to the state treasury and credited
12 to the general fund;

13 (ii) \$4 shall be paid to the state treasury and credited to
14 the general fund;

15 (iii) 50 cents shall be retained by the county to cover
16 administrative costs;

17 (iv) \$10 shall be deposited in the technology fund pursuant
18 to section 357.18, subdivision 3;

19 (v) \$24 shall be deposited to the county general fund for
20 the filing of an amendment complying with section 515B.2-110,
21 subsection (c);

22 (vi) \$20 shall be deposited to the county general fund for
23 each multiple entry used; and

24 (vii) \$34 shall be deposited to the county general fund for
25 the filing of a condominium or CIC plat or amendment;

26 ~~(15)~~ (16) for a copy of a condominium floor plan filed in
27 accordance with chapter 515, or a copy of a common interest
28 community plat complying with section 515B.2-110, subsection
29 (c), the fee shall be \$1 for each page of the floor plan, or
30 common interest community plat with a minimum fee of \$10;

31 ~~(16)~~ (17) in counties in which the compensation of the
32 examiner of titles is paid in the same manner as the
33 compensation of other county employees, for each parcel of land
34 contained in the application for a CPT, as the number of parcels
35 is determined by the examiner, a fee which is reasonable and
36 which reflects the actual cost to the county, established by the

1 board of county commissioners of the county in which the land is
2 located;

3 ~~(17)~~ (18) for filing a registered land survey in triplicate
4 in accordance with section 508A.47, subdivision 4, ~~\$30~~ and \$50.
5 Pursuant to clause (1), distribution of the fee is as follows:

6 (i) \$1.50 shall be paid to the state treasury and credited
7 to the general fund;

8 (ii) \$4 shall be paid to the state treasury and credited to
9 the general fund;

10 (iii) 50 cents shall be retained by the county to cover
11 administrative costs;

12 (iv) \$10 shall be deposited in the technology fund pursuant
13 to section 357.18, subdivision 3; and

14 (v) \$34 shall be deposited to the county general fund; and

15 ~~(18)~~ (19) for furnishing a certified copy of a registered
16 land survey in accordance with section 508A.47, subdivision
17 4, ~~\$10~~ \$15.

18 Subd. 1a. [FEES TO RECORD INSTRUMENTS WITH REGISTRAR OF
19 TITLES.] Notwithstanding any special law to the contrary, the
20 established fees pursuant to subdivision 1 shall be the
21 recording fee per document charged in all counties. No other
22 fee may be required for recording a document with the registrar
23 of titles without amending section 508A.32. The fees prescribed
24 by this section shall govern the filing or recording of all
25 instruments in the office of the registrar of titles other than
26 Uniform Commercial Code documents, and documents filed or
27 recorded pursuant to sections 270.69, subdivision 2, paragraph
28 (c); 272.481 to 272.488; 277.20; and 386.77.

29 Subd. 2. [VARIANCE FROM STANDARDS.] A document that does
30 not ~~should~~ conform to the standards in section 507.093,
31 paragraph (a), ~~shall not be filed except upon payment of an~~
32 ~~additional fee of \$10 per document~~ but should not be rejected
33 unless the document is not legible or cannot be archived. This
34 subdivision applies only to documents dated after July 31, 1997,
35 and does not apply to Minnesota uniform conveyancing
36 blanks contained in the book of forms on file in the office of

1 the commissioner of commerce provided for under section 507.09,
2 certified copies, or any other form provided for under Minnesota
3 Statutes.

4 Sec. 6. Minnesota Statutes 2004, section 515B.1-116, is
5 amended to read:

6 515B.1-116 [RECORDING.]

7 (a) A declaration, bylaws, any amendment to a declaration
8 or bylaws, and any other instrument affecting a common interest
9 community shall be entitled to be recorded. In those counties
10 which have a tract index, the county recorder shall enter the
11 declaration in the tract index for each unit affected. The
12 registrar of titles shall file the declaration in accordance
13 with section 508.351 or 508A.351.

14 (b) The recording officer shall upon request promptly
15 assign a number (CIC number) to a common interest community to
16 be formed or to a common interest community resulting from the
17 merger of two or more common interest communities.

18 (c) Documents recorded pursuant to this chapter shall in
19 the case of registered land be filed, and references to the
20 recording of documents shall mean filed in the case of
21 registered land.

22 (d) Subject to any specific requirements of this chapter,
23 if a recorded document relating to a common interest community
24 purports to require a certain vote or signatures approving any
25 restatement or amendment of the document by a certain number or
26 percentage of unit owners or secured parties, and if the
27 amendment or restatement is to be recorded pursuant to this
28 chapter, an affidavit of the president or secretary of the
29 association stating that the required vote or signatures have
30 been obtained shall be attached to the document to be recorded
31 and shall constitute prima facie evidence of the representations
32 contained therein.

33 (e) If a common interest community is located on registered
34 land, the recording fee for any document affecting two or more
35 units shall be ~~the-then-current-fee-for-registering-the-document~~
36 ~~on-the-certificates-of-title-for-the-first-ten-affected~~

1 ~~certificates-and-one-third-of-the-then-current-fee-for-each~~
2 ~~additional-affected-certificate~~ \$40 for the first ten affected
3 certificates and \$10 for each additional affected certificate.

4 This provision shall not apply to recording fees for deeds of
5 conveyance, with the exception of deeds given pursuant to
6 sections 515B.2-119 and 515B.3-112.

7 (f) Except as permitted under this subsection, a recording
8 officer shall not file or record a declaration creating a new
9 common interest community, unless the county treasurer has
10 certified that the property taxes payable in the current year
11 for the real estate included in the proposed common interest
12 community have been paid. This certification is in addition to
13 the certification for delinquent taxes required by section
14 272.12. In the case of preexisting common interest communities,
15 the recording officer shall accept, file, and record the
16 following instruments, without requiring a certification as to
17 the current or delinquent taxes on any of the units in the
18 common interest community: (i) a declaration subjecting the
19 common interest community to this chapter; (ii) a declaration
20 changing the form of a common interest community pursuant to
21 section 515B.2-123; or (iii) an amendment to or restatement of
22 the declaration, bylaws, or CIC plat. In order for an
23 instrument to be accepted and recorded under the preceding
24 sentence, the instrument must not create or change unit or
25 common area boundaries.

Vickerman

Pass

1 Senator moves to amend S.F. No. 267 as follows:

2 Page 3, after line 31, insert:

3 "Sec. 2. [357.182] [COUNTY FEES AND RECORDING STANDARDS
4 FOR THE RECORDING OF REAL ESTATE DOCUMENTS.]

5 Subdivision 1. [APPLICATION.] Unless otherwise specified
6 in this section and notwithstanding any other law to the
7 contrary, effective August 1, 2005, this section applies to each
8 county in Minnesota. Documents presented for recording within
9 60 days from the effective date of this act and that are
10 acknowledged, sworn to before a notary, or certified prior to
11 the effective date of this act must not be rejected for failure
12 to include the new filing fee.

13 Subd. 2. [FEE RESTRICTIONS.] Notwithstanding any local law
14 or ordinance to the contrary, no county may charge or collect
15 any fee, special or otherwise, or however described, other than
16 a fee denominated or prescribed by state law, for any service,
17 task, or step performed by any county officer or employee in
18 connection with the receipt, recording, and return of any
19 recordable instrument by the county recorder or registrar of
20 titles, whether received by mail, in person, or by electronic
21 delivery, including, but not limited to, opening mail; handling,
22 transferring, or transporting the instrument; certifying no
23 delinquent property taxes; payment of state deed tax, mortgage
24 registry tax, or conservation fee; recording of approved plats,
25 subdivision splits, or combinations; or any other prerequisites
26 to recording, and returning the instrument by regular mail or in
27 person to the person identified in the instrument for that
28 purpose.

29 Subd. 3. [RECORDING REQUIREMENTS.] Each county recorder
30 and registrar of titles shall, within 15 business days after any
31 instrument in recordable form accompanied by payment of
32 applicable fees by customary means is delivered to the county
33 for recording or is otherwise received by the county recorder or
34 registrar of titles for that purpose, record and index the
35 instrument in the manner provided by law and return it by
36 regular mail or in person to the person identified in the

1 instrument for that purpose, if the instrument does not require
2 certification of no-delinquent taxes, payment of state deed tax,
3 mortgage registry tax, or conservation fee. Each county will
4 establish a policy for the timely handling of instruments which
5 require certification of no-delinquent taxes, payment of state
6 deed tax, mortgage registry tax, or conservation fee and that
7 policy may allow up to an additional five business days at the
8 request of the office or offices responsible to complete the
9 payment and certification process.

10 For calendar years 2009 and 2010, the maximum time allowed
11 for completion of the recording process for documents presented
12 in recordable form will be 15 business days.

13 For calendar year 2011 and thereafter, the maximum time
14 allowed for completion of the recording process for documents
15 presented in recordable form will be ten business days.

16 Instruments recorded electronically are to be returned no
17 later than five business days after receipt by the county in a
18 recordable format.

19 Subd. 4. [COMPLIANCE WITH RECORDING REQUIREMENTS.] For
20 calendar year 2007, a county shall be deemed to be in compliance
21 with the recording requirements prescribed by subdivision 3 if
22 at least 60 percent of all recordable instruments described in
23 subdivision 3 and received by the county in that year are
24 recorded and returned within the time limits prescribed in
25 subdivision 3. In calendar year 2008, at least 70 percent of
26 all recordable instruments must be recorded and returned in
27 compliance with the recording requirements; for calendar year
28 2009, at least 80 percent of all recordable instruments must be
29 recorded and returned in compliance with the recording
30 requirements; and for calendar year 2010 and later years, at
31 least 90 percent of all recordable instruments must be recorded
32 and returned in compliance with the recording requirements.

33 Subd. 5. [TEMPORARY SUSPENSION OF COMPLIANCE WITH
34 RECORDING REQUIREMENTS.] Compliance with the requirements of
35 subdivision 4 may be suspended for up to six months when a
36 county undertakes material enhancements to its systems for

1 receipt, handling, paying of deed and mortgage tax and
2 conservation fees, recording, indexing, certification, and
3 return of instruments. The six-month suspension may be extended
4 for up to an additional six months if a county board finds by
5 resolution that the additional time is necessary because of the
6 difficulties of implementing the enhancement.

7 Subd. 6. [CERTIFICATION OF COMPLIANCE WITH RECORDING
8 REQUIREMENTS.] A requirement is imposed effective in 2007 for
9 the 2008 county budget that requires the county recorder and
10 registrar of titles for each county to file with the county
11 commissioners, as part of their budget request, a report that
12 establishes the status for the previous year of their compliance
13 with the requirements established in subdivision 3. If the
14 office has not achieved compliance with the recording
15 requirements, the report must include an explanation of the
16 failure to comply, recommendations by the recorder/registrar to
17 cure the noncompliance and to prevent a reoccurrence and a
18 proposal identifying actions, deadlines, and funding necessary
19 for bringing the county into compliance.

20 Subd. 7. [RESTRICTION ON USE OF RECORDING
21 FEES.] Notwithstanding any law to the contrary, effective for
22 county budgets adopted after January 1, 2006, each county shall
23 segregate the additional unallocated fee authorized by this act
24 from the application of the provisions of chapters 386, 507,
25 508, and 508A, in an appropriate account. These funds are
26 available as authorized by the Board of County Commissioners for
27 supporting enhancements to the recording process, including
28 electronic recording, to fund compliance efforts specified in
29 subdivision 5 and for use in undertaking data integration and
30 aggregation projects. Funds shall remain in the account until
31 expended for any of the authorized purposes set forth in this
32 subdivision. These funds shall not be considered as available
33 to supplant the normal operating expenses for the office of
34 county recorder or registrar of titles."

35 Renumber the sections in sequence and correct the internal
36 references

1 Amend the title accordingly

03/30/05

[COUNSEL] TSB

SCS0267A-1

Vickerman

Pass

1 Senator moves to amend S.F. No. 267 as follows:

2 Page 1, line 20, strike everything after "(2)" and insert
3 "for documents containing multiple assignments, partial
4 releases, or satisfactions a fee of \$40; if the document cites
5 more than four recorded instruments, an additional fee of \$10
6 for each additional instrument cited over the first four
7 citations"

8 Page 1, strike line 21

9 Page 1, line 22 strike everything before the semicolon

10 Page 1, line 23, strike everything after the comma

11 Page 1, line 24, strike everything before the semicolon,
12 and insert "\$10"

13 Page 1, line 25, after "(4)" insert "for a noncertified
14 copy of any instrument or writing on file or recorded in the
15 office of the county recorder, or any specified page or part of
16 it, an amount as determined by the county board for each page or
17 fraction of a page specified. If computer or microfilm printers
18 are used to reproduce the instrument or writing, a like amount
19 per image;

20 (5)"

21 Page 2, line 7, strike "(5)" and insert "(6)"

22 Page 2, line 10, strike "(6)" and insert "(7)"

23 Page 2, line 15, strike "(7)" and insert "(8)"

24 Page 2, after line 20, insert:

25 "(9) for recording any plat, a fee of \$50, of which \$4 must
26 be paid to the state treasury and credited to the general fund,
27 50 cents must be retained by the county to cover administrative
28 costs, \$10 must be deposited in the technology fund pursuant to
29 subdivision 3, and \$35.50 must be deposited in the county
30 general fund; and

31 (10) for a noncertified copy of any document submitted for
32 recording, if the original document is accompanied by a copy or
33 duplicate original, \$2. Upon receipt of the copy or duplicate
34 original and payment of the fee, a county recorder shall return
35 it marked "copy" or "duplicate," showing the recording date and,
36 if available, the document number assigned to the original."

1 Page 2, line 30, delete "recording" and delete "per
2 document"

3 Page 2, delete line 31, and insert "~~fees-prescribed-by-this~~
4 ~~section-shall-govern~~ all counties for the specified service,"

5 Page 2, strike line 32

6 Page 2, line 33, strike "county recorder"

7 Page 3, line 20, delete "386.30" and insert "357.182"

8 Page 3, after line 31, insert:

9 "Subd. 5. [REGISTRAR OF TITLES' FEES.] The fees to be
10 charged by the registrar of titles are in sections 508.82 and
11 508A.82."

12 Page 4, after line 18, insert:

13 "Sec. 3. Minnesota Statutes 2004, section 505.08,
14 subdivision 2, is amended to read:

15 Subd. 2. [PUBLIC CERTIFIED COPIES.] The copies of the
16 official plat or of the exact reproducible copy shall be
17 compared and certified to by the county recorder in the manner
18 in which certified copies of records are issued in the
19 recorder's office, and the copy thereof shall be bound in a
20 proper volume for the use of the general public and anyone shall
21 have access to and may inspect such certified copy at their
22 pleasure. When the plat includes both registered and
23 nonregistered land two copies thereof shall be so certified and
24 bound, one for such general public use in each of the offices of
25 the county recorder and registrar of titles; provided, however,
26 that only one such copy so certified and bound shall be provided
27 for general public use in those counties wherein the office
28 quarters of the county recorder and registrar of titles are one
29 and the same. When the copy, or any part thereof, shall become
30 unintelligible from use or wear or otherwise, at the request of
31 the county recorder it shall be the duty of the county surveyor
32 to make a reproduction copy of the official plat, or the exact
33 transparent reproducible copy under the direct supervision of
34 the county recorder, who shall compare the copy, certify that it
35 is a correct copy thereof, by proper certificate as above set
36 forth, and it shall be bound in the volume, and under the page,

1 and in the place of the discarded copy. In counties not having
2 a county surveyor the county recorder shall employ a licensed
3 land surveyor to make such reproduction copy, at the expense of
4 the county. The county recorder shall receive as a fee for
5 filing these plats, as aforesaid described, ~~50-cents-per-let,~~
6 ~~but-shall-receive-not-less-than-\$30-for-any-plat-filed-in-the~~
7 ~~recorder's-office~~ pursuant to section 357.18, subdivision 1.
8 Reproductions from the exact transparent reproducible copy shall
9 be available to any person upon request and the cost of such
10 reproductions shall be paid by the person making such request.
11 If a copy of the official plat is requested the county recorder
12 shall prepare it and duly certify that it is a copy of the
13 official plat and the cost of such copy shall be paid by the
14 person making such request."

15 Pages 4 and 5, delete section 3

16 Page 7, line 23, strike everything after the comma, and
17 insert "\$10"

18 Page 7, line 24, strike everything before the semicolon

19 Page 7, line 33, after "(10)" insert "for a noncertified
20 copy of any document submitted for recording, if the original
21 document is accompanied by a copy or duplicate original, \$2.
22 Upon receipt of the copy or duplicate original and payment of
23 the fee, a registrar of titles shall return it marked "copy" or
24 "duplicate," showing the recording date and, if available, the
25 document number assigned to the original;

26 (11)"

27 Page 8, line 9, reinstate the stricken language and delete
28 the new language

29 Page 8, line 11, reinstate the stricken language and delete
30 the new language

31 Page 8, line 31, delete "(13)" and insert "(14)"

32 Page 8, line 33, strike "(14)" and insert "(15)"

33 Page 9, line 19, strike "(15)" and insert "(16)"

34 Page 9, line 24, strike "(16)" and insert "(17)"

35 Page 9, line 36, strike "(17)" and insert "(18)"

36 Page 10, line 12, strike "(18)" and insert "(19)"

1 Page 10, line 16, after the comma, insert "and pursuant to
2 section 357.182,"

3 Page 10, delete line 17, and insert "pursuant to
4 subdivision 1 shall be the fee"

5 Page 10, delete line 18, and insert "charged in all
6 counties for the specified service,"

7 Page 10, delete lines 19 to 21

8 Page 10, line 22, delete everything before "other"

9 Page 12, line 29, after the comma, insert "\$10"

10 Page 12, strike line 30

11 Page 12, line 31, strike everything before the semicolon

12 Page 13, line 3, after "(11)" insert "for a noncertified
13 copy of any document submitted for recording, if the original
14 document is accompanied by a copy or duplicate original, \$2.
15 Upon receipt of the copy or duplicate original and payment of
16 the fee, a registrar of titles shall return it marked "copy" or
17 "duplicate," showing the recording date and, if available, the
18 document number assigned to the original;

19 (12)"

20 Page 13, line 15, strike "(12)" and insert "(13)"

21 Page 13, line 17, strike "(13)" and insert "(14)"

22 Page 14, line 1, strike "(14)" and insert "(15)"

23 Page 14, line 3, delete "(15)" and insert "(16)"

24 Page 14, line 26, delete "(16)" and insert "(17)"

25 Page 14, line 31, delete "(17)" and insert "(18)"

26 Page 15, line 3, delete "(18)" and insert "(19)"

27 Page 15, line 15, delete "(19)" and insert "(20)"

28 Page 15, line 19, after the comma, insert "and pursuant to
29 section 357.182,"

30 Page 15, delete line 21, and insert "fee charged in all
31 counties for the specified service,"

32 Page 15 delete lines 22 to 24

33 Page 15, line 25, delete everything before "other"

34 Page 17, after line 25, insert:

35 "Sec. 7. [REPEALER.]

36 Minnesota Statutes 2004, section 386.30, is repealed."

1 Amend the title accordingly

*Kiscaden
Withdrawn*

1 Senator moves to amend S.F. No. 267 as follows:

2 Page 1, after line 6, insert:

3 "ARTICLE 1

4 DOCUMENT RECORDING FEES AND STANDARDS"

5 Page 17, after line 25, insert:

6 "ARTICLE 2

7 ELECTRONIC REAL ESTATE RECORDING TASK FORCE

8 Section 1. [TASK FORCE; MEMBERSHIP.]

9 (a) A task force of 15 members shall study and make
10 recommendations for the establishment of a system for the
11 electronic filing and recording of real estate documents.
12 Members who are appointed under this section shall serve for a
13 term of three years commencing on June 30, 2005. The task force
14 shall select its chair. The task force must include:

15 (1) three county government officials appointed by the
16 Association of County Officers, including one county recorder,
17 one county auditor, and one county treasurer;

18 (2) two county board members appointed by the Association
19 of Minnesota Counties, including one board member from within
20 the seven-county metropolitan area, and one board member from
21 outside the seven-county metropolitan area;

22 (3) seven members from the private sector appointed by the
23 governor, including representatives of:

24 (i) real estate attorneys, real estate agents, and public
25 and private land surveyors;

26 (ii) title companies, mortgage companies, and other real
27 estate lenders; and

28 (iii) technical and industry experts in electronic commerce
29 and electronic records management and preservation;

30 (4) a representative selected by the Minnesota Historical
31 Society;

32 (5) the secretary of state; and

33 (6) the state's chief information officer.

34 (b) The task force may refer items to subcommittees. The
35 chair shall appoint the membership of a subcommittee. An
36 individual may be appointed to serve on a subcommittee without

1 serving on the task force.

2 Sec. 2. [STUDY AND RECOMMENDATIONS.]

3 The task force shall study and make recommendations
4 regarding implementation of a system for electronic filing and
5 recording of real estate documents and shall consider:

6 (1) technology and computer needs;

7 (2) legal issues such as authenticity, security, timing and
8 priority of recordings, and the relationship between electronic
9 and paper recording systems;

10 (3) the cost-effectiveness of electronic recording systems;

11 (4) a timetable and plan for implementing an electronic
12 recording system, considering types of documents and entities
13 using the system and volume of recordings;

14 (5) the respective benefits and disadvantages of permissive
15 versus mandatory systems; and

16 (6) other relevant issues identified by the task force.

17 The task force shall submit a report to the legislature by
18 January 15, 2007, outlining a proposed work plan and budget for
19 consideration by the legislature. The task force expires June
20 30, 2008.

21 Sec. 3. [TECHNOLOGY FUND APPROPRIATION.]

22 \$..... of the money deposited in the technology fund
23 established in Minnesota Statutes, section 357.18, subdivision
24 3, is appropriated in fiscal year 2006 to the Legislative
25 Coordinating Commission for the use of the task force
26 established in section 1 for the purposes in section 2. Of this
27 amount, \$75,000 is for a contract with the Legislative
28 Coordinating Commission for the provision of administrative
29 services to the task force, the preparation of requests for
30 proposal, or the disbursement of funds for the payment of
31 vendors, salaries, and other expenses of the task force. Money
32 appropriated in this section is available until the task force
33 expires.

34 Sec. 4. [DONATIONS.]

35 The real estate task force established under this act may
36 accept donations of money or resources, including loaned

1 employees or other services. The donations must be under the
2 exclusive control of the task force.

3 Sec. 5. [EFFECTIVE DATE.]

4 This act is effective the day following final enactment and
5 expires June 30, 2008."

6 Amend the title accordingly

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 819 - State Employee Whistle-blower
Investigations (Second Engrossment)**

Author: Senator John Marty

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) *TSB*

Date: April 19, 2005

This bill provides a variety of procedures that must be used when certain state employees are involuntarily terminated. These procedures include the preservation of specified employee records, and a prohibition on terminating a state employee because the state employee reports serious waste, inefficiency, or mismanagement.

Section 1 [CERTAIN EMPLOYEE RECORDS.] requires state agencies to preserve records for at least two years relating to a state employee who is involuntarily terminated from employment. Provides the terminated employee with the opportunity to review all records. Paragraph (b) allows a state agency subject to paragraph (a) to provide the affected employee with written notice of the right to review the records. This triggers a ten-day review period for the employee. After the ten days expire, the agency may dispose of the data. Paragraph (c) creates liability for a state agency that violates this requirement and provides costs and attorney fees for employees who successfully enforce their rights under the statute. This section also requires reinstatement of the terminated employee, including lost wages, and health and retirement benefits if this procedure is violated. The records retention requirement does not apply to employees who are laid off.

Section 2 [DISCHARGE, SUSPENSION, DEMOTION FOR CAUSE, SALARY DECREASE.] clarifies that if an employee is discharged from the unclassified service while the employee is on leave from the classified service, all procedures necessary for terminating the employee from the classified service must be followed if the employee is to be terminated from that position as well.

Section 3 [PUBLIC EMPLOYERS.] prohibits the state and political subdivisions of this state from discharging, disciplining, threatening, penalizing, or otherwise discriminating against an employee who in good faith, reports on serious waste, inefficiency, or mismanagement in the employee's place of employment, even if there is no violation of federal or state law. Paragraph (c) provides an employee who is involuntarily discharged in violation of this section of law to seek review of the discharge under contested case proceedings in chapter 14. Allows parties to any contested case proceeding reasonable access to relevant documents and witnesses before the hearing begins. In evaluating the case, the administrative law judge may consider the quality and integrity of any investigative process that was used by the agency.

TSB:rer

Consolidated Fiscal Note – 2005-06 Session

Bill #: S0819-2E **Complete Date:** 04/15/05

Chief Author: MARTY, JOHN

Title: PUBLIC EMPLOYEES WHISTLE BLOWER PROT

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agencies: Employee Relations (04/15/05)
Labor & Industry (04/11/05)

Administrative Hearings (04/15/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------------|------------|--------------|--------------|
| Net Expenditures | | | | | |
| General Fund | | 272 | 272 | 279 | 279 |
| Employee Relations | | 272 | 272 | 279 | 279 |
| Administrative Hearings Fund | | 244 | 244 | 244 | 244 |
| Administrative Hearings | | 244 | 244 | 244 | 244 |
| All Other Fund | | 710 | 710 | 730 | 730 |
| Employee Relations | | 710 | 710 | 730 | 730 |
| Revenues | | | | | |
| Administrative Hearings Fund | | 244 | 244 | 244 | 244 |
| Administrative Hearings | | 244 | 244 | 244 | 244 |
| Net Cost <Savings> | | | | | |
| General Fund | | 272 | 272 | 279 | 279 |
| Employee Relations | | 272 | 272 | 279 | 279 |
| Administrative Hearings Fund | | 0 | 0 | 0 | 0 |
| Administrative Hearings | | 0 | 0 | 0 | 0 |
| All Other Fund | | 710 | 710 | 730 | 730 |
| Employee Relations | | 710 | 710 | 730 | 730 |
| Total Cost <Savings> to the State | | 982 | 982 | 1,009 | 1,009 |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| Administrative Hearings Fund | | 2.00 | 2.00 | 2.00 | 2.00 |
| Administrative Hearings | | 2.00 | 2.00 | 2.00 | 2.00 |
| Total FTE | | 2.00 | 2.00 | 2.00 | 2.00 |

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL

Date: 04/15/05 Phone: 215-0595

Fiscal Note – 2005-06 Session

Bill #: S0819-2E **Complete Date:** 04/15/05

Chief Author: MARTY, JOHN

Title: PUBLIC EMPLOYEES WHISTLE BLOWER PROT

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Employee Relations

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| General Fund | | 272 | 272 | 279 | 279 |
| All Other Fund | | 710 | 710 | 730 | 730 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | | 272 | 272 | 279 | 279 |
| All Other Fund | | 710 | 710 | 730 | 730 |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| General Fund | | 272 | 272 | 279 | 279 |
| All Other Fund | | 710 | 710 | 730 | 730 |
| Total Cost <Savings> to the State | | 982 | 982 | 1,009 | 1,009 |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Bill Description

The bill relates to state and public employees; requiring state agencies to preserve records of employees involuntarily terminated from employment for employee access purposes, excepting individuals named on layoff lists, authorizing state agencies to provide the employee with written notice of the employee right to review termination data; imposing liability for damages on agencies failing to comply and entitling the employee to reinstatement and reimbursement for lost wages and benefits; clarifying the authority for discharge or reprimand of classified employees; prohibiting public employers from retaliating against employees reporting waste, inefficiency or mismanagement, requiring employees contesting disciplinary action for the preparation of reports not submitted before the discipline to demonstrate the occurrence of the violation by clear and convincing evidence; granting aggrieved employees in the unclassified service access to contested case hearings.

Assumptions

Involuntary terminations include those terminated without rights, non-certifications and dismissals.

The average state employee yearly rate with benefits (total compensation) = \$60,000. The average hourly rate of pay is \$22.42, excluding benefits.

Costs contained in this fiscal note assume a prospective implementation.

This fiscal note impact for Section 3c relates to unclassified executive branch employees. We would expect an additional 60 classified employees to use the contested case hearing provision if classified employees are able to use this provision.

There were a total of 4,019 employees who were involuntarily terminated in fiscal year 2004.
There were approximately 1,650 grievances statewide in fiscal year 2004.
330 of the total grievances were raised to the DOER action level.
57 of these grievances were from discharged employees.

Fiscal impact is divided between the General Fund and all other funds. For Executive Branch employees, 27.7% of costs are paid by the General Fund and 72.3% by other funds.

Specific assumptions for Section 1:

57 involuntarily terminated employees will want to review their data and staff assistance will be required.

The State is required to maintain data not covered by records retention schedules for two years.
The agency must inform the employee of their rights to review their data. If there is no response within 10 days, the agency may destroy their data. Assume all employees would respond in order protect their rights under this statute.

Assume a cost for information technology staff to save employee information electronically.
Average hourly rate of an IT staff member performing this function = \$38/hour (total compensation)
Assume 2 hours of IT time spent for each employee to organize data to be saved.

There is an administrative cost for notifying employees and for the subsequent destruction of data (starting in FY08)

- Drafting 4,019 letters at 15 minutes for each letter at the average staff rate of \$21.77/hour (total compensation).
- Assume postage at \$.37
- Assume hard copy records for 4,019 employees need to be destroyed and each file contains 50 pieces of information. Each piece of information takes 3 seconds to shred.

If agencies were to violate the requirements outlined in Section 1c, we assume two years salary and benefits and average attorney fees of \$10,000 for a total of \$130,000 per employee. Assume one employee would be adversely affected.

Physical storage of hard copy files costs would be absorbed by the agency.

Specific assumptions for Section 3:

Assume 30 involuntarily terminated unclassified employees would seek review of the discharge under the contested case procedure.

Assume hearings would consist of the arguments in both sections. The Administrative Law Judge fees are approximately \$135 per hour and the process takes approximately 60 hours. Each would cost \$8100. Add to that a \$50 filing fee for a total of \$8150 per case. The costs are borne by the employer. The Attorney General's fees for the amount of time to represent the employer would be around \$10,000.

Expenditure and/or Revenue Formula

Data review by terminated employee

57 terminated employees requesting review x 1 hour staff time at \$22.42 (total comp) = \$1,662

Electronic storage of all terminated employees' information

2 hours at \$38/hour (total compensation) x 4,019 = \$305,444

Draft letters

15 minutes each x 4,019 letters = 1,005 hours of staff time x average staff rate of 21.77/hour (total comp) = \$21,879

Beginning in fiscal year 2008

Postage for letters

4,019 letters x \$.37 = \$1,487 - Beginning in fiscal year 2008

Destruction of Data

50 pieces x 4,019 employees = 201,000 pieces x 3 seconds/page = 603,000 = 167.5 hours of staff time = \$3,646
Beginning in fiscal year 2008

Back wages and benefits

Two years back wages and benefits x average salary (\$60,000) x 2 years = \$120,000

Plus \$10,000 average attorney fee for a total of \$130,000 for one employee

Additional case load

30 unclassified employees would seek the review of their discharge under the contested case procedure x \$18,150 for cost of each hearing = \$544,500

Long-Term Fiscal Considerations

Local Government Costs

Local government would have similar costs for each employee review, storage of data, notification, destruction of data, back wages and benefits, attorney fees, and contested case procedures.

References/Sources

Agency Contact Name: Jill Pettis (651-297-5738)

FN Coord Signature: MIKE HOPWOOD

Date: 04/14/05 Phone: 297-5220

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL
Date: 04/15/05 Phone: 215-0595

Fiscal Note – 2005-06 Session

Bill #: S0819-2E **Complete Date:** 04/11/05

Chief Author: MARTY, JOHN

Title: PUBLIC EMPLOYEES WHISTLE BLOWER PROT

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | | X |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Labor & Industry

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

This bill version has no fiscal effect on our agency.

Agency Contact Name: Michael Gaustad (651-284-5464)

FN Coord Signature: CINDY FARRELL

Date: 04/11/05 Phone: 284-5528

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT

Date: 04/11/05 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S0819-2E **Complete Date:** 04/15/05

Chief Author: MARTY, JOHN

Title: PUBLIC EMPLOYEES WHISTLE BLOWER PROT

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: Administrative Hearings

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| Administrative Hearings Fund | | 244 | 244 | 244 | 244 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| Administrative Hearings Fund | | 244 | 244 | 244 | 244 |
| Revenues | | | | | |
| Administrative Hearings Fund | | 244 | 244 | 244 | 244 |
| Net Cost <Savings> | | | | | |
| Administrative Hearings Fund | | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| Administrative Hearings Fund | | 2.00 | 2.00 | 2.00 | 2.00 |
| Total FTE | | 2.00 | 2.00 | 2.00 | 2.00 |

Bill Description

Section 1 of SF 819-2E (HF 1165) requires state agencies to keep all data relating to any state employee who is involuntarily terminated for at least two years after the termination. It also provides that if a state agency violates that provision by destroying data prematurely, the discharged employee has a right to seek money damages and reasonable attorney fees.

Section 3 of the bill provides for another remedy that is more limited in scope. It prohibits the state from discharging, disciplining, or threatening a state employee who in good faith reports serious waste, inefficiency, or mismanagement in that state employee's place of employment. But the bill only gives state employees in the unclassified service who are involuntarily discharged and who claims a violation of that prohibition or of their rights under Section 1 the right to a review in a contested case hearing under Chapter 14. Section 3 further provides that the contested case and OAH jurisdiction is limited to a determination whether the discharge was in violation of the act and what the appropriate remedy should be.

Assumptions

OAH understands that there are varying interpretations of whether Section 3's contested case provisions apply to both "classified" and "unclassified employees" or only to "unclassified employees." Based on what appears to be the plain language of the bill, this fiscal note assumes that the only state employees eligible to invoke this remedy are "unclassified employees." If that assumption is incorrect and if the contested case provision applies to both classified and unclassified employees, then estimates of the number of hearings per year made by the Department of Employee Relations would be more accurate.

Additionally, this fiscal note assumes that instances where state agencies destroy data relating to involuntarily terminated unclassified employees would be rare and, taken alone, would not result in a significant number of contested case hearings. Moreover, if such hearings did occur, they would involve a single, limited issue of fact and would therefore be very brief.

OAH has no data of its own that would support an estimate of how many contested case hearings under Section 3 of the bill are likely to occur. This fiscal note is therefore based on estimates by the Department of Employee Relations that there would be 30 instances per year where involuntarily terminated unclassified state employees request contested case review of their dismissals under Section 3 of the Act.

OAH estimates that each such hearings would, on average, consume about two and one-half hearing days per case (15 hearing hours), and that an ALJ would require an average of an additional 45.0 hours to conduct all necessary pre-hearing and post-hearing motions and processes and prepare findings of fact, conclusions of law, and a final order (assuming that the intent of the bill is to give ALJs final decision authority). So, the estimated ALJ time per case would be 60.0 hours. The current hourly rate that OAH must charge for ALJ services is \$135 per hour. There also would be a \$50 filing fee. So, the estimated current cost per case would be \$8,150.

The Governor's budget recommends that beginning July 1, 2005, OAH assess agencies \$151.50 per hour for ALJ services. So, if that rate were approved, the estimated cost of services per case would be \$9,140.

OAH also notes that the bill is somewhat ambiguous about who would bear those costs. OAH's Administrative Law Division does not receive any general fund appropriation for conducting contested case hearings. Rather, under Minn. Stat. § 14.53, OAH is required to "assess agencies the cost of services rendered to them in the conduct of hearings." The bill does not clearly delineate the state agency to which costs must be assessed in these kinds of cases. Although the most likely interpretation is that the legislature intends that the costs would be assessed to the agency that employs the state employee who is being discharged, the bill does not clearly state that.

Expenditure and/or Revenue Formula

30 hearings per year conducted at a cost of \$8,150 per case (60 ALJ hours plus a \$50 filing fee) for a total of \$244,500 per fiscal year.

FN Coord Signature: SUSAN SCHLEISMAN

Date: 04/15/05 Phone: 341-7644

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: TIM JAHNKE
Date: 04/15/05 Phone: 296-6237

1 A bill for an act

2 relating to state government; preserving access to
3 employee data for certain terminated state employees;
4 prohibiting public employers from retaliating against
5 employees who report waste or mismanagement; providing
6 access to a contested case hearing for employees who
7 claim whistle-blower status; amending Minnesota
8 Statutes 2004, sections 43A.33, subdivision 1;
9 181.932, by adding a subdivision; proposing coding for
10 new law in Minnesota Statutes, chapter 15.

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

12 Section 1. [15.175] [CERTAIN EMPLOYEE RECORDS.]

13 *Except as provided in paragraph B*
(a) Data, records, files, and all written or electronic

14 materials of, or relating to, a state employee who is

15 involuntarily terminated from employment with a state agency

16 must be preserved for a period of at least two years after the

17 employee's termination from employment, or a longer period as

18 required under section 138.17. A state employee who has been

19 terminated may request the opportunity to review all data

20 covered by this section. An agency responding to a request made

21 under this section must provide a response within ten days after

22 receiving a written request. This paragraph does not apply to

23 an individual named on a layoff list prepared under chapter 43A.

24 (b) If a state agency terminates an employee subject to the

25 protections in paragraph (a), the agency may provide the

26 employee with written notice of the employee's right to review

27 the data protected by paragraph (a). The notice must inform the

28 employee that the employee has ten business days from the day

1 the employee acknowledges the receipt of the notice to review
2 the data. The notice must provide the name of a contact person
3 within the agency who will make the data available to the
4 employee for review. The agency may dispose of the data without
5 reference to paragraph (a) ten business days or more after
6 notifying the employee.

7 (c) A state agency that destroys, shreds, or alters data,
8 records, files, or materials in violation of this requirement is
9 liable to the employee for damages resulting from that
10 violation, plus costs and reasonable attorney fees incurred by
11 the employee in enforcing the employee's rights under this
12 section. In addition, the employee is also entitled to
13 reinstatement to the position from which the employee was
14 terminated, plus reimbursement for lost wages and health and
15 retirement benefits if the records or data were relevant and
16 material to the employee's termination of employment or the
17 employee's claim for wrongful termination of employment.

18 Sec. 2. Minnesota Statutes 2004, section 43A.33,
19 subdivision 1, is amended to read:

20 Subdivision 1. [DISCHARGE, SUSPENSION, DEMOTION FOR CAUSE,
21 SALARY DECREASE.] Managers and employees shall attempt to
22 resolve disputes through informal means prior to the initiation
23 of disciplinary action. No permanent employee in the classified
24 service shall be reprimanded, discharged, suspended without pay,
25 or demoted, except for just cause. The discharge of an employee
26 from unclassified service who is on leave from the classified
27 service does not affect or rescind the application of the
28 procedures under this section to the discharge, if any, of the
29 employee from the classified service.

30 Sec. 3. Minnesota Statutes 2004, section 181.932, is
31 amended by adding a subdivision to read:

32 Subd. 1a. [PUBLIC EMPLOYERS.] (a) The state, including a
33 state postsecondary educational institution or a ~~political~~
34 ~~subdivision of the state as defined in section 6.56, subdivision~~
35 1, may not discharge, discipline, threaten, penalize, or
36 otherwise discriminate against an employee regarding the

1 employee's compensation, terms, conditions, location, or
2 privileges of employment^{safety} because the employee, in good faith,
3 reports or is in the process of preparing a report regarding
4 serious waste, inefficiency, or mismanagement in the employee's
5 place of employment that diminishes the value the public
6 receives from the employer, even though the waste, inefficiency,
7 or mismanagement reported does not in itself violate any federal
8 or state law or rule.

9 (b) An employee contesting disciplinary action under
10 paragraph (a) for the preparation of a report that was not
11 submitted before the discipline must demonstrate the occurrence
12 of the violation by clear and convincing evidence.

13 (c) A state employee who is involuntarily discharged from
14 the unclassified service and who claims the discharge violated
15 this subdivision or subdivision 1 may seek review of the
16 discharge under the contested case procedures in sections 14.48
17 to 14.69. The jurisdiction of the Office of Administrative
18 Hearings is limited to a determination whether the discharge was
19 in violation of this subdivision or subdivision 1 and the
20 provision of any appropriate remedies. The parties to the
21 contested case proceeding must be allowed access to relevant
22 documents and witnesses for a reasonable period of time before
23 the hearing on a proceeding under this paragraph. The
24 administrative law judge must consider the quality and integrity
25 of the investigative process, if any, used by the agency when
26 reviewing evidence submitted by the agency.

1 Senator ^{Mitsen} moves to amend S.F. No. 819 as follows:
2 Page 3, line 17, before the period, insert "by filing a
3 petition for review with the Office of Administrative Hearings.
4 After receiving the petition, the Office of Administrative
5 Hearings shall serve a notice and order for hearing on the
6 affected parties"
7 Page 3, after line 26, insert:
8 "(d) The costs of a hearing under this subdivision must be
9 assessed to the agency that discharged the affected state
10 employee."

Metzen
Senator moves to amend S.F. No. 819 as follows:

Section 3, lines 2.33-2.34, delete "political subdivision of the state as defined in section 6.56," and insert in its place "municipality as defined in section 466.01,".

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate
State of Minnesota

S.F. No. 1551 - Voting Rights

Author: Senator John C. Hottinger

Prepared by: Peter S. Wattson, Senate Counsel (651/296-3812)
Thomas S. Bottern (651/296-3810) *TSB*

Date: April 19, 2005

S.F. No. 1551 includes a number of provisions to make it easier to register to vote and to vote.

Section 1 makes mandatory the current option for a postsecondary educational institution to provide the county auditor with a list of the names and addresses of its students who reside in the county. It also requires the institution to include on the list not only those students who reside in housing owned by the institution but also students who reside in private housing within the county, or a county contiguous to the county, where the institution's campus is located. Institutions that do not consider student addresses to be public information must make release forms available to students authorizing the institution to provide the information to the county auditor, and must honor requests from students to omit their information from the list.

Section 2 is the first of several sections that clarify the current law on the eligibility of persons under guardianship to vote: they may vote unless the court order putting them under guardianship explicitly revokes their right to vote. It strikes a reference to the outdated term "guardianship of the person," which is no longer used since adoption of the Uniform Guardianship and Protective Proceedings Act by Laws 2003, ch. 12. Similar changes are made in **sections 6, 8, 10, 16, and 17**, and in Senator Marty's S.F. No. 386, now on General Orders.

Section 3 extends from ten to 15 days the time for filing a voter registration application after it has been signed and dated by the voter and imposes the obligation to file by the deadline on everyone who handles the application from the time it is signed by the voter until it has been filed with the county auditor or Secretary of State.

Section 4 adds to the list of documents that may be used to prove a voter's residence for purposes of registering on election day a number of documents specifically mentioned in § 303(b)(2)(A) of the Help America Vote Act of 2002, Public Law 107-252, 116 Stat. 1666 (Oct. 29, 2002), as sufficient to identify at the polling place a person who has registered to vote by mail: "a current and valid photo identification; or . . . a copy of a current utility bill, bank statement, government check, paycheck, or other government document that shows the name and address of the voter . . ." It adds to the list of documents that may be used "a signed residential lease."

It also conforms the statute on student identification to the rules of the Secretary of State, Minn. Rules, part 8200.5100, subpart 1(A)(3), which says that a person may prove residence on election day by presenting "a current student identification card that contains the student's valid address in the precinct, a current student fee statement that contains the student's valid address in the precinct, or a copy of a current student registration card that contains the student's valid address in the precinct . . ." It adds "a current student monthly rental statement that contains the student's valid address in the precinct . . ."

It permits vouching to be done by a person who is not registered to vote in the precinct but who is working in a residential facility in the precinct. It requires the operator of a residential facility to prepare a list of the names of its employees currently working there and its address. The operator must certify the list and provide it to the appropriate county auditor no less than 20 days before each election for use in election day registration.

It strikes language that limits the use of an Indian tribal identification card to Indians living on a reservation and requires the county auditor to keep a record of the number of election day registrations accomplished by means of an Indian tribal ID. The current law was declared unconstitutional in violation of the Equal Protection Clause by an order of federal district Judge James M. Rosenbaum last October in the case of *ACLU v. Kiffmeyer*, No. 04-CV-4653 (D. Minn. Oct. 29, 2004), because it does not also authorize the use of an Indian tribal ID by tribal members living off a reservation.

Section 5 defines the several new documents that may be used to prove residency under **section 4**. It defines "residential facility" for purposes of **section 4** as meaning a variety of group residences licensed or regulated by the State. "Utility bill" is defined to include a wireless telephone bill.

Section 6 rewords the certification on a voter registration application that a person under guardianship has not lost the right to vote and rewords the certification that a person who has been convicted of a felony has regained the right to vote. It also requires the application to include the 15-day deadline for returning it after it has been signed and requires the text to be printed in black ink. It strikes the requirement added last year that the Secretary of State approve the form of every voter registration application.

Section 7 allows any voter, not just a voter under protection of a court order, to demand that their name be withheld from the public list of registered voters if withholding their name is required for their safety or the safety of their family.

Section 8 corrects references in the monthly report by the State Court Administrator to persons placed under guardianship whose right to vote was revoked or whose guardianship was modified to restore their right to vote

Section 9 requires each county auditor to mail absentee ballot applications to the study-abroad office of each college or university whose principal administrative offices are located within the county.

Section 10 changes a reference to persons placed under guardianship who file for office and whose name must not be placed on the ballot because their right to vote has been revoked and they are thus ineligible to run for office.

Section 11 requires election judges to swear that they will perform their duties in a fair and impartial manner and not attempt to create an advantage for their party or for any candidate.

Section 12 requires the Secretary of State to develop translated voting materials for all those languages recommended by the State Demographer. The translated materials must be provided to any voter at no cost to the voter and posted or otherwise made available in every precinct where the State Demographer has determined it is likely that at least five percent of the eligible voters speak one of the languages for which translated materials have been developed.

Section 13 requires each official on duty in a polling place to wear an identification badge that shows their role in the election process, but not their party affiliation.

Section 14 prohibits an election judge from serving as a challenger of voters who appear and attempt to vote.

Section 15 requires the Secretary of State to train polling place challengers, with the cost of the training borne by the political party appointing the challengers. It requires challengers to be registered to vote in this state.

Section 16 amends the Voter's Bill of Rights by changing the phrase about felons whose "civil rights have been restored" to felons whose "sentence has expired or been discharged" and by adding a clause that says "If you are under a guardianship, you have the right to vote, unless the court order revokes your right to vote."

Section 17 rewords the oath on the polling place roster relating to a person under guardianship whose court order does not revoke their right to vote.

S.F. No. 1551
April 19, 2005
Page 4

Section 18 requires that a challenge at the polling place to a voter's eligibility to vote be stated in writing, under oath, and based on the challenger's personal knowledge.

Section 19 permits an individual who is challenged because of a prior conviction of a felony to vote after leaving the polling place and returning.

Section 20 requires a guardian to annually send the ward a notice of the status of the ward's right to vote.

Section 21 requires the county sheriff or jailer in each county to provide information on how to vote to prisoners. If requested by an inmate, the county sheriff or jailer shall obtain an absentee ballot and provide it to the inmate.

PSW:TSB:ph

Preliminary

Consolidated Fiscal Note – 2005-06 Session

Bill #: S1551-2E Complete Date:

Chief Author: HOTTINGER, JOHN

Title: VOTERS RIGHTS MODIFICATIONS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agencies: Secretary Of State
University Of Minnesota

State Colleges & Universities

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Net Expenditures | | | | | |
| General Fund | | 41 | 14 | | 14 |
| Secretary Of State | | 41 | 14 | | 14 |
| Revenues | | | | | |
| General Fund | | | 6 | | 6 |
| Secretary Of State | | | 6 | | 6 |
| Net Cost <Savings> | | | | | |
| General Fund | | 41 | 8 | | 8 |
| Secretary Of State | | 41 | 8 | | 8 |
| Total Cost <Savings> to the State | | 41 | 8 | | 8 |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|-----------------------------|------|------|------|------|------|
| Full Time Equivalent | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1551-2E **Complete Date:**

Chief Author: HOTTINGER, JOHN

Title: VOTERS RIGHTS MODIFICATIONS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: Secretary Of State

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| General Fund | | 41 | 14 | | 14 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | | 41 | 14 | | 14 |
| Revenues | | | | | |
| General Fund | | | 6 | | 6 |
| Net Cost <Savings> | | | | | |
| General Fund | | 41 | 8 | | 8 |
| Total Cost <Savings> to the State | | 41 | 8 | | 8 |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

SF 1551, 2nd engrossment is a detailed election law bill that includes several provisions with state-level fiscal impacts.

Section 4 provides for a different list of identification to be used to establish identity and residence at the polls. There will be substantial new training costs for election judges and local election officials as a result. While there is normally training that is undertaken before every election, there will need to be an added emphasis on what will essentially be training on many different documents this provision adds to Minnesota election law. Specific training on specific documents is necessary so that election judges in the 4100 different precincts do not administer this provision differently across the state. The documents are defined in the definitional section in Section 5

Section 4 also provides for an additional category of vouchers for those who work in residential facilities. There will also be some training costs for that additional class of election-day registration.

Section 4 also deals with the residential facility question and provides that lists of residents of such facilities may be sent to the county auditor. There will be some local government costs as a result.

Section 5 contains a long list of included identification that election judges will need to know of in order to accept that identification for election day registrants and provide uniform enforcement of identification requirements across the state. There will be additional training costs in order to implement this provision.

Section 6 provides for a change in the oath required on all voter registration applications to change the language explaining that if the voter had a felony conviction, that the probation and parole has been completed. It also provides for changes on the card in the references to ineligibility under guardianship.

This will require a reprinting of any existing cards in the state, at which time the extended time period set in section 1 must also be added. Also, all cards are required to be in black ink.

Section 7 requires a statement by the voter as to the safety of the family of the voter and so the potential costs noted in the last fiscal note will be greatly reduced. Also, upon further research, as the order for protection category is eliminated, only minor cosmetic changes in the SVRS system and some relatively small amounts of training to local election officials would be necessary to implement this proposed change.

Section 9 will result in some local government costs for a new requirement to mail absentee ballot applications to colleges in the county for use by study abroad program students

Section 11 will require a change in the election judge's oath form.

Section 12 will require some costs in terms of translation costs, but the materials are to be provided on demand only, so other costs such as printing and publication will be small.

Section 13 will result in costs to local governments in the administration of the polling place to provide the badges.

Section 15 requires rulemaking, but according to information from the author, there will be an amendment to remove this requirement. If that amendment is passed, the rulemaking expense will be eliminated, for a savings of \$6,000. However, if the amendment is not adopted, even the most streamlined rulemaking with authority provided by the legislature will result in a substantial cost for agency rule writers and costs of rulemaking charged by the Office of Administrative Hearings. There are also training costs for the challengers, some of which are recouped through fees to be paid by the political parties..

Section 16 will require that the Voters' Bill of Rights posters be reprinted for the next election cycle.

Section 18 will require training on the new procedure and the development of a challenger form to capture the details of the challenge.

Sections 20 and 21 will require additional new effort by the commissioner of corrections and by the court systems to inform certain persons that their civil rights have been restored and providing them with voter registration materials including a letter.

Sections 23 and 24 will require some local government costs for persons held by a county or city on a non-felony

Preliminary

crime for absentee voting assistance.

The estimated costs are as follows:

Printing costs: - Sections 4,5,6,11,12,13,,15,16, 18, 20 and 21.

Each voter registration application to be replaced costs approximately \$.03, costs could range from zero to \$ 75,000 to reprint cards for the general election, but the most likely costs would be to destroy current cards in the field, probably about 500,000, and reprint, for a cost of about **\$15,000**. There may be some local government costs to gather and destroy old cards and redeploy new cards.

Under section 12, there will need to be new tools printed to help election judges with ID requirements for election day registration. The cost of that will be approximately **\$10,000.00** for design, production, printing and distribution.

Under section 16, the Voters Bill of Rights will need to be reprinted at a marginal cost of **\$2000** (about \$1 per precinct, and discounting 50% for those that would have had to be reprinted anyway.)

There will be additional printing and administration costs under section 20 and 21 but those are for other departments and OSS does not have information on those costs.

TOTAL PRINTING COSTS:: **\$27,000**

Training Costs - Sections 4, 5,7,9, 11, 15,16,18,20 and 21 will require some training costs. Some of these costs can be combined with each other but there will still be additional costs.

Those costs are calculated as follows:

Section 15 requires training for the public; the other sections are training primarily for the county auditors or other chief county election officials.

Sections 4,5,7,9,11,16,18,20 and 21: For auditors:

Materials development staff time : 40 hours @ \$30 hour, or
\$1200.00

Presentation staff time on all these new items, three staff for four hours each @
\$26.00/hour = \$312

Presentation logistics - either

Video conferencing - approximately \$8000 based
on recent training experience, or

Actual travel - for six sessions in the field, two staff persons, salary, mileage,
lodging, meals, approximately \$4200

Subtotal: **\$5700**

Section 15. For challengers:

Materials development staff time: 32 hours @ \$30 hour, or \$960.00

Presentation logistics - Video conferencing will not work due to small capacities of most
videoconferencing centers, and large (8000) potential number of challengers

Actual travel - for six sessions in the field, \$4000 in staff travel time and lodging,
meals, mileage and similar expenses

Rental of large spaces for each of six sessions - at least \$500 per event = \$3000

Subtotal **\$8000**

TOTAL TRAINING COSTS: **\$13,700**

[Rulemaking Costs. As noted above, there may be an amendment offered to eliminate the rulemaking requirement in Section 15, in which case this category of costs will also be eliminated. However, even a minimal rulemaking will include 20 hours of rule writer time @ \$40/hour = \$800, and Office of Administrative Hearings time

Preliminary

of about \$5000

Subtotal

\$6,000]

Total

\$40,700 in FY 06

\$13,500 in each following odd numbered year (representing training costs, particularly for challengers)

Revenues

Section 9 (d) calls for political parties to reimburse the secretary of state (with the funds presumably going to the general fund) for the costs of the training of challengers appointed by political parties. However, the training is for all challengers, and each candidate in a non-partisan election may appoint a challenger, who must be trained but for whom there would be no recoupment of costs. There are more than ten times as many non-partisan elections than partisan elections in Minnesota, as there are only approximately 216 partisan offices in the state and there are several thousand non-partisan offices (including all judicial, county, city and town offices) of all kinds. In most cases, though, challengers are appointed by political parties, so it would be reasonable to assume that at least three-quarters of the training cost could be recovered. This would be approximately **\$6,000.00 in each odd numbered fiscal year.**

Local Government Costs. There are local government costs for a number of new duties:

Sending staff to additional training and for printing costs. Section 4 costs for additional training as to acceptable documents

Section 4 costs for an increase in the number of facilities preparing and submitting residential lists

Costs under section 9 for additional absentee ballot applications for students abroad.

Costs under section 13 for the badges and for implementation of the badges at the polling place.

There will be some local government costs for Sections 20 and 21 regarding felons and former felons, and 23 and 24 regarding non-felony inmates.

These costs are not known to OSS at this time.

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1551-2E **Complete Date:**

Chief Author: HOTTINGER, JOHN

Title: VOTERS RIGHTS MODIFICATIONS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: University Of Minnesota

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Bill Description

All postsecondary institutions that enroll students accepting state or federal financial aid shall prepare a current list of the name and address of each student enrolled in the institution and residing in the institution's housing or in other housing within the county, or a county contiguous to the county, where the institution's campus is located.

Institutions that do not consider student addresses to be public information under applicable federal and state privacy laws shall make release forms available to all students authorizing the institution to provide the addresses to the county auditor. If the student gives the institution, before the list is sent to the county auditor or auditors, a written request that the student's name and residence address be omitted from the list, the institution must honor the request.

The list shall be based on the most recent residence address the student has provided to the institution

Assumptions

The release form mentioned in the bill may be an electronic form.

The University of Minnesota will have to alter its personal information suppression screens to allow students who choose to suppress their addresses to choose whether or not to release them for voter registration purposes.

Expenditure and/or Revenue Formula

We estimate a minimum of 40 hours computer programming time.

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1551-2E **Complete Date:**

Chief Author: HOTTINGER, JOHN

Title: VOTERS RIGHTS MODIFICATIONS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | | |
| Local | | |
| Fee/Departmental Earnings | | |
| Tax Revenue | | |

Agency Name: State Colleges & Universities

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|-----------------------------|------|------|------|------|------|
| Full Time Equivalent | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

1 A bill for an act

2 relating to elections; facilitating registering to
3 vote and voting; facilitating voter registration by
4 college students; clarifying voting rights of persons
5 under guardianship; extending the deadline for
6 submitting voter registration applications; clarifying
7 documents acceptable to prove residence; specifying
8 form of voter registration application; authorizing
9 registered voters to withhold their name from the
10 public information list; requiring polling place
11 officials to wear identification badges; requiring
12 translation of voting materials; regulating conduct
13 and requiring training of polling place challengers;
14 adding to the Voter's Bill of Rights; allowing
15 ex-felons to leave a polling place and return;
16 providing voting assistance to prisoners; amending
17 Minnesota Statutes 2004, sections 135A.17, subdivision
18 2; 201.014, subdivision 2; 201.061, subdivisions 1, 3,
19 by adding a subdivision; 201.071, subdivision 1;
20 201.091, subdivision 4; 201.15; 203B.16, by adding a
21 subdivision; 204B.10, subdivision 6; 204B.24; 204B.27,
22 subdivision 11; 204C.06, subdivision 2; 204C.07,
23 subdivision 4, by adding a subdivision; 204C.08,
24 subdivision 1a; 204C.10; 204C.12, subdivisions 2, 4;
25 524.5-310; proposing coding for new law in Minnesota
26 Statutes, chapter 641.

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

28 Section 1. Minnesota Statutes 2004, section 135A.17,
29 subdivision 2, is amended to read:

30 Subd. 2. [RESIDENTIAL HOUSING LIST.] All postsecondary
31 institutions that enroll students accepting state or federal
32 financial aid ~~may~~ shall prepare a current list of ~~students~~ the
33 name and address of each student enrolled in the institution and
34 residing in the institution's housing or in other housing within
35 ten-miles-of the county, or a county contiguous to the county,
36 where the institution's campus is located. Institutions that do

1 not consider student addresses to be public information under
2 applicable federal and state privacy laws shall make release
3 forms available to all students authorizing the institution to
4 provide the addresses to the county auditor. The list
5 shall ~~include each student's current~~ be based on the most recent
6 residence address the student has provided to the institution.
7 If the student gives the institution, before the list is sent to
8 the county auditor or auditors, a written request that the
9 student's name and residence address be omitted from the list,
10 the institution must honor the request. The list shall be
11 certified and sent to the appropriate county auditor or auditors
12 for use in election day registration as provided under section
13 201.061, subdivision 3.

14 Sec. 2. Minnesota Statutes 2004, section 201.014,
15 subdivision 2, is amended to read:

16 Subd. 2. [NOT ELIGIBLE.] The following individuals are not
17 eligible to vote. Any individual:

18 (a) Convicted of treason or any felony whose civil rights
19 have not been restored;

20 (b) Under a guardianship ~~of the person~~ in which the court
21 order ~~provides that the ward does not retain~~ revokes the ward's
22 right to vote; or

23 (c) Found by a court of law to be legally incompetent.

24 Sec. 3. Minnesota Statutes 2004, section 201.061,
25 subdivision 1, is amended to read:

26 Subdivision 1. [PRIOR TO ELECTION DAY.] At any time except
27 during the 20 days immediately preceding any election, an
28 eligible voter or any individual who will be an eligible voter
29 at the time of the next election may register to vote in the
30 precinct in which the voter maintains residence by completing a
31 voter registration application as described in section 201.071,
32 subdivision 1, and submitting it in person or by mail to the
33 county auditor of that county or to the Secretary of State's
34 Office. A registration that is received no later than 5:00 p.m.
35 on the 21st day preceding any election shall be accepted. An
36 improperly addressed or delivered registration application shall

1 be forwarded within two working days after receipt to the county
2 auditor of the county where the voter maintains residence. A
3 state or local agency or an individual that accepts from anyone
4 a completed voter registration applications-from application
5 signed and dated by a voter must submit the completed
6 applications application to the secretary of state or the
7 appropriate county auditor within ten 15 business days after the
8 applications-are application was dated by the voter.

9 For purposes of this section, mail registration is defined
10 as a voter registration application delivered to the secretary
11 of state, county auditor, or municipal clerk by the United
12 States Postal Service or a commercial carrier.

13 Sec. 4. Minnesota Statutes 2004, section 201.061,
14 subdivision 3, is amended to read:

15 Subd. 3. [ELECTION DAY REGISTRATION.] (a) An individual
16 who is eligible to vote may register on election day by
17 appearing in person at the polling place for the precinct in
18 which the individual maintains residence, by completing a
19 registration application, making an oath in the form prescribed
20 by the secretary of state and providing proof of residence. An
21 individual may prove residence for purposes of registering by:

22 (1) presenting a driver's license or Minnesota
23 identification card issued pursuant to section 171.07;

24 (2) presenting a current and valid photo identification
25 that shows the name and valid residential address of the voter;

26 (3) presenting a copy of a current utility bill, signed
27 residential lease, bank statement, government check, paycheck,
28 or other government document that shows the name and valid
29 residential address of the voter;

30 (4) presenting any document approved by the secretary of
31 state as proper identification;

32 {3} (5) presenting one of the following:

33 (i) a current valid student identification card from a
34 postsecondary educational institution in Minnesota, if a list of
35 students from that institution has been prepared under section
36 135A.17 and certified to the county auditor in the manner

1 provided in rules of the secretary of state; or

2 (ii) a current student fee statement that contains the
3 student's valid residential address in the precinct together
4 ~~with-a-picture-identification-card;~~

5 (iii) a copy of a current student registration card that
6 contains the student's valid residential address in the
7 precinct; or

8 (iv) a current student monthly rental statement that
9 contains the student's valid residential address in the
10 precinct; or

11 ~~(4)~~ (6) having a voter who is registered to vote in the
12 precinct, or who is an employee employed by and working in a
13 residential facility in the precinct, sign an oath in the
14 presence of the election judge vouching that the voter or
15 employee personally knows that the individual is a resident of
16 the precinct. A voter who has been vouched for on election day
17 may not sign a proof of residence oath vouching for any other
18 individual on that election day.

19 (b) The operator of a residential facility shall prepare a
20 list of the names of its employees currently working in the
21 residential facility and the address of the residential
22 facility. The operator shall certify the list and provide it to
23 the appropriate county auditor no less than 20 days before each
24 election for use in election day registration.

25 (c) For tribal band members living-on-an-Indian
26 reservation, an individual may prove residence for purposes of
27 registering by presenting an identification card issued by the
28 tribal government of a tribe recognized by the Bureau of Indian
29 Affairs, United States Department of the Interior, that contains
30 the name, street address, signature, and picture of the
31 individual. The-county-auditor-of-each-county-having-territory
32 within-the-reservation-shall-maintain-a-record-of-the-number-of
33 election-day-registrations-accepted-under-this-section.

34 (d) A county, school district, or municipality may require
35 that an election judge responsible for election day registration
36 initial each completed registration application.

1 Sec. 5. Minnesota Statutes 2004, section 201.061, is
2 amended by adding a subdivision to read:

3 Subd. 3a. [DEFINITIONS.] (a) The definitions in this
4 subdivision apply to subdivision 3.

5 (b) "Bank statement" includes a bank statement, investment
6 account statement, brokerage statement, pension fund statement,
7 dividend check, or any other notice or letter from a financial
8 institution relating to an account or investment held by the
9 voter at the financial institution.

10 (c) "Government check" includes a Social Security
11 Administration check statement or a check stub or electronic
12 deposit receipt from a public assistance payment or tax refund
13 or credit.

14 (d) "Other government document" includes military
15 identification; a document issued by a governmental entity that
16 qualifies for use as identification for purposes of acquiring a
17 driver's license in this state; a Metro Mobility card; a
18 property tax statement; a public housing lease or rent statement
19 or agreement, or a rent statement or agreement provided under a
20 subsidized housing program; a document or statement provided to
21 a voter as evidence of income or eligibility for a tax deduction
22 or tax credit; a periodic notice from a federal, state, or local
23 agency for a public assistance program, such as the Minnesota
24 family investment program, food stamps, general assistance,
25 medical assistance, general assistance medical care,
26 MinnesotaCare, unemployment benefits, or Social Security; an
27 insurance card for a government administered or subsidized
28 health insurance program; or a discharge certificate, pardon, or
29 other official document issued to the voter in connection with
30 the resolution of a criminal case, indictment, sentence, or
31 other matter, in accordance with state law.

32 (e) "Paycheck" includes a check stub or electronic deposit
33 receipt.

34 (f) "Residential facility" means transitional housing as
35 defined in section 119A.43, subdivision 1; a supervised living
36 facility licensed by the commissioner of health under section

1 144.50, subdivision 6; a nursing home as defined in section
2 144A.01, subdivision 5; a residence registered with the
3 commissioner of health as a housing with services establishment
4 as defined in section 144D.01, subdivision 4; a veterans home
5 operated by the board of directors of the Minnesota Veterans
6 Homes under chapter 198; a residence licensed by the
7 commissioner of human services to provide a residential program
8 as defined in section 245A.02, subdivision 14; a residential
9 facility for persons with a developmental disability licensed by
10 the commissioner of human services under section 252.28; group
11 residential housing as defined in section 256I.03, subdivision
12 3; a shelter for battered women as defined in section 611A.37,
13 subdivision 4; or a supervised publicly or privately operated
14 shelter or dwelling designed to provide temporary living
15 accommodations for the homeless.

16 (g) "Utility bill" includes a bill for gas, electricity,
17 telephone, wireless telephone, cable television, solid waste,
18 water, or sewer services.

19 Sec. 6. Minnesota Statutes 2004, section 201.071,
20 subdivision 1, is amended to read:

21 Subdivision 1. [FORM.] A voter registration application
22 must be of suitable size and weight for mailing and contain
23 spaces for the following required information: voter's first
24 name, middle name, and last name; voter's previous name, if any;
25 voter's current address; voter's previous address, if any;
26 voter's date of birth; voter's municipality and county of
27 residence; voter's telephone number, if provided by the voter;
28 date of registration; current and valid Minnesota driver's
29 license number or Minnesota state identification number, or if
30 the voter has no current and valid Minnesota driver's license or
31 Minnesota state identification, the last four digits of the
32 voter's Social Security number; and voter's signature. The
33 registration application may include the voter's e-mail address,
34 if provided by the voter, and the voter's interest in serving as
35 an election judge, if indicated by the voter. The application
36 must also contain the following certification of voter

1 eligibility:

2 "I certify that I:

3 (1) will be at least 18 years old on election day;

4 (2) am a citizen of the United States;

5 (3) will have resided in Minnesota for 20 days immediately
6 preceding election day;

7 (4) maintain residence at the address given on the
8 registration form;

9 (5) am not under court-ordered guardianship ~~of-the-person~~
10 ~~where-I-have-not-retained-the~~ in which the court order revokes
11 my right to vote;

12 (6) have not been found by a court to be legally
13 incompetent to vote;

14 (7) have not the right to vote because, if I have been
15 convicted of a felony without-having-my-civil-rights-restored,
16 either my sentence has expired or been discharged; and

17 (8) have read and understand the following statement: that
18 giving false information is a felony punishable by not more than
19 five years imprisonment or a fine of not more than \$10,000, or
20 both."

21 The certification must include boxes for the voter to
22 respond to the following questions:

23 "(1) Are you a citizen of the United States?" and

24 "(2) Will you be 18 years old on or before election day?"

25 And the instruction:

26 "If you checked 'no' to either of these questions, do not
27 complete this form."

28 The voter registration application must set forth the
29 deadline under section 201.061, subdivision 1, for returning a
30 voter registration application after it is dated by the voter.

31 Text on the voter registration application must be printed
32 in black ink.

33 The form of the voter registration application and the
34 certification of voter eligibility must be as provided in this
35 subdivision ~~and-approved-by-the-secretary-of-state.~~ Voter
36 registration forms authorized by the National Voter Registration

1 Act may also be accepted as valid.

2 An individual may use a voter registration application to
3 apply to register to vote in Minnesota or to change information
4 on an existing registration.

5 Sec. 7. Minnesota Statutes 2004, section 201.091,
6 subdivision 4, is amended to read:

7 Subd. 4. [PUBLIC INFORMATION LISTS.] The county auditor
8 shall make available for inspection a public information list
9 which must contain the name, address, year of birth, and voting
10 history of each registered voter in the county. The telephone
11 number must be included on the list if provided by the voter.
12 The public information list may also include information on
13 voting districts. The county auditor may adopt reasonable rules
14 governing access to the list. No individual inspecting the
15 public information list shall tamper with or alter it in any
16 manner. No individual who inspects the public information list
17 or who acquires a list of registered voters prepared from the
18 public information list may use any information contained in the
19 list for purposes unrelated to elections, political activities,
20 or law enforcement. The secretary of state may provide copies
21 of the public information lists and other information from the
22 statewide registration system for uses related to elections,
23 political activities, or in response to a law enforcement
24 inquiry from a public official concerning a failure to comply
25 with any criminal statute or any state or local tax statute.

26 Before inspecting the public information list or obtaining
27 a list of voters or other information from the list, the
28 individual shall provide identification to the public official
29 having custody of the public information list and shall state in
30 writing that any information obtained from the list will not be
31 used for purposes unrelated to elections, political activities,
32 or law enforcement. Requests to examine or obtain information
33 from the public information lists or the statewide registration
34 system must be made and processed in the manner provided in the
35 rules of the secretary of state.

36 Upon receipt of a ~~written request and a copy of the court~~

1 order statement signed by the voter that withholding the voter's
2 name from the public information list is required for the safety
3 of the voter or the voter's family, the secretary of state and
4 county auditor must withhold from the public information list
5 the name of any a registered voter placed-under-court-ordered
6 protection.

7 Sec. 8. Minnesota Statutes 2004, section 201.15, is
8 amended to read:

9 201.15 [DISTRICT JUDGE, REPORT GUARDIANSHIPS AND
10 COMMITMENTS.]

11 Subdivision 1. [GUARDIANSHIPS AND INCOMPETENTS.] Pursuant
12 to the Help America Vote Act of 2002, Public Law 107-252, the
13 state court administrator shall report monthly by electronic
14 means to the secretary of state the name, address, and date of
15 birth of each individual 18 years of age or over, who during the
16 month preceding the date of the report:

17 (a) was placed under a guardianship of-the-person in which
18 the court order ~~provides-that-the-ward-does-not-retain~~ revokes
19 the ward's right to vote; or

20 (b) was adjudged legally incompetent.

21 The court administrator shall also report the same
22 information for each individual transferred to the jurisdiction
23 of the court who meets a condition specified in clause (a) or
24 (b). The secretary of state shall determine if any of the
25 persons in the report is registered to vote and shall prepare a
26 list of those registrants for the county auditor. The county
27 auditor shall change the status on the record in the statewide
28 registration system of any individual named in the report to
29 indicate that the individual is not eligible to reregister or
30 vote.

31 Subd. 2. [~~RESTORATION-TO-CAPACITY~~ GUARDIANSHIP TERMINATION
32 OR MODIFICATION.] Pursuant to the Help America Vote Act of 2002,
33 Public Law 107-252, the state court administrator shall report
34 monthly by electronic means to the secretary of state the name,
35 address, and date of birth of each individual ~~transferred-from~~
36 whose guardianship ~~to-conservatorship-or-who-is-restored-to~~

1 ~~capacity-by-the-court~~ was modified to restore the ward's right
2 to vote or whose guardianship was terminated by order of the
3 court under section 524.5-317 after being ineligible to vote for
4 any of the reasons specified in subdivision 1. The secretary of
5 state shall determine if any of the persons in the report is
6 registered to vote and shall prepare a list of those registrants
7 for the county auditor. The county auditor shall change the
8 status on the voter's record in the statewide registration
9 system to "active."

10 Sec. 9. Minnesota Statutes 2004, section 203B.16, is
11 amended by adding a subdivision to read:

12 Subd. 5. [DUTIES OF COUNTY AUDITOR.] Each county auditor
13 shall mail absentee ballot applications to the study-abroad
14 office of each college or university whose principal
15 administrative offices are located within the county.

16 Sec. 10. Minnesota Statutes 2004, section 204B.10,
17 subdivision 6, is amended to read:

18 Subd. 6. [INELIGIBLE VOTER.] Upon receipt of a certified
19 copy of a final judgment or order of a court of competent
20 jurisdiction that a person who has filed an affidavit of
21 candidacy or who has been nominated by petition:

22 (1) has been convicted of treason or a felony and the
23 person's civil rights have not been restored;

24 (2) is under guardianship ~~of-the-person~~ in which the court
25 order revokes the ward's right to vote; or

26 (3) has been found by a court of law to be legally
27 incompetent;

28 the filing officer shall notify the person by certified mail at
29 the address shown on the affidavit or petition, and shall not
30 certify the person's name to be placed on the ballot. The
31 actions of a filing officer under this subdivision are subject
32 to judicial review under section 204B.44.

33 Sec. 11. Minnesota Statutes 2004, section 204B.24, is
34 amended to read:

35 204B.24 [ELECTION JUDGES; OATH.]

36 Each election judge shall sign the following oath before

1 assuming the duties of the office:

2 "I solemnly swear that I will perform the duties
3 of election judge according to law and the best of my ability
4 and will diligently endeavor to prevent fraud, deceit and abuse
5 in conducting this election. I will perform my duties in a fair
6 and impartial manner and not attempt to create an advantage for
7 my party or for any candidate."

8 The oath shall be attached to the summary statement of the
9 election returns of that precinct. If there is no individual
10 present who is authorized to administer oaths, the election
11 judges may administer the oath to each other.

12 Sec. 12. Minnesota Statutes 2004, section 204B.27,
13 subdivision 11, is amended to read:

14 Subd. 11. [TRANSLATION OF VOTING INSTRUCTIONS MATERIALS.]
15 The secretary of state ~~may~~ shall develop voter registration
16 applications, absentee ballot applications, ballots, absentee
17 ballots, and voting instructions in languages other than
18 English,--to-be-posted-and-made-available-in-polling-places
19 during-elections. The state demographer shall determine and
20 report to the secretary of state the languages that are so
21 common in this state that there is a need for translated
22 voting instructions materials. The secretary of state shall
23 develop the materials for those languages recommended by the
24 state demographer. The secretary of state shall publish the
25 materials and provide paper copies on request of any voter at no
26 charge to the voter. The voting instructions must be posted and
27 made available in polling places during elections. The posted
28 voting instructions must include a pictorial representation of a
29 voter completing the voting process. In those precincts where
30 the state demographer has determined it is likely that at least
31 five percent of the eligible voters speak one of the languages
32 other than English for which translated voting materials have
33 been published by the secretary of state, the translated
34 materials for that language must be posted or otherwise made
35 available in the polling place.

36 Sec. 13. Minnesota Statutes 2004, section 204C.06,

1 subdivision 2, is amended to read:

2 Subd. 2. [INDIVIDUALS ALLOWED IN POLLING PLACE;
3 IDENTIFICATION.] (a) Representatives of the secretary of state's
4 office, the county auditor's office, and the municipal or school
5 district clerk's office may be present at the polling place to
6 observe election procedures. Except for these representatives,
7 election judges, sergeants-at-arms, and challengers, an
8 individual may remain inside the polling place during voting
9 hours only while voting or registering to vote, providing proof
10 of residence for an individual who is registering to vote, or
11 assisting a handicapped voter or a voter who is unable to read
12 English. During voting hours no one except individuals
13 receiving, marking, or depositing ballots shall approach within
14 six feet of a voting booth, unless lawfully authorized to do so
15 by an election judge.

16 (b) Teachers and elementary or secondary school students
17 participating in an educational activity authorized by section
18 204B.27, subdivision 7, may be present at the polling place
19 during voting hours.

20 (c) Each official on duty in the polling place must wear an
21 identification badge that shows their role in the election
22 process. The badge must not show their party affiliation.

23 Sec. 14. Minnesota Statutes 2004, section 204C.07,
24 subdivision 4, is amended to read:

25 Subd. 4. [RESTRICTIONS ON CONDUCT.] An election judge may
26 not be appointed as a challenger. The election judges shall
27 permit challengers appointed pursuant to this section to be
28 present in the polling place during the hours of voting and to
29 remain there until the votes are counted and the results
30 declared. No challenger shall handle or inspect registration
31 cards, files, or lists. Challengers shall not prepare in any
32 manner any list of individuals who have or have not voted. They
33 shall not attempt to influence voting in any manner. They shall
34 not converse with a voter except to determine, in the presence
35 of an election judge, whether the voter is eligible to vote in
36 the precinct.

1 Sec. 15. Minnesota Statutes 2004, section 204C.07, is
2 amended by adding a subdivision to read:

3 Subd. 5. [CHALLENGER TRAINING.] (a) The secretary of state
4 shall adopt rules for training challengers as required by this
5 subdivision.

6 (b) At least once every two years, the secretary of state
7 shall provide training in accordance with the rules of the
8 secretary of state for all challengers who are appointed to
9 serve at any election to be held in this state. The secretary
10 of state shall also provide a procedure for emergency training
11 of challengers appointed to fill vacancies. The secretary of
12 state may delegate to a county or municipal election official
13 the duty to provide training of challengers in that county,
14 municipality, or school district.

15 (c) No individual may serve as a challenger who is not a
16 registered voter in this state and who has not received at least
17 two hours of training within the last two years as required by
18 this subdivision.

19 (d) Each major political party must reimburse the secretary
20 of state, county auditor, or municipal clerk for the cost of
21 training challengers appointed by that major political party.

22 Sec. 16. Minnesota Statutes 2004, section 204C.08,
23 subdivision 1a, is amended to read:

24 Subd. 1a. [VOTER'S BILL OF RIGHTS.] The county auditor
25 shall prepare and provide to each polling place sufficient
26 copies of a poster setting forth the Voter's Bill of Rights as
27 set forth in this section. Before the hours of voting are
28 scheduled to begin, the election judges shall post it in a
29 conspicuous location or locations in the polling place. The
30 Voter's Bill of Rights is as follows:

31 "VOTER'S BILL OF RIGHTS

32 For all persons residing in this state who meet federal
33 voting eligibility requirements:

34 (1) You have the right to be absent from work for the
35 purpose of voting during the morning of election day.

36 (2) If you are in line at your polling place any time

1 between 7:00 a.m. and 8:00 p.m., you have the right to vote.

2 (3) If you can provide the required proof of residence, you
3 have the right to register to vote and to vote on election day.

4 (4) If you are unable to sign your name, you have the right
5 to orally confirm your identity with an election judge and to
6 direct another person to sign your name for you.

7 (5) You have the right to request special assistance when
8 voting.

9 (6) If you need assistance, you may be accompanied into the
10 voting booth by a person of your choice, except by an agent of
11 your employer or union or a candidate.

12 (7) You have the right to bring your minor children into
13 the polling place and into the voting booth with you.

14 (8) If you have been convicted of a felony but ~~your-civil~~
15 ~~rights-have-been-restored~~ your sentence has expired or been
16 discharged, you have the right to vote.

17 (9) If you are under a guardianship, you have the right to
18 vote, unless the court order revokes your right to vote.

19 (10) You have the right to vote without anyone in the
20 polling place trying to influence your vote.

21 ~~(10)~~ (11) If you make a mistake or spoil your ballot before
22 it is submitted, you have the right to receive a replacement
23 ballot and vote.

24 ~~(11)~~ (12) You have the right to file a written complaint at
25 your polling place if you are dissatisfied with the way an
26 election is being run.

27 ~~(12)~~ (13) You have the right to take a sample ballot into
28 the voting booth with you.

29 ~~(13)~~ (14) You have the right to take a copy of this Voter's
30 Bill of Rights into the voting booth with you."

31 Sec. 17. Minnesota Statutes 2004, section 204C.10, is
32 amended to read:

33 204C.10 [PERMANENT REGISTRATION; VERIFICATION OF
34 REGISTRATION.]

35 (a) An individual seeking to vote shall sign a polling
36 place roster which states that the individual is at least 18

1 years of age, a citizen of the United States, has resided in
2 Minnesota for 20 days immediately preceding the election,
3 maintains residence at the address shown, is not under a
4 guardianship in which the ~~individual has not retained~~ court
5 order revokes the individual's right to vote, has not been found
6 by a court of law to be legally incompetent to vote or convicted
7 of a felony without having civil rights restored, is registered
8 and has not already voted in the election. The roster must also
9 state: "I understand that deliberately providing false
10 information is a felony punishable by not more than five years
11 imprisonment and a fine of not more than \$10,000, or both."

12 (b) A judge may, before the applicant signs the roster,
13 confirm the applicant's name, address, and date of birth.

14 (c) After the applicant signs the roster, the judge shall
15 give the applicant a voter's receipt. The voter shall deliver
16 the voter's receipt to the judge in charge of ballots as proof
17 of the voter's right to vote, and thereupon the judge shall hand
18 to the voter the ballot. The voters' receipts must be
19 maintained during the time for notice of filing an election
20 contest.

21 Sec. 18. Minnesota Statutes 2004, section 204C.12,
22 subdivision 2, is amended to read:

23 Subd. 2. [STATEMENT OF GROUNDS; OATH.] The challenger
24 shall state the ground for the challenge, ~~and~~ in writing, under
25 oath, and based on the challenger's personal knowledge. An
26 election judge shall administer to the challenged individual the
27 following oath:

28 "Do you solemnly swear that you will fully and truly answer
29 all questions put to you concerning your eligibility to vote at
30 this election?"

31 The election judge shall then ask the challenged individual
32 sufficient questions to test that individual's residence and
33 right to vote.

34 Sec. 19. Minnesota Statutes 2004, section 204C.12,
35 subdivision 4, is amended to read:

36 Subd. 4. [REFUSAL TO ANSWER QUESTIONS OR SIGN A POLLING

1 PLACE ROSTER.] A challenged individual who refuses to answer
2 questions or sign a polling place roster as required by this
3 section must not be allowed to vote. A challenged individual
4 who leaves the polling place and returns later willing to answer
5 questions or sign a polling place roster must not be allowed to
6 vote, except an individual challenged because of a prior
7 conviction of a felony.

8 Sec. 20. Minnesota Statutes 2004, section 524.5-310, is
9 amended to read:

10 524.5-310 [FINDINGS; ORDER OF APPOINTMENT.]

11 (a) The court may appoint a limited or unlimited guardian
12 for a respondent only if it finds by clear and convincing
13 evidence that:

14 (1) the respondent is an incapacitated person; and

15 (2) the respondent's identified needs cannot be met by less
16 restrictive means, including use of appropriate technological
17 assistance.

18 (b) Alternatively, the court, with appropriate findings,
19 may treat the petition as one for a protective order under
20 section 524.5-401, enter any other appropriate order, or dismiss
21 the proceeding.

22 (c) The court shall grant to a guardian only those powers
23 necessitated by the ward's limitations and demonstrated needs
24 and, whenever feasible, make appointive and other orders that
25 will encourage the development of the ward's maximum
26 self-reliance and independence. Any power not specifically
27 granted to the guardian, following a written finding by the
28 court of a demonstrated need for that power, is retained by the
29 ward.

30 (d) Within 14 days after an appointment, a guardian shall
31 send or deliver to the ward, and counsel if represented at the
32 hearing, a copy of the order of appointment accompanied by a
33 notice which advises the ward of the right to appeal the
34 guardianship appointment in the time and manner provided by the
35 Rules of Appellate Procedure.

36 (e) Each year, within 30 days after the anniversary date of

1 an appointment, a guardian shall send or deliver to the ward a
2 notice of the right to request termination or modification of
3 the guardianship and notice of the status of the ward's right to
4 vote.

5 Sec. 21. [641.45] [VOTING ASSISTANCE TO INMATES.]

6 (a) Upon an inmate's admission to a county jail, workhouse,
7 or other correctional facility under the control of the county,
8 in addition to other information required to be provided by law
9 or rule, the county sheriff or jailer shall provide to the
10 inmate information on how to vote.

11 (b) When requested by an inmate incarcerated in a county
12 jail, workhouse, or other correctional facility under the
13 control of the county, the county sheriff or jailer in each
14 county in consultation with the county auditor shall determine
15 the inmate's eligibility to vote at a municipal, county, state,
16 or federal election. When requested by an inmate incarcerated
17 in a county jail, workhouse, or other correctional facility
18 under the control of the county, the county sheriff or jailer
19 shall obtain from the appropriate county auditor the
20 corresponding number of absentee ballot applications and provide
21 them to the inmates requesting them.

adopted

Vickraman

1 Senator moves to amend S.F. No. 1551 as follows:

2 Page 7, line 16, delete the new language and insert "my
3 felony sentence has expired (been completed) or I have been
4 discharged"

5 Page 11, lines 16 and 17, delete "ballots" and insert
6 "ballot instructions"

7 Page 11, line 26, delete everything after the period

8 Page 11, delete line 27, and insert "The"

9 Page 11, line 29, before the period, insert "; the
10 pictorial representation must be posted in each polling place"

11 Page 13, delete section 15 and insert:

12 "Sec. 15. Minnesota Statutes 2004, section 204C.07, is
13 amended by adding a subdivision to read:

14 Subd. 5. [CHALLENGER TRAINING.] (a) At least once every
15 two years, the secretary of state shall provide training for all
16 challengers who are appointed to serve at any election to be
17 held in this state. The secretary of state may delegate to a
18 county or municipal election official the duty to provide
19 training of challengers in that county, municipality, or school
20 district.

21 (b) No individual may serve as a challenger who is not a
22 registered voter in this state and who has not received at least
23 two hours of training within the last two years as required by
24 this subdivision.

25 (c) Each major political party must reimburse the secretary
26 of state, county auditor, or municipal clerk for the cost of
27 training challengers appointed by that major political party.

28 (d) A training authority must issue a certification of
29 challenger training to a person who successfully completes a
30 training course. The training course must be conducted not more
31 than 60 days before the state primary nor fewer than three days
32 before the general election. The challenger training course
33 must include information on the following topics:

34 (1) eligibility requirements for voting;

35 (2) forms of identification acceptable for purposes of
36 election day registration;

1 (3) the challenge process; and

2 (4) restrictions on challenger behavior."

3 Page 14, lines 15 and 16, delete the new language and
4 insert "your felony sentence has expired (been completed) or you
5 have been discharged"

6 Page 17, delete section 21 and insert:

7 "Sec. 21. [641.45] [VOTING ASSISTANCE TO INMATES.]

8 Upon an inmate's admission to a county jail, workhouse, or
9 other correctional facility under the control of the county, in
10 addition to other information required to be provided by law or
11 rule, the county sheriff or jailer shall provide to the inmate
12 information on how to vote. When requested by an inmate, the
13 county sheriff or jailer, in consultation with the county
14 auditor, shall determine the inmate's eligibility to vote at a
15 municipal, county, state, or federal election and obtain from
16 the appropriate county auditor an absentee ballot application
17 and provide it to the inmate requesting it."

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State of Minnesota

S.F. No. 1555 - Omnibus Lawful Gambling Bill

Author: Senator Ann H. Rest

Prepared by: Carol E. Baker, Senate Counsel (651/296-4395) *CEB*

Date: April 18, 2005

S.F. No. 1555 [Lawful Gambling.] makes a variety of changes in lawful gambling law, including:

- repeal of bingo hall licensing;
- new rules regulating raffles;
- repeal of various restrictions on bingo occasions;
- revisions in definition of "lawful purpose;"
- repeal of requirements that gambling equipment be stamped; and
- increase in maximum tipboard prizes.

Section 1 [Bar Bingo.] defines "bar bingo" as a bingo occasion at a location licensed for sale of alcoholic beverages that has a premises permit for lawful gambling.

Section 2 [Bingo Occasion.] provides that there is no limit on the number of games conducted during a bingo occasion but the occasion may not last longer than eight consecutive hours.

Section 3 [Lawful Purpose.] amends the definition of "lawful purpose" as follows:

- allows expenditure for goods and services for individual or family suffering from poverty, homelessness, or disability, in addition to direct contributions to an individual or family;
- changes the detailed definition for contributions to an individual for treatment for delayed post-traumatic stress syndrome (will be treated as simply a “disability”);
- changes "compulsive gambling" reference to "problem gambling;"
- allows for gambling proceeds to be used for expenditures for support of active military personnel and their immediate family members;
- deletes the requirement that premises must be wholly owned by a licensed organization in order for property taxes to be paid as lawful purpose expenditure;
- deletes limits on amount of real estate taxes that may be paid as lawful purpose;
- changes the classification of audit costs to an “allowable expense” effective July 1, 2006;
- consolidates the classification of expenditures for wildlife management projects approved by the Commissioner of Natural Resources;
- authorizes expenditures for supplies and materials for safety training and educational programs coordinated by the DNR; and
- revises the authorization for expenditure for activities that recognize humanitarian service, by requiring that such humanitarianism be demonstrated through philanthropy or volunteerism.

Makes this section effective the day following enactment, except that the deletion of the limit on the amount of real estate taxes that may be paid as a lawful purpose is effective January 1, 2006.

Section 4 [Raffle Definition.] Redefines "raffle" to allow certificates of participation other than tickets. Allows choosing the winners by random selection other than random drawing. Requires all entries to have an equal chance of selection. Requires the time of the selection to be printed on the ticket. Makes this section effective the day following final enactment.

Section 5 [Expenditure Reductions.] increases from 55 to 60 percent the maximum percentage of gross profit that may be spent on expenses for forms of gambling other than bingo. Requires the calculation to be made biennially during the term of the license. Makes this section effective for licenses issued after June 30, 2006.

Section 6 [Board Powers and Duties.] deletes references to bingo halls from the list of powers and duties of gambling board. Authorizes the board to delegate to the director the authority to approve or deny fund-loss requests, contribution of gambling funds to another organization, and property expenditure requests, under criteria established by the board.

Section 7 [Pull-Tab Sales from Dispensing Devices.] replaces reference to licensed bingo halls with a reference to premises where bingo is conducted in the law governing pull-tab dispensers.

Section 8 [Duties of Director.] adds to the list of duties of the director the duty to approve or deny operational requests from licensees as delegated by the board. Adds a duty to make recommendations to the board on policy and legislative initiatives.

Section 9 [Conflict of Interest.] deletes references to bingo halls from conflict of interest statute for board members and staff.

Section 10 [501(c)(3) Organizations.] repeals authority of the board to prescribe by rule standards for 501(c)(3) organizations. Changes rule requirements for organizations into statutory standards. Imposes a maximum percentage of 30 percent of an organization's total expenditures that may be spent for administration and fundraisers. Allows an organization to make expenditures that are not related to the primary purpose of the organization if they are lawful purpose expenditures. Makes this section effective for licenses issued after June 30, 2006.

Section 11 [Mandatory Disqualifiers.] deletes references to bingo halls from mandatory disqualifications for board licensees, leaving manufacturers, distributors, distributor salespersons, linked bingo game providers, and gambling managers.

Amends the disqualifications for licensees by deleting the disqualification for any felony or gross misdemeanor conviction within five years and substituting a disqualification for felony or gross misdemeanor conviction involving theft or fraud.

Section 12 [Local Investigation Fee.] deletes references to bingo halls from the law authorizing a local investigation fee.

Section 13 [Prohibition.] prohibits a distributor, distributor salespersons, or any representative, agent, affiliate, or other employee of a distributor from giving compensation, gifts, gratuities, or other things of value in excess of \$25 per year to an employee or agent of an organization.

Section 14 [Registration Required.] deletes a requirement that all gambling equipment must have a registration stamp. (Equipment is not registered using bar codes.)

Section 15 [Registration Stamps.] repeals the authorization for licensed manufacturers to possess unaffixed registration stamps. Repeals the prohibition against possessing gambling equipment that has not been stamped.

Section 16 [Sales from Facilities.] allows gambling equipment to be moved from a distributor warehouse if it is been registered with the Department of Revenue. Deletes reference to gambling equipment not stamped.

Section 17 [Prohibited Sales.] makes a technical correction.

Section 18 [Prohibition.] deletes a reference to licensed bingo halls from law governing linked bingo games.

Section 19 [Excluded Gambling.] allows raffles with total annual prizes not exceeding \$1,500 to be conducted without registering with the board.

Section 20 [Exempt Gambling.] allows the board to impose a penalty on an exempt organization that fails to file a timely report of exempt gambling.

Section 21 [Gambling Manager Bond.] changes "fidelity bond" to "dishonesty bond" in gambling manager law.

Section 22 [Percentage of Gross Profit Paid.] allows an organization to compensate an employee for the sale of gambling equipment at a bar operation if the activity is conducted one day or less per week and the games are limited to 30 chances or less per game. Prohibits payment to the site lessor, lessor employee, or immediate family member of the lessor.

Section 23 [Bingo Cards and Sheets.] amends the law that requires use of bingo paper sheets to allow sheets that have an individual number recorded by a linked bingo game provider.

Section 24 [Bar Bingo.] replaces references to noon-hour bingo with references to bar bingo. Allows games to be played at times other than 11 a.m. to 2 p.m. Deletes provision that limits bingo to one progressive bingo game per site. Prohibits payment of rent for a bar bingo occasion. Requires bar bingo to be played using only paper sheets purchased from a licensed distributor.

Section 25 [Sale of Tickets.] amends the requirement that each player in a tipboard game must sign the game placard at the time the tipboard ticket is purchased and opened, by making the requirement apply only to games containing more than 30 tickets.

Section 26 [Conduct of Raffles.] amends the law governing raffles by allowing a certificate of participation other than a ticket. Requires public posting of raffle prizes that are not listed on the raffle ticket. Requires raffles to ensure that:

- all entries have an equal chance of selection;
- method of selection is conducted in a public forum;

- method of selection may not be manipulated or based on the outcome of an event not under the organization's control;
- presence at the raffle is not a requirement to win; and
- all sold and unsold tickets or certificates of participation are accounted for.

Allows the board to give prior approval to methods of selecting raffle winners other than methods prescribed by rule. Makes this section effective the day following final enactment.

Section 27 [Rent Limitation.] limits rent paid for premises used for bingo to a maximum of the lesser of (1) ten percent of monthly gross profit from lawful gambling activities held during all bingo occasions other than bar bingo, or (2) at a rate based on a cost per square foot, not exceeding ten percent of a comparable cost per square foot for leased space, as approved by the director. Prohibits payment of rent for bar bingo.

Provides that other services and expenses provided by the lessor may be paid by the organization if approved by the director (e.g. trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat).

Allows organization employees to participate in lawful gambling if (1) major pull-tab prizes are posted, and (2) the employee is not a gambling employee.

Allows gambling employees to purchase tipboards as well as pull-tabs at the employee's place of employment.

Section 28 [Discrepancies.] increases from \$20 to \$50 the minimum size of cash discrepancy in a bingo occasion that must be reported to the board.

Section 29 [Pull-Tab Records.] amends the law that requires an organization to maintain separate cash banks for each deal of pull-tabs, by changing reference to commingling in a single receptacle to a reference to commingling in a pull-tab dispenser.

Section 30 [Tipboard Prizes.] increases from \$500 to \$599 the maximum prize that may be awarded for a tipboard ticket.

Section 31 [Contraband Defined.] deletes references to unstamped gambling equipment from the law defining contraband.

Section 32 [Local Authority.] expands the prohibition against local authorities requiring a license or permit for organizations or distributors, by including linked bingo game providers.

Deletes references to bingo hall licenses.

Requires local authorities to share with the board all documents pertaining to site inspections, fines, penalties, or other corrective action relating to local gambling regulation.

Section 33 [Lottery.] clarifies that, under certain conditions, it is not a lottery for an employer to distribute a benefit to persons selected by chance from among participants who pay consideration to the employer for the benefit of a registered combined charitable organization.

Section 34 [Repealer.] repeals laws relating to unstamped bingo cards or sheets. Repeals law requiring bingo halls to be licensed. Repeals requirements relating to minimum number of games at a bingo occasion, maximum number of bingo occasions per week, and minimum and maximum length of bingo occasions.

CEB:rd

Consolidated Fiscal Note – 2005-06 Session

Bill #: S1555-1E **Complete Date:** 03/30/05

Chief Author: REST, ANN

Title: MODIFY LAWFUL GAMBLING PROVISIONS

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | X | |

Agencies: Lawful Gambling (03/28/05)
Revenue Dept (03/24/05)

Public Safety Dept (03/30/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Net Expenditures | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Lawful Gambling | 0 | 0 | 0 | 0 | 0 |
| Revenues | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Lawful Gambling | 0 | 0 | 0 | 0 | 0 |
| Net Cost <Savings> | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Lawful Gambling | 0 | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| Misc Special Revenue Fund | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Lawful Gambling | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total FTE | | | | | |

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL

Date: 03/30/05 Phone: 215-0595

Fiscal Note – 2005-06 Session

Bill #: S1555-1E **Complete Date:** 03/28/05

Chief Author: REST, ANN

Title: MODIFY LAWFUL GAMBLING PROVISIONS

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | X | |

Agency Name: Lawful Gambling

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Revenues | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Net Cost <Savings> | | | | | |
| Misc Special Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| Misc Special Revenue Fund | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total FTE | | | | | |

Bill Description

Bill amends lawful gambling statutes including those relating to bingo. It redefines lawful purpose expenditures; changes the definition of a raffle.

Assumptions

Eliminating bingo hall licenses will reduce fees collected in the special revenue account. Regulatory, license and permit fees collected will increase due to additional sales driven by increased bingo activity.

Expenditure and/or Revenue Formula

Currently 8 bingo halls pay a \$4,000 annual license fee. Eliminating these licenses will result in a \$32,000 loss of revenue. Regulatory, license and permit fees will increase due to increased bingo activity.

Long-Term Fiscal Considerations

None

Local Government Costs

None

References/Sources

FN Coord Signature: DEBRA HELLENBERG

Date: 03/28/05 Phone: 639-4083

EBO Comments

It is assumed that the \$32,000 annual loss in revenue from the elimination of the bingo hall license fee will be offset by an equal amount of revenue as a result of the anticipated increased bingo activity.

EBO Signature: KRISTI SCHROEDL

Date: 03/28/05 Phone: 215-0595

Fiscal Note – 2005-06 Session

Bill #: S1555-1E **Complete Date:** 03/24/05

Chief Author: REST, ANN

Title: MODIFY LAWFUL GAMBLING PROVISIONS

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | | X |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

This bill version has no fiscal effect on our agency.

FN Coord Signature: JOHN POWERS

Date: 03/23/05 Phone: 556-4054

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NANCY HOMANS

Date: 03/24/05 Phone: 296-9370

Fiscal Note – 2005-06 Session

Bill #: S1555-1E **Complete Date:** 03/30/05

Chief Author: REST, ANN

Title: MODIFY LAWFUL GAMBLING PROVISIONS

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | | X |
| Local | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Public Safety Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Bill Description

Modifying certain provisions regulating lawful gambling; defining or redefining certain terms including the definition of lawful purpose for receipts expenditure regulation purposes; increasing the gross profits expenditure restriction percentage and modifying the expenditure period; modifying the powers and duties of the gambling control board and expanding certain duties of the board director; modifying certain standards for licensed organization expenditures; modifying the license disqualification requirement relating to felony or gross misdemeanor convictions; prohibiting gifts of certain value by distributors to organization employees or agents; eliminating the gambling equipment registration stamp requirement; authorizing the registration of gambling equipment with the department of revenue; modifying the provision allowing the conduct of certain raffles without a license, authorizing conduct without registering with the board; subjecting organizations failing to file certain reports for the conduct of lawful gambling on an exempt, excluded or licensed basis to a penalty as determined by the board; authorizing licensed organizations to compensate organization employees for the sale of gambling equipment at bars under certain conditions; changing the regulation of noon hour bingo to bar bingo; further defining a certain placard signing requirement relating to the sale of tipboard tickets; further regulating the conduct of raffles; applying certain organization premises rent limits to premises leased for the conduct of pull tabs, tipboards and paddlewheels and specifying certain separate limits for premises leased for the conduct of bingo; expanding a certain provision allowing employees of lessors to participate in lawful gambling on the premises to employees of the organization and authorizing the purchase of tipboards; modifying a certain bingo occasion gross receipts discrepancies reporting requirement; increasing the maximum prize limit for tipboard tickets; requiring documents relating to site inspections, fines, penalties or other corrective action involving local lawful gambling regulation to be shared with the board within a certain number of days of filing at the city or county of jurisdiction; expanding the exemption of certain lottery games from the definition of gambling crimes relating to the distribution of property by employers to participants selected by chance to participants making contributions other than through payroll or pension deduction to employers for the benefit of registered combined charitable organizations; repealing certain provisions exempting bingo cards or sheets from the stamp requirements, providing for bingo hall licenses and limiting bingo occasions.

Assumptions

This bill does not require the Alcohol and Gambling Enforcement Division (AGED) of the Department of Public Safety to do background checks on Bingo Halls. Bingo Halls no longer need a license issued by the Gambling Control Board. Although there is current authority for AGED to conduct background checks at Bingo Halls, for the past several years, the Gambling Control Board has not requested any background checks of AGED. There is no fiscal impact.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Government Costs

Local municipalities would no longer be allowed to charge a licensing investigation fee.

References/Sources

AGED staff.

Agency Contact Name: Frank Ball 651 215-6200
FN Coord Signature: FRANK AHRENS
Date: 03/29/05 Phone: 296-9484

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER

Date: 03/30/05 Phone: 215-0594

1 A bill for an act

2 relating to gambling; amending various provisions
3 relating to lawful gambling; amending and providing
4 definitions; making technical, clarifying, and
5 conforming changes; amending Minnesota Statutes 2004,
6 sections 349.12, subdivisions 5, 25, 33, by adding a
7 subdivision; 349.15, subdivision 1; 349.151,
8 subdivisions 4, 4b; 349.152, subdivision 2; 349.153;
9 349.154, subdivision 1; 349.155, subdivision 3;
10 349.16, subdivision 8; 349.161, subdivision 5;
11 349.162, subdivisions 1, 4, 5; 349.163, subdivision 3;
12 349.1635, subdivision 4; 349.166, subdivisions 1, 2;
13 349.167, subdivision 1; 349.168, subdivision 8;
14 349.17, subdivisions 5, 7; 349.1711, subdivision 1;
15 349.173; 349.18, subdivision 1; 349.19, subdivisions
16 4, 10; 349.211, subdivision 2c; 349.2125, subdivision
17 1; 349.213; 609.75, subdivision 1; repealing Minnesota
18 Statutes 2004, sections 349.162, subdivision 3;
19 349.164; 349.17, subdivision 1.

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

21 Section 1. Minnesota Statutes 2004, section 349.12, is
22 amended by adding a subdivision to read:

23 Subd. 3c. [BAR BINGO.] "Bar bingo" is a bingo occasion
24 conducted at a permitted premises in an area where intoxicating
25 liquor or 3.2 percent malt beverages are sold and where the
26 licensed organization conducts another form of lawful gambling.

27 Sec. 2. Minnesota Statutes 2004, section 349.12,
28 subdivision 5, is amended to read:

29 Subd. 5. [BINGO OCCASION.] "Bingo occasion" means a single
30 gathering or session at which a series of one or more successive
31 bingo games is played. There is no limit on the number of games
32 conducted during a bingo occasion but a bingo occasion must not

1 last longer than eight consecutive hours.

2 Sec. 3. Minnesota Statutes 2004, section 349.12,
3 subdivision 25, is amended to read:

4 Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one
5 or more of the following:

6 (1) any expenditure by or contribution to a 501(c)(3) or
7 festival organization, as defined in subdivision 15a, provided
8 that the organization and expenditure or contribution are in
9 conformity with standards prescribed by the board under section
10 349.154, which standards must apply to both types of
11 organizations in the same manner and to the same extent;

12 (2) a contribution to or expenditure for goods and services
13 for an individual or family suffering from poverty,
14 homelessness, or physical-or-mental disability, which is used to
15 relieve the effects of that poverty,-homelessness,-or-disability
16 suffering;

17 ~~(3) a-contribution-to-an-individual-for-treatment-for~~
18 ~~delayed-posttraumatic-stress-syndrome-or~~ a contribution to a
19 program recognized by the Minnesota Department of Human Services
20 for the education, prevention, or treatment of ~~compulsive~~
21 problem gambling;

22 (4) a contribution to or expenditure on a public or private
23 nonprofit educational institution registered with or accredited
24 by this state or any other state;

25 (5) a contribution to a scholarship fund for defraying the
26 cost of education to individuals where the funds are awarded
27 through an open and fair selection process;

28 (6) activities by an organization or a government entity
29 which recognize ~~humanitarian-or~~ military service to the United
30 States, the state of Minnesota, or a community, subject to rules
31 of the board, provided that the rules must not include mileage
32 reimbursements in the computation of the per diem reimbursement
33 limit and must impose no aggregate annual limit on the amount of
34 reasonable and necessary expenditures made to support:

35 (i) members of a military marching or color guard unit for
36 activities conducted within the state;

1 (ii) members of an organization solely for services
2 performed by the members at funeral services; or

3 (iii) members of military marching, color guard, or honor
4 guard units may be reimbursed for participating in color guard,
5 honor guard, or marching unit events within the state or states
6 contiguous to Minnesota at a per participant rate of up to \$35
7 per diem; or

8 (iv) active military personnel and their immediate family
9 members in need of support services;

10 (7) recreational, community, and athletic facilities and
11 activities intended primarily for persons under age 21, provided
12 that such facilities and activities do not discriminate on the
13 basis of gender and the organization complies with section
14 349.154;

15 (8) payment of local taxes authorized under this chapter,
16 taxes imposed by the United States on receipts from lawful
17 gambling, the taxes imposed by section 297E.02, subdivisions 1,
18 4, 5, and 6, and the tax imposed on unrelated business income by
19 section 290.05, subdivision 3;

20 (9) payment of real estate taxes and assessments on
21 permitted gambling premises wholly owned by the licensed
22 organization paying the taxes, or wholly leased by a licensed
23 veterans organization under a national charter recognized under
24 section 501(c)(19) of the Internal Revenue Code, ~~not to exceed:~~
25 ~~(i) for premises used for bingo, the amount that an~~
26 ~~organization may expend under board rules on rent for bingo, and~~
27 ~~(ii) \$357,000 per year for premises used for other forms of~~
28 ~~lawful gambling;~~

29 (10) a contribution to the United States, this state or any
30 of its political subdivisions, or any agency or instrumentality
31 thereof other than a direct contribution to a law enforcement or
32 prosecutorial agency;

33 (11) a contribution to or expenditure by a nonprofit
34 organization which is a church or body of communicants gathered
35 in common membership for mutual support and edification in
36 piety, worship, or religious observances;

1 (12) payment of the reasonable costs of an audit required
2 in section 297E.06, subdivision 4, provided the annual audit is
3 filed in a timely manner with the Department of Revenue and paid
4 prior to June 30, 2006;

5 ~~(13) a contribution to or expenditure on a wildlife~~
6 ~~management project that benefits the public at large, provided~~
7 ~~that the state agency with authority over that wildlife~~
8 ~~management project approves the project before the contribution~~
9 ~~or expenditure is made;~~

10 ~~(14) expenditures approved by the commissioner of natural~~
11 ~~resources by an organization for grooming and maintaining~~
12 ~~snowmobile trails and all-terrain vehicle trails that are (1)~~
13 ~~grant-in-aid trails established under section 85.0197 or (2)~~
14 ~~other trails open to public use, including purchase or lease of~~
15 ~~equipment for this purpose;~~

16 (13) a contribution to or expenditure on projects or
17 activities approved by the commissioner of natural resources for:

18 (i) wildlife management projects that benefit the public at
19 large;

20 (ii) grant-in-aid trail maintenance and grooming
21 established under sections 84.83 and 84.927 and other trails
22 open to public use, including purchase or lease of equipment for
23 this purpose; and

24 (iii) supplies and materials for safety training and
25 educational programs coordinated by the Department of Natural
26 Resources including the Enforcement Division;

27 ~~(15) (14) conducting nutritional programs, food shelves,~~
28 ~~and congregate dining programs primarily for persons who are age~~
29 ~~62 or older or disabled;~~

30 ~~(16) (15) a contribution to a community arts organization,~~
31 ~~or an expenditure to sponsor arts programs in the community,~~
32 ~~including but not limited to visual, literary, performing, or~~
33 ~~musical arts;~~

34 ~~(17) (16) an expenditure by a licensed veterans~~
35 ~~organization for payment of water, fuel for heating,~~
36 ~~electricity, and sewer costs for a building wholly owned or~~

1 wholly leased by and used as the primary headquarters of the
2 licensed veterans organization;

3 ~~(18)~~ (17) expenditure by a licensed veterans organization
4 of up to \$5,000 in a calendar year in net costs to the
5 organization for meals and other membership events, limited to
6 members and spouses, held in recognition of military service.
7 No more than \$5,000 can be expended in total per calendar year
8 under this clause by all licensed veterans organizations sharing
9 the same veterans post home; or

10 ~~(19)~~ (18) payment of fees authorized under this chapter
11 imposed by the state of Minnesota to conduct lawful gambling in
12 Minnesota; or

13 (19) a contribution or expenditure to honor an individual's
14 humanitarian service as demonstrated through philanthropy or
15 volunteerism to the United States, this state, or local
16 community.

17 (b) Notwithstanding paragraph (a), "lawful purpose" does
18 not include:

19 (1) any expenditure made or incurred for the purpose of
20 influencing the nomination or election of a candidate for public
21 office or for the purpose of promoting or defeating a ballot
22 question;

23 (2) any activity intended to influence an election or a
24 governmental decision-making process;

25 (3) the erection, acquisition, improvement, expansion,
26 repair, or maintenance of real property or capital assets owned
27 or leased by an organization, unless the board has first
28 specifically authorized the expenditures after finding that (i)
29 the real property or capital assets will be used exclusively for
30 one or more of the purposes in paragraph (a); (ii) with respect
31 to expenditures for repair or maintenance only, that the
32 property is or will be used extensively as a meeting place or
33 event location by other nonprofit organizations or community or
34 service groups and that no rental fee is charged for the use;
35 (iii) with respect to expenditures, including a mortgage payment
36 or other debt service payment, for erection or acquisition only,

1 that the erection or acquisition is necessary to replace with a
2 comparable building, a building owned by the organization and
3 destroyed or made uninhabitable by fire or ~~natural~~
4 ~~disaster~~ catastrophe, provided that the expenditure may be only
5 for that part of the replacement cost not reimbursed by
6 insurance; (iv) with respect to expenditures, including a
7 mortgage payment or other debt service payment, for erection or
8 acquisition only, that the erection or acquisition is necessary
9 to replace with a comparable building a building owned by the
10 organization that was acquired from the organization by eminent
11 domain or sold by the organization to a purchaser that the
12 organization reasonably believed would otherwise have acquired
13 the building by eminent domain, provided that the expenditure
14 may be only for that part of the replacement cost that exceeds
15 the compensation received by the organization for the building
16 being replaced; or (v) with respect to an expenditure to bring
17 an existing building into compliance with the Americans with
18 Disabilities Act under item (ii), an organization has the option
19 to apply the amount of the board-approved expenditure to the
20 erection or acquisition of a replacement building that is in
21 compliance with the Americans with Disabilities Act;

22 (4) an expenditure by an organization which is a
23 contribution to a parent organization, foundation, or affiliate
24 of the contributing organization, if the parent organization,
25 foundation, or affiliate has provided to the contributing
26 organization within one year of the contribution any money,
27 grants, property, or other thing of value;

28 (5) a contribution by a licensed organization to another
29 licensed organization unless the board has specifically
30 authorized the contribution. The board must authorize such a
31 contribution when requested to do so by the contributing
32 organization unless it makes an affirmative finding that the
33 contribution will not be used by the recipient organization for
34 one or more of the purposes in paragraph (a); or

35 (6) a contribution to a statutory or home rule charter
36 city, county, or town by a licensed organization with the

1 knowledge that the governmental unit intends to use the
2 contribution for a pension or retirement fund.

3 [EFFECTIVE DATE.] The effective date for paragraph (a),
4 clause (9), is January 1, 2006. All other changes in section 3
5 are effective the day following final enactment.

6 Sec. 4. Minnesota Statutes 2004, section 349.12,
7 subdivision 33, is amended to read:

8 Subd. 33. [RAFFLE.] "Raffle" means a game in which a
9 participant buys a ticket ~~for-a-chance-at-a-prize-with-the~~
10 ~~winner-determined-by-a-random-drawing-to-take-place-at-a~~
11 ~~location-and-date-printed-upon-the-ticket~~ or other certificate
12 of participation in an event where the prize determination is
13 based on a method of random selection and all entries have an
14 equal chance of selection. The ticket or certificate of
15 participation must include the location, date, and time of the
16 selection of the winning entries.

17 [EFFECTIVE DATE.] This section is effective the day
18 following final enactment.

19 Sec. 5. Minnesota Statutes 2004, section 349.15,
20 subdivision 1, is amended to read:

21 Subdivision 1. [EXPENDITURE RESTRICTIONS.] Gross profits
22 from lawful gambling may be expended only for lawful purposes or
23 allowable expenses as authorized by the membership of the
24 conducting organization at a monthly meeting of the
25 organization's membership. Provided that no more than 70
26 percent of the gross profit less the tax imposed under section
27 297E.02, subdivision 1, from bingo, and no more than 55 60
28 percent of the gross profit from other forms of lawful gambling,
29 may be expended biennially during the term of the license for
30 allowable expenses related to lawful gambling.

31 [EFFECTIVE DATE.] This section is effective for licenses
32 issued after June 30, 2006.

33 Sec. 6. Minnesota Statutes 2004, section 349.151,
34 subdivision 4, is amended to read:

35 Subd. 4. [POWERS AND DUTIES.] (a) The board has the
36 following powers and duties:

1 (1) to regulate lawful gambling to ensure it is conducted
2 in the public interest;

3 (2) to issue licenses to organizations, distributors,
4 distributor salespersons, ~~bingo-halls~~, manufacturers, linked
5 bingo game providers, and gambling managers;

6 (3) to collect and deposit license, permit, and
7 registration fees due under this chapter;

8 (4) to receive reports required by this chapter and inspect
9 all premises, records, books, and other documents of
10 organizations, distributors, manufacturers, and linked bingo
11 game providers, ~~and-bingo-halls~~ to insure compliance with all
12 applicable laws and rules;

13 (5) to make rules authorized by this chapter;

14 (6) to register gambling equipment and issue registration
15 stamps;

16 (7) to provide by rule for the mandatory posting by
17 organizations conducting lawful gambling of rules of play and
18 the odds and/or house percentage on each form of lawful
19 gambling;

20 (8) to report annually to the governor and legislature on
21 its activities and on recommended changes in the laws governing
22 gambling;

23 (9) to impose civil penalties of not more than \$500 per
24 violation on organizations, distributors, distributor
25 salespersons, manufacturers, ~~bingo-halls~~, linked bingo game
26 providers, and gambling managers for failure to comply with any
27 provision of this chapter or any rule or order of the board;

28 (10) to issue premises permits to organizations licensed to
29 conduct lawful gambling;

30 (11) to delegate to the director the authority to issue or
31 deny license and premises permit applications and renewals under
32 criteria established by the board;

33 (12) to delegate to the director the authority to approve
34 or deny fund loss requests, contribution of gambling funds to
35 another licensed organization, and property expenditure requests
36 under criteria established by the board;

1 (13) to suspend or revoke licenses and premises permits of
2 organizations, distributors, distributor salespersons,
3 manufacturers, ~~bingo-halls~~, linked bingo game providers, or
4 gambling managers as provided in this chapter;

5 ~~(13)~~ (14) to register employees of organizations licensed
6 to conduct lawful gambling;

7 ~~(14)~~ (15) to require fingerprints from persons determined
8 by board rule to be subject to fingerprinting;

9 ~~(15)~~ (16) to delegate to a compliance review group of the
10 board the authority to investigate alleged violations, issue
11 consent orders, and initiate contested cases on behalf of the
12 board;

13 ~~(16)~~ (17) to order organizations, distributors, distributor
14 salespersons, manufacturers, ~~bingo-halls~~, linked bingo game
15 providers, and gambling managers to take corrective actions; and

16 ~~(17)~~ (18) to take all necessary steps to ensure the
17 integrity of and public confidence in lawful gambling.

18 (b) The board, or director if authorized to act on behalf
19 of the board, may by citation assess any organization,
20 distributor, ~~employee-eligible-to-make-sales-on-behalf-of-a~~
21 distributor salesperson, manufacturer, ~~bingo-hall-licensee~~,
22 linked bingo game provider, or gambling manager a civil penalty
23 of not more than \$500 per violation for a failure to comply with
24 any provision of this chapter or any rule adopted or order
25 issued by the board. Any organization, distributor, ~~bingo-hall~~
26 ~~licensee~~ distributor salesperson, gambling manager, linked bingo
27 game provider, or manufacturer assessed a civil penalty under
28 this paragraph may request a hearing before the board. Appeals
29 of citations imposing a civil penalty are not subject to the
30 provisions of the Administrative Procedure Act.

31 (c) All penalties received by the board must be deposited
32 in the general fund.

33 (d) All fees imposed by the board under sections 349.16 to
34 349.167 must be deposited in the state treasury and credited to
35 a lawful gambling regulation account in the special revenue
36 fund. Receipts in this account are available for the operations

1 of the board up to the amount authorized in biennial
2 appropriations from the legislature.

3 Sec. 7. Minnesota Statutes 2004, section 349.151,
4 subdivision 4b, is amended to read:

5 Subd. 4b. [PULL-TAB SALES FROM DISPENSING DEVICES.] (a)
6 The board may by rule authorize but not require the use of
7 pull-tab dispensing devices.

8 (b) Rules adopted under paragraph (a):

9 (1) must limit the number of pull-tab dispensing devices on
10 any permitted premises to three; and

11 (2) must limit the use of pull-tab dispensing devices to a
12 permitted premises which is (i) a licensed premises for on-sales
13 of intoxicating liquor or 3.2 percent malt beverages; or (ii) a
14 ~~licensed-bingo-hall-that-allows-gambling-only-by~~ premises where
15 bingo is conducted and admission is restricted to persons 18
16 years or older.

17 (c) Notwithstanding rules adopted under paragraph (b),
18 pull-tab dispensing devices may be used in establishments
19 licensed for the off-sale of intoxicating liquor, other than
20 drugstores and general food stores licensed under section
21 340A.405, subdivision 1.

22 Sec. 8. Minnesota Statutes 2004, section 349.152,
23 subdivision 2, is amended to read:

24 Subd. 2. [DUTIES OF DIRECTOR.] The director has the
25 following duties:

26 (1) to carry out gambling policy established by the board;

27 (2) to employ and supervise personnel of the board;

28 (3) to advise and make recommendations to the board on
29 rules, policy, and legislative initiatives;

30 (4) to approve or deny operational requests from licensees
31 as delegated by the board;

32 (5) to issue licenses and premises permits as authorized by
33 the board;

34 +5) (6) to issue cease and desist orders;

35 +6) (7) to make recommendations to the board on license
36 issuance, denial, censure, suspension and revocation, civil

1 penalties, and corrective action the board imposes;

2 ~~(7)~~ (8) to ensure that board rules, policy, and decisions
3 are adequately and accurately conveyed to the board's licensees;

4 ~~(8)~~ (9) to conduct investigations, inspections, compliance
5 reviews, and audits under this chapter; and

6 ~~(9)~~ (10) to issue subpoenas to compel the attendance of
7 witnesses and the production of documents, books, records, and
8 other evidence relating to an investigation, compliance review,
9 or audit the director is authorized to conduct.

10 Sec. 9. Minnesota Statutes 2004, section 349.153, is
11 amended to read:

12 349.153 [CONFLICT OF INTEREST.]

13 (a) A person may not serve on the board, be the director,
14 or be an employee of the board who has an interest in any
15 corporation, association, limited liability company, or
16 partnership that is licensed by the board as a distributor,
17 manufacturer, or linked bingo game provider, ~~or bingo hall~~ under
18 section 349.164.

19 (b) A member of the board, the director, or an employee of
20 the board may not accept employment with, receive compensation
21 directly or indirectly from, or enter into a contractual
22 relationship with an organization that conducts lawful gambling,
23 a distributor, a linked bingo game provider, ~~a bingo hall~~, or a
24 manufacturer while employed with or a member of the board or
25 within one year after terminating employment with or leaving the
26 board.

27 (c) A distributor, ~~bingo hall~~, manufacturer, linked bingo
28 game provider, or organization licensed to conduct lawful
29 gambling may not hire a former employee, director, or member of
30 the Gambling Control Board for one year after the employee,
31 director, or member has terminated employment with or left the
32 Gambling Control Board.

33 Sec. 10. Minnesota Statutes 2004, section 349.154,
34 subdivision 1, is amended to read:

35 Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] The
36 ~~board shall by rule prescribe~~ Standards that must be met by any

1 licensed organization that is a 501(c)(3) organization. ~~The~~
2 ~~standards-must-provide~~ include:

3 (1) ~~operating-standards-for-the-organization,~~ including a
4 maximum percentage ~~or-percentages~~ not to exceed 30 percent of
5 the organization's total expenditures ~~that-may-be-expended~~ for
6 the organization's administration and ~~operation~~ fund-raising as
7 reported biennially to and in a format prescribed by the board;
8 and

9 (2) standards for any expenditure by the organization of
10 net profits from lawful gambling, ~~including-a-requirement~~ that
11 the expenditure be related to the primary purpose of the
12 organization or meet the criteria of a lawful purpose donation
13 as defined in section 349.12, subdivision 25.

14 [EFFECTIVE DATE.] This section is effective for licenses
15 issued after June 30, 2006.

16 Sec. 11. Minnesota Statutes 2004, section 349.155,
17 subdivision 3, is amended to read:

18 Subd. 3. [MANDATORY DISQUALIFICATIONS.] (a) In the case of
19 licenses for manufacturers, distributors, distributor
20 salespersons, ~~bingo-halls,~~ linked bingo game providers, and
21 gambling managers, the board may not issue or renew a license
22 under this chapter, and shall revoke a license under this
23 chapter, if the applicant or licensee, or a director, officer,
24 partner, governor, or person in a supervisory or management
25 position of the applicant or licensee:

26 (1) has ever been convicted of a felony or a crime
27 involving gambling;

28 (2) has ever been convicted of (i) assault, (ii) a criminal
29 violation involving the use of a firearm, or (iii) making
30 terroristic threats;

31 (3) is or has ever been connected with or engaged in an
32 illegal business;

33 (4) owes \$500 or more in delinquent taxes as defined in
34 section 270.72;

35 (5) had a sales and use tax permit revoked by the
36 commissioner of revenue within the past two years; or

1 (6) after demand, has not filed tax returns required by the
2 commissioner of revenue. The board may deny or refuse to renew
3 a license under this chapter, and may revoke a license under
4 this chapter, if any of the conditions in this paragraph are
5 applicable to an affiliate or direct or indirect holder of more
6 than a five percent financial interest in the applicant or
7 licensee.

8 (b) In the case of licenses for organizations, the board
9 may not issue or renew a license under this chapter, and shall
10 revoke a license under this chapter, if the organization, or an
11 officer or member of the governing body of the organization:

12 (1) has been convicted of a felony or gross misdemeanor
13 ~~within-the-five-years-before-the-issuance-or-renewal-of-the~~
14 ~~license~~ involving theft or fraud;

15 (2) has ever been convicted of a crime involving gambling;
16 or

17 (3) has had a license issued by the board or director
18 permanently revoked for violation of law or board rule.

19 Sec. 12. Minnesota Statutes 2004, section 349.16,
20 subdivision 8, is amended to read:

21 Subd. 8. [LOCAL INVESTIGATION FEE.] A statutory or home
22 rule charter city or county notified under section 349.213,
23 subdivision 2, may assess an investigation fee on organizations
24 ~~or-bingo-halls~~ applying for or renewing a premises permit ~~or-a~~
25 ~~bingo-hall-license~~. An investigation fee may not exceed the
26 following limits:

27 (1) for cities of the first class, \$500;

28 (2) for cities of the second class, \$250;

29 (3) for all other cities, \$100; and

30 (4) for counties, \$375.

31 Sec. 13. Minnesota Statutes 2004, section 349.161,
32 subdivision 5, is amended to read:

33 Subd. 5. [PROHIBITION.] (a) No distributor, distributor
34 salesperson, or other employee of a distributor, may also be a
35 wholesale distributor of alcoholic beverages or an employee of a
36 wholesale distributor of alcoholic beverages.

1 (b) No distributor, distributor salesperson, or any
2 representative, agent, affiliate, or other employee of a
3 distributor, may: (1) be involved in the conduct of lawful
4 gambling by an organization; (2) keep or assist in the keeping
5 of an organization's financial records, accounts, and
6 inventories; or (3) prepare or assist in the preparation of tax
7 forms and other reporting forms required to be submitted to the
8 state by an organization.

9 (c) No distributor, distributor salesperson, or any
10 representative, agent, affiliate, or other employee of a
11 distributor may provide a lessor of gambling premises any
12 compensation, gift, gratuity, premium, or other thing of value.

13 (d) No distributor, distributor salesperson, or any
14 representative, agent, affiliate, or other employee of a
15 distributor may provide an employee or agent of the organization
16 any compensation, gift, gratuity, premium, or other thing of
17 value greater than \$25 per organization in a calendar year.

18 (e) No distributor, distributor salesperson, or any
19 representative, agent, affiliate, or other employee of a
20 distributor may participate in any gambling activity at any
21 gambling site or premises where gambling equipment purchased
22 from that distributor or distributor salesperson is being used
23 in the conduct of lawful gambling.

24 (f) No distributor, distributor salesperson, or any
25 representative, agent, affiliate, or other employee of a
26 distributor may alter or modify any gambling equipment, except
27 to add a "last ticket sold" prize sticker.

28 (g) No distributor, distributor salesperson, or any
29 representative, agent, affiliate, or other employee of a
30 distributor may: (1) recruit a person to become a gambling
31 manager of an organization or identify to an organization a
32 person as a candidate to become gambling manager for the
33 organization; or (2) identify for an organization a potential
34 gambling location.

35 (h) No distributor or distributor salesperson may
36 purchase gambling equipment for resale to a person for use

1 within the state from any person not licensed as a manufacturer
2 under section 349.163, except for gambling equipment returned
3 from an organization licensed under section 349.16, or exempt or
4 excluded from licensing under section 349.166.

5 ~~(h)~~ (i) No distributor or distributor salesperson may sell
6 gambling equipment to any person for use in Minnesota other than
7 (i) a licensed organization or organization excluded or exempt
8 from licensing, or (ii) the governing body of an Indian tribe.

9 ~~(i)~~ (j) No distributor or distributor salesperson may sell
10 or otherwise provide a pull-tab or tipboard deal with the symbol
11 required by section 349.163, subdivision 5, paragraph (h),
12 visible on the flare to any person other than in Minnesota to a
13 licensed organization or organization exempt from licensing.

14 Sec. 14. Minnesota Statutes 2004, section 349.162,
15 subdivision 1, is amended to read:

16 Subdivision 1. [~~STAMP REGISTRATION REQUIRED.~~] ~~(a)~~ A
17 distributor may not sell, transfer, furnish, or otherwise
18 provide to a person, and no person may purchase, borrow, accept,
19 or acquire from a distributor gambling equipment for use within
20 the state unless the equipment has been registered with the
21 board ~~and has a registration stamp affixed, except for gambling~~
22 ~~equipment not stamped by the manufacturer pursuant to section~~
23 ~~349.163, subdivision 5 or 8. Each stamp must bear a~~
24 ~~registration number assigned by the board.~~

25 ~~(b) A manufacturer must return all unused registration~~
26 ~~stamps in its possession to the board by February 17, 1995. No~~
27 ~~manufacturer may possess unaffixed registration stamps after~~
28 ~~February 17, 1995.~~

29 ~~(c) After February 17, 1996, no person may possess any~~
30 ~~unplayed pull-tab or tipboard deals with a registration stamp~~
31 ~~affixed to the flare or any unplayed paddleticket cards with a~~
32 ~~registration stamp affixed to the master flare. This paragraph~~
33 ~~does not apply to unplayed pull-tab or tipboard deals with a~~
34 ~~registration stamp affixed to the flare, or to unplayed~~
35 ~~paddleticket cards with a registration stamp affixed to the~~
36 ~~master flare, if the deals or cards are identified on a list of~~

1 ~~existing-inventory-submitted-by-a-licensed-organization-or-a~~
2 ~~licensed-distributor, in a format prescribed by the commissioner~~
3 ~~of-revenue, to the commissioner of revenue on or before February~~
4 ~~17-1996~~ or the Department of Revenue in a manner prescribed by
5 the board or the Department of Revenue. Gambling equipment kept
6 in violation of this paragraph subdivision is contraband under
7 section 349.2125.

8 Sec. 15. Minnesota Statutes 2004, section 349.162,
9 subdivision 4, is amended to read:

10 Subd. 4. [PROHIBITION.] (a) No person other than a
11 licensed distributor ~~or-licensed-manufacturer~~ may possess
12 unaffixed registration stamps issued by the board for the
13 purpose of registering gambling equipment.

14 (b) Unless otherwise provided in this chapter, no person
15 may possess gambling equipment that has not been ~~stamped-and~~
16 registered.

17 (c) On and after January 1, 1991, no distributor may:

18 (1) sell a bingo hard card or paper sheet that does not
19 bear an individual number; or

20 (2) sell a package of bingo paper sheets that does not
21 contain bingo paper sheets in numerical order.

22 Sec. 16. Minnesota Statutes 2004, section 349.162,
23 subdivision 5, is amended to read:

24 Subd. 5. [SALES FROM FACILITIES.] (a) All gambling
25 equipment purchased or possessed by a licensed distributor for
26 resale to any person for use in Minnesota must, prior to the
27 equipment's resale, be unloaded into a storage facility located
28 in Minnesota which the distributor owns or leases; and which has
29 been registered, in advance and in writing, with the Division of
30 Alcohol and Gambling Enforcement as a storage facility of the
31 distributor. All unregistered gambling equipment and all
32 unaffixed registration stamps owned by, or in the possession of,
33 a licensed distributor in the state of Minnesota shall be stored
34 at a storage facility which has been registered with the
35 Division of Alcohol and Gambling Enforcement. No gambling
36 equipment may be moved from the facility unless the gambling

1 equipment has been first registered with the board~~7-except-for~~
2 ~~gambling-equipment-not-stamped-by-the-manufacturer-pursuant-to~~
3 ~~section-349.163, subdivision-5-or-8~~ or the Department of Revenue.

4 (b) Notwithstanding section 349.163, subdivisions 5, 6, and
5 8, a licensed manufacturer may ship into Minnesota approved or
6 unapproved gambling equipment if the licensed manufacturer ships
7 the gambling equipment to a Minnesota storage facility that is:
8 (1) owned or leased by the licensed manufacturer; and (2)
9 registered, in advance and in writing, with the Division of
10 Alcohol and Gambling Enforcement as a manufacturer's storage
11 facility. No gambling equipment may be shipped into Minnesota
12 to the manufacturer's registered storage facility unless the
13 shipment of the gambling equipment is reported to the Department
14 of Revenue in a manner prescribed by the department. No
15 gambling equipment may be moved from the storage facility unless
16 the gambling equipment is sold to a licensed distributor and is
17 otherwise in conformity with this chapter, is shipped to an
18 out-of-state site and the shipment is reported to the Department
19 of Revenue in a manner prescribed by the department, or is
20 otherwise sold and shipped as permitted by board rule.

21 (c) All storage facilities owned, leased, used, or operated
22 by a licensed distributor or manufacturer may be entered upon
23 and inspected by the employees of the Division of Alcohol and
24 Gambling Enforcement, the Division of Alcohol and Gambling
25 Enforcement director's authorized representatives, employees of
26 the Gambling Control Board or its authorized representatives,
27 employees of the Department of Revenue, or authorized
28 representatives of the director of the Division of Special Taxes
29 of the Department of Revenue during reasonable and regular
30 business hours. Obstruction of, or failure to permit, entry and
31 inspection is cause for revocation or suspension of a
32 manufacturer's or distributor's licenses and permits issued
33 under this chapter.

34 (d) Unregistered gambling equipment and unaffixed
35 registration stamps found at any location in Minnesota other
36 than the manufacturing plant of a licensed manufacturer or a

1 registered storage facility are contraband under section
2 349.2125. This paragraph does not apply:

3 (1) to unregistered gambling equipment being transported in
4 interstate commerce between locations outside this state, if the
5 interstate shipment is verified by a bill of lading or other
6 valid shipping document; and

7 (2) to gambling equipment ~~not-stamped-by-the-manufacturer~~
8 ~~pursuant-to-section-349.163,--subdivision-5-or-8~~ registered with
9 the Department of Revenue for distribution to the tribal casinos.

10 Sec. 17. Minnesota Statutes 2004, section 349.163,
11 subdivision 3, is amended to read:

12 Subd. 3. [PROHIBITED SALES.] (a) A manufacturer may not:

13 (1) sell gambling equipment for use or resale within the
14 state to any person not licensed as a distributor, except that
15 gambling equipment used exclusively in a linked bingo game may
16 be sold to a licensed linked bingo provider; or

17 (2) sell gambling equipment to a distributor in this state
18 that has the same serial number as another item of gambling
19 equipment of the same type that is sold by that manufacturer for
20 use or resale in this state.

21 (b) A manufacturer, affiliate of a manufacturer, or person
22 acting as a representative or agent of a manufacturer may not
23 provide a lessor of gambling premises or an appointed official
24 any compensation, gift, gratuity, premium, contribution, or
25 other thing of value.

26 (c) A manufacturer may not sell or otherwise provide a
27 pull-tab or tipboard deal with the symbol required by
28 subdivision 5, paragraph ~~(h)~~ (d), imprinted on the flare to any
29 person other than a licensed distributor unless the manufacturer
30 first renders the symbol permanently invisible.

31 Sec. 18. Minnesota Statutes 2004, section 349.1635,
32 subdivision 4, is amended to read:

33 Subd. 4. [PROHIBITION.] (a) Except for services associated
34 exclusively with a linked bingo game, a linked bingo game
35 provider may not participate or assist in the conduct of lawful
36 gambling by an organization. No linked bingo game provider may:

1 (1) ~~also be licensed as a bingo hall or~~ hold any financial
2 or managerial interest in a premises leased for the conduct of
3 bingo hall;

4 (2) also be licensed as a distributor or hold any financial
5 or managerial interest in a distributor;

6 (3) sell or lease linked bingo game equipment to any person
7 not licensed as an organization;

8 (4) purchase gambling equipment to be used exclusively in a
9 linked bingo game from any person not licensed as a manufacturer
10 under section 349.163; and

11 (5) provide an organization, a lessor of gambling premises,
12 or an appointed official any compensation, gift, gratuity,
13 premium, or contribution.

14 (b) Employees of the board and the Division of Alcohol and
15 Gambling Enforcement may inspect the books, records, inventory,
16 and business premises of a licensed linked bingo game provider
17 without notice during the normal business hours of the linked
18 bingo game provider. The board may charge a linked bingo game
19 provider for the actual cost of conducting scheduled or
20 unscheduled inspections of the licensee's facilities.

21 Sec. 19. Minnesota Statutes 2004, section 349.166,
22 subdivision 1, is amended to read:

23 Subdivision 1. [EXCLUSIONS.] (a) Bingo, with the exception
24 of linked bingo games, may be conducted without a license and
25 without complying with sections 349.168, subdivisions 1 and 2;
26 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and
27 349.19, if it is conducted:

28 (1) by an organization in connection with a county fair,
29 the state fair, or a civic celebration and is not conducted for
30 more than 12 consecutive days and is limited to no more than
31 four separate applications for activities applied for and
32 approved in a calendar year; or

33 (2) by an organization that conducts four or fewer bingo
34 occasions in a calendar year.

35 An organization that holds a license to conduct lawful
36 gambling under this chapter may not conduct bingo under this

1 subdivision.

2 (b) Bingo may be conducted within a nursing home or a
3 senior citizen housing project or by a senior citizen
4 organization if the prizes for a single bingo game do not exceed
5 \$10, total prizes awarded at a single bingo occasion do not
6 exceed \$200, no more than two bingo occasions are held by the
7 organization or at the facility each week, only members of the
8 organization or residents of the nursing home or housing project
9 are allowed to play in a bingo game, no compensation is paid for
10 any persons who conduct the bingo, and a manager is appointed to
11 supervise the bingo. Bingo conducted under this paragraph is
12 exempt from sections 349.11 to 349.23, and the board may not
13 require an organization that conducts bingo under this
14 paragraph, or the manager who supervises the bingo, to register
15 or file a report with the board. The gross receipts from bingo
16 conducted under the limitations of this subdivision are exempt
17 from taxation under chapter 297A.

18 (c) Raffles may be conducted by an organization without a
19 ~~license-and-without-complying-with-sections-349.154-to-349.165~~
20 ~~and-349.167-to-349.213~~ registering with the board if the value
21 of all raffle prizes awarded by the organization in a calendar
22 year does not exceed \$1,500.

23 (d) Except as provided in paragraph (b), the organization
24 must maintain all required records of excluded gambling activity
25 for 3-1/2 years.

26 Sec. 20. Minnesota Statutes 2004, section 349.166,
27 subdivision 2, is amended to read:

28 Subd. 2. [EXEMPTIONS.] (a) Lawful gambling, with the
29 exception of linked bingo games, may be conducted by an
30 organization without a license and without complying with
31 sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4
32 and 5; 349.18, subdivision 1; and 349.19 if:

33 (1) the organization conducts lawful gambling on five or
34 fewer days in a calendar year;

35 (2) the organization does not award more than \$50,000 in
36 prizes for lawful gambling in a calendar year;

1 (3) the organization pays a fee of \$50 to the board,
2 notifies the board in writing not less than 30 days before each
3 lawful gambling occasion of the date and location of the
4 occasion, or 60 days for an occasion held in the case of a city
5 of the first class, the types of lawful gambling to be
6 conducted, the prizes to be awarded, and receives an exemption
7 identification number;

8 (4) the organization notifies the local government unit 30
9 days before the lawful gambling occasion, or 60 days for an
10 occasion held in a city of the first class;

11 (5) the organization purchases all gambling equipment and
12 supplies from a licensed distributor; and

13 (6) the organization reports to the board, on a single-page
14 form prescribed by the board, within 30 days of each gambling
15 occasion, the gross receipts, prizes, expenses, expenditures of
16 net profits from the occasion, and the identification of the
17 licensed distributor from whom all gambling equipment was
18 purchased.

19 (b) If the organization fails to file a timely report as
20 required by paragraph (a), clause (3) or (6), the board shall
21 not issue any authorization, license, or permit to the
22 organization to conduct lawful gambling on an exempt, excluded,
23 or licensed basis until the report has been filed and the
24 organization may be subject to penalty as determined by the
25 board.

26 (c) Merchandise prizes must be valued at their fair market
27 value.

28 (d) Unused pull-tab and tipboard deals must be returned to
29 the distributor within seven working days after the end of the
30 lawful gambling occasion. The distributor must accept and pay a
31 refund for all returns of unopened and undamaged deals returned
32 under this paragraph.

33 (e) An organization that is exempt from taxation on
34 purchases of pull-tabs and tipboards under section 297E.02,
35 subdivision 4, paragraph (b), clause (4), must return to the
36 distributor any tipboard or pull-tab deal no part of which is

1 used at the lawful gambling occasion for which it was purchased
2 by the organization.

3 (f) The organization must maintain all required records of
4 exempt gambling activity for 3-1/2 years.

5 Sec. 21. Minnesota Statutes 2004, section 349.167,
6 subdivision 1, is amended to read:

7 Subdivision 1. [GAMBLING MANAGER REQUIRED.] (a) All lawful
8 gambling conducted by a licensed organization must be under the
9 supervision of a gambling manager. A gambling manager
10 designated by an organization to supervise lawful gambling is
11 responsible for the gross receipts of the organization and for
12 its conduct in compliance with all laws and rules. A person
13 designated as a gambling manager shall maintain a fidelity
14 dishonesty bond in the sum of \$10,000 in favor of the
15 organization conditioned on the faithful performance of the
16 manager's duties. The terms of the bond must provide that
17 notice be given to the board in writing not less than 30 days
18 before its cancellation.

19 (b) A person may not act as a gambling manager for more
20 than one organization.

21 (c) An organization may not conduct lawful gambling without
22 having a gambling manager.

23 (d) An organization may not have more than one gambling
24 manager at any time.

25 Sec. 22. Minnesota Statutes 2004, section 349.168,
26 subdivision 8, is amended to read:

27 Subd. 8. [PERCENTAGE OF GROSS PROFIT PAID.] (a) A licensed
28 organization may pay a percentage of the gross profit from
29 raffle ticket sales to a nonprofit organization that sells
30 raffle tickets for the licensed organization.

31 (b) A licensed organization may compensate an employee of
32 the organization for the sale of gambling equipment at a bar
33 operation if the frequency of the activity is one day or less
34 per week and the games are limited to 30 chances or less per
35 game. For purposes of this paragraph, an employee shall not be
36 a lessor, employee of the lessor, or an immediate family member

1 of the lessor.

2 Sec. 23. Minnesota Statutes 2004, section 349.17,
3 subdivision 5, is amended to read:

4 Subd. 5. [BINGO CARDS AND SHEETS.] (a) The board shall by
5 rule require that all licensed organizations: (1) conduct bingo
6 only using liquid daubers on bingo paper sheets that bear an
7 individual number recorded by the distributor or linked bingo
8 game provider; and (2) use each bingo paper sheet for no more
9 than one bingo occasion. In lieu of the requirements of clause
10 (2), a licensed organization may electronically record the sale
11 of each bingo hard card or paper sheet at each bingo occasion
12 using an electronic recording system approved by the board.

13 (b) The requirements of paragraph (a) shall only apply to a
14 licensed organization that received gross receipts from bingo in
15 excess of \$150,000 in the organization's last fiscal year.

16 Sec. 24. Minnesota Statutes 2004, section 349.17,
17 subdivision 7, is amended to read:

18 Subd. 7. [~~NOON-HOUR~~ BAR BINGO.] Notwithstanding
19 ~~subdivisions 1 and 3,~~ An organization may conduct bar bingo
20 subject to the following restrictions:

21 ~~(1) the bingo is conducted only between the hours of 11:00~~
22 ~~a.m. and 2:00 p.m.;~~

23 ~~(2) the bingo is conducted at a site the organization owns~~
24 ~~or leases and which has a license for the sale of intoxicating~~
25 ~~beverages on the premises under chapter 340A;~~

26 ~~(3) the bingo is limited to one progressive bingo game per~~
27 ~~site as defined by section 349.211, subdivision 2;~~

28 ~~(4) (2) the bingo is conducted using only bingo paper~~
29 ~~sheets purchased from a licensed distributor;~~

30 ~~(5) if the premises are leased, the (3) no rent may not~~
31 ~~exceed \$25 per day for each day bingo is conducted be paid for a~~
32 ~~bar bingo occasion; and~~

33 ~~(6) (4) linked bingo games may not be conducted at a noon~~
34 ~~hour bar bingo occasion.~~

35 Sec. 25. Minnesota Statutes 2004, section 349.1711,
36 subdivision 1, is amended to read:

1 Subdivision 1. [SALE OF TICKETS.] Tipboard games must be
2 played using only tipboard tickets that are either (1) attached
3 to a placard and arranged in columns or rows, or (2) separate
4 from the placard and contained in a receptacle while the game is
5 in play. The placard serves as the game flare. The placard
6 must contain a seal that conceals the winning number or symbol.
7 When a tipboard ticket is purchased and opened from a game
8 containing more than 30 tickets, each player having a tipboard
9 ticket with one or more predesignated numbers or symbols must
10 sign the placard at the line indicated by the number or symbol
11 on the tipboard ticket.

12 Sec. 26. Minnesota Statutes 2004, section 349.173, is
13 amended to read:

14 349.173 [CONDUCT OF RAFFLES.]

15 (a) Raffle tickets or certificates of participation at a
16 minimum must list the three most expensive prizes to be
17 awarded. If additional prizes will be awarded ~~that are not~~
18 ~~contained on the raffle ticket, the raffle ticket must contain~~
19 ~~the statement "A complete list of additional prizes is available~~
20 ~~upon request."~~, a complete list of additional prizes must be
21 publicly posted at the event and copies of the complete prize
22 list made available upon request. Notwithstanding section
23 349.12, subdivision 33, raffles conducted under the exemptions
24 in section 349.166 may use tickets that contain only the
25 sequential number of the raffle ticket and no other information
26 if the organization makes a list of prizes and a statement of
27 other relevant information required by rule available to persons
28 purchasing tickets and if tickets are only sold at the event and
29 on the date when the tickets are drawn.

30 (b) Raffles must be conducted in a manner that ensures:

31 (1) all entries in the raffle have an equal chance of
32 selection;

33 (2) the method of selection is conducted in a public forum;

34 (3) the method of selection cannot be manipulated or based
35 on the outcome of an event not under the control of the
36 organization;

1 (4) physical presence at the raffle is not a requirement to
2 win; and

3 (5) all sold and unsold tickets or certificates of
4 participation are accounted for.

5 (c) Methods of selecting winning entries from a raffle
6 other than prescribed in rule may be used with the prior written
7 approval of the board.

8 [EFFECTIVE DATE.] This section is effective the day
9 following final enactment.

10 Sec. 27. Minnesota Statutes 2004, section 349.18,
11 subdivision 1, is amended to read:

12 Subdivision 1. [LEASE OR OWNERSHIP REQUIRED; RENT
13 LIMITATIONS.] (a) An organization may conduct lawful gambling
14 only on premises it owns or leases. Leases must be on a form
15 prescribed by the board. Except for leases entered into before
16 August 1, 1994, the term of the lease may not begin before the
17 effective date of the premises permit and must expire on the
18 same day that the premises permit expires. Copies of all leases
19 must be made available to employees of the board and the
20 Division of Alcohol and Gambling Enforcement on request. The
21 board may prescribe by rule limits on the amount of rent which
22 an organization may pay to a lessor for premises leased for
23 bingo. Any rule adopted by the board limiting the amount of
24 rent to be paid may only be effective for leases entered into,
25 or renewed, after the effective date of the rule.

26 (b) Rent paid by an organization for leased premises for
27 the conduct of pull-tabs, tipboards, and paddlewheels is subject
28 to the following limits:

29 (1) for booth operations, including booth operations where
30 a pull-tab dispensing device is located, booth operations where
31 a bar operation is also conducted, and booth operations where
32 both a pull-tab dispensing device is located and a bar operation
33 is also conducted, the maximum rent is:

34 (i) in any month where the organization's gross profit at
35 those premises does not exceed \$4,000, up to \$400; and

36 (ii) in any month where the organization's gross profit at

1 those premises exceeds \$4,000, up to \$400 plus not more than ten
2 percent of the gross profit for that month in excess of \$4,000;

3 (2) for bar operations, including bar operations where a
4 pull-tab dispensing device is located but not including bar
5 operations subject to clause (1), and for locations where only a
6 pull-tab dispensing device is located:

7 (i) in any month where the organization's gross profit at
8 those premises does not exceed \$1,000, up to \$200; and

9 (ii) in any month where the organization's gross profit at
10 those premises exceeds \$1,000, up to \$200 plus not more than 20
11 percent of the gross profit for that month in excess of \$1,000;

12 (3) a lease not governed by clauses (1) and (2) must be
13 approved by the board before becoming effective;

14 (4) total rent paid to a lessor from all organizations from
15 leases governed by clause (1) may not exceed \$1,750 per month.
16 Total rent paid to a lessor from all organizations from leases
17 governed by clause (2) may not exceed \$2,500 per month.

18 (c) Rent paid by an organization for leased premises for
19 the conduct of bingo is subject to the following limits:

20 (1) not more than ten percent of the monthly gross profit
21 from all lawful gambling activities held during bingo occasions
22 excluding bar bingo, or a rate based on a cost per square foot
23 not to exceed ten percent of a comparable cost per square foot
24 for leased space as approved by the director, whichever is less;
25 and

26 (2) no rent may be paid for bar bingo.

27 (d) Amounts paid as rent under leases are all-inclusive.

28 No other services or expenses provided or contracted by the
29 lessor may be paid by the organization, including, but not
30 limited to, trash removal, janitorial and cleaning services,
31 snow removal, lawn services, electricity, heat, security,
32 security monitoring, storage, other utilities or services, and,
33 in the case of bar operations, cash shortages, unless approved
34 by the director. Any other expenditure made by an organization
35 that is related to a leased premises must be approved by the
36 director. An organization may not provide any compensation or

1 thing of value to a lessor or the lessor's employees from any
2 fund source other than its gambling account. Rent payments may
3 not be made to an individual.

4 ~~(d)~~ (e) Notwithstanding paragraph (b), an organization may
5 pay a lessor for food or beverages or meeting room rental if the
6 charge made is comparable to similar charges made to other
7 individuals or groups.

8 ~~(e)~~ (f) No person, distributor, manufacturer, lessor,
9 linked bingo game provider, or organization other than the
10 licensed organization leasing the space may conduct any activity
11 other than the sale or serving of food and beverages on the
12 leased premises during times when lawful gambling is being
13 conducted on the premises.

14 ~~(f)~~ (g) At a site where the leased premises consists of an
15 area on or behind a bar at which alcoholic beverages are sold
16 and employees of the lessor are employed by the organization as
17 pull-tab sellers at the site, pull-tabs and tipboard tickets may
18 be sold and redeemed by those employees at any place on or
19 behind the bar, but the tipboards and receptacles for pull-tabs
20 and cash drawers for lawful gambling receipts must be maintained
21 only within the leased premises.

22 ~~(g)~~ (h) Employees of a lessor or employees of an
23 organization may participate in lawful gambling on the premises
24 provided (1) if pull-tabs or tipboards are sold, the
25 organization voluntarily posts, or is required to post, the
26 major prizes as specified in section 349.172; and (2) any
27 ~~employee of-the-lessor~~ participating in lawful gambling is not a
28 gambling employee for the organization conducting lawful
29 gambling on the premises.

30 ~~(h)~~ (i) A gambling employee may purchase pull-tabs or
31 tipboards at the site of the employee's place of employment
32 provided:

33 (1) the organization voluntarily posts, or is required to
34 post, the major prizes for pull-tab or tipboard games as
35 specified in section 349.172; and

36 (2) the employee is not involved in the sale of pull-tabs

1 or tipboards at that site.

2 †j† (j) At a leased site where an organization uses a
3 paddlewheel consisting of 30 numbers or less or a tipboard
4 consisting of 30 tickets or less, tickets may be sold throughout
5 the permitted premises, but winning tickets must be redeemed,
6 the paddlewheel must be located, and the tipboard seal must be
7 opened within the leased premises.

8 †j† (k) A member of the lessor's immediate family may not
9 be a compensated employee of an organization leasing space at
10 the premises. For purposes of this paragraph, a "member of the
11 immediate family" is a spouse, parent, child, or sibling.

12 Sec. 28. Minnesota Statutes 2004, section 349.19,
13 subdivision 4, is amended to read:

14 Subd. 4. [DISCREPANCIES.] If at a bingo occasion a
15 discrepancy of more than ~~\$20~~ \$50 is found between the gross
16 receipts as reported by the checkers and the gross receipts
17 determined by adding the cash receipts, the discrepancy must be
18 reported to the board within five days of the bingo occasion.

19 Sec. 29. Minnesota Statutes 2004, section 349.19,
20 subdivision 10, is amended to read:

21 Subd. 10. [PULL-TAB RECORDS.] (a) The board shall by rule
22 require a licensed organization to require each winner of a
23 pull-tab prize of \$50 or more to present identification in the
24 form of a driver's license, Minnesota identification card, or
25 other identification the board deems sufficient to allow the
26 identification and tracing of the winner. The rule must require
27 the organization to retain winning pull-tabs of \$50 or more, and
28 the identification of the winner of the pull-tab, for 3-1/2
29 years.

30 (b) An organization must maintain separate cash banks for
31 each deal of pull-tabs unless (1) two or more deals are
32 commingled in a ~~single-receptacle~~ pull-tab dispensing device, or
33 (2) the organization uses a cash register, of a type approved by
34 the board, which records all sales of pull-tabs by separate
35 deals.

36 (c) The board shall:

1 (1) by rule adopt minimum technical standards for cash
2 registers that may be used by organizations, and shall approve
3 for use by organizations any cash register that meets the
4 standards; and

5 (2) before allowing an organization to use a cash register
6 that commingles receipts from several different pull-tab games
7 in play, adopt rules that define how cash registers may be used
8 and that establish a procedure for organizations to reconcile
9 all pull-tab games in play at the end of each month.

10 Sec. 30. Minnesota Statutes 2004, section 349.211,
11 subdivision 2c, is amended to read:

12 Subd. 2c. [TIPBOARD PRIZES.] The maximum prize which may
13 be awarded for a tipboard ticket is \$500 \$599, not including any
14 cumulative or carryover prizes. Cumulative or carryover prizes
15 in tipboard games shall not exceed \$2,500.

16 Sec. 31. Minnesota Statutes 2004, section 349.2125,
17 subdivision 1, is amended to read:

18 Subdivision 1. [CONTRABAND DEFINED.] The following are
19 contraband:

20 (1) all pull-tab or tipboard deals or paddleticket cards
21 not stamped-or bar coded in accordance with this chapter or
22 chapter 297E;

23 (2) all pull-tab or tipboard deals in the possession of any
24 unlicensed person, firm, or organization, ~~whether stamped or~~
25 ~~unstamped~~;

26 (3) any container used for the storage and display of any
27 contraband pull-tab or tipboard deals as defined in clauses (1)
28 and (2);

29 (4) all currency, checks, and other things of value used
30 for pull-tab or tipboard transactions not expressly permitted
31 under this chapter, and any cash drawer, cash register, or any
32 other container used for illegal pull-tab or tipboard
33 transactions including its contents;

34 (5) any device including, but not limited to, motor
35 vehicles, trailers, snowmobiles, airplanes, and boats used, with
36 the knowledge of the owner or of a person operating with the

1 consent of the owner, for the storage or transportation of more
2 than five pull-tab or tipboard deals that are contraband under
3 this subdivision. When pull-tabs and tipboards are being
4 transported in the course of interstate commerce between
5 locations outside this state, the pull-tab and tipboard deals
6 are not contraband, notwithstanding the provisions of clauses
7 (1) and (12);

8 (6) any unaffixed registration stamps except as provided in
9 section 349.162, subdivision 4;

10 (7) any prize used or offered in a game utilizing
11 contraband as defined in this subdivision;

12 (8) any altered, modified, or counterfeit pull-tab or
13 tipboard ticket;

14 (9) any unregistered gambling equipment except as permitted
15 by this chapter;

16 (10) any gambling equipment kept in violation of section
17 349.18;

18 (11) any gambling equipment not in conformity with law or
19 board rule;

20 (12) any pull-tab or tipboard deal in the possession of a
21 person other than a licensed distributor or licensed
22 manufacturer for which the person, upon demand of a licensed
23 peace officer or authorized agent of the commissioner of revenue
24 or director of alcohol and gambling enforcement, does not
25 immediately produce for inspection the invoice or a true and
26 correct copy of the invoice for the acquisition of the deal from
27 a licensed distributor;

28 (13) any pull-tab or tipboard deals or portions of deals on
29 which the tax imposed under chapter 297E has not been paid; and

30 (14) any device prohibited by section 609.76, subdivisions
31 4 to 6.

32 Sec. 32. Minnesota Statutes 2004, section 349.213, is
33 amended to read:

34 349.213 [LOCAL AUTHORITY.]

35 Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home
36 rule city or county has the authority to adopt more stringent

1 regulation of lawful gambling within its jurisdiction, including
2 the prohibition of lawful gambling, and may require a permit for
3 the conduct of gambling exempt from licensing under section
4 349.166. The fee for a permit issued under this subdivision may
5 not exceed \$100. The authority granted by this subdivision does
6 not include the authority to require a license or permit to
7 conduct gambling by organizations or sales by distributors or
8 linked bingo game providers licensed by the board. The
9 authority granted by this subdivision does not include the
10 authority to require an organization to make specific
11 expenditures of more than ten percent per year from its net
12 profits derived from lawful gambling. For the purposes of this
13 subdivision, net profits are gross profits less amounts expended
14 for allowable expenses and paid in taxes assessed on lawful
15 gambling. A statutory or home rule charter city or a county may
16 not require an organization conducting lawful gambling within
17 its jurisdiction to make an expenditure to the city or county as
18 a condition to operate within that city or county, except as
19 authorized under section 349.16, subdivision 8, or 297E.02;
20 provided, however, that an ordinance requirement that such
21 organizations must contribute ten percent per year of their net
22 profits derived from lawful gambling conducted at premises
23 within the city's or county's jurisdiction to a fund
24 administered and regulated by the responsible local unit of
25 government without cost to such fund, for disbursement by the
26 responsible local unit of government of the receipts for (i)
27 lawful purposes, or (ii) police, fire, and other emergency or
28 public safety-related services, equipment, and training,
29 excluding pension obligations, is not considered an expenditure
30 to the city or county nor a tax under section 297E.02, and is
31 valid and lawful. A city or county making expenditures
32 authorized under this paragraph must by March 15 of each year
33 file a report with the board, on a form the board prescribes,
34 that lists all such revenues collected and expenditures for the
35 previous calendar year.

36 (b) A statutory or home rule city or county may by

1 ordinance require that a licensed organization conducting lawful
2 gambling within its jurisdiction expend all or a portion of its
3 expenditures for lawful purposes on lawful purposes conducted or
4 located within the city's or county's trade area. Such an
5 ordinance must be limited to lawful purpose expenditures of
6 gross profits derived from lawful gambling conducted at premises
7 within the city's or county's jurisdiction, must define the
8 city's or county's trade area, and must specify the percentage
9 of lawful purpose expenditures which must be expended within the
10 trade area. A trade area defined by a city under this
11 subdivision must include each city and township contiguous to
12 the defining city.

13 (c) A more stringent regulation or prohibition of lawful
14 gambling adopted by a political subdivision under this
15 subdivision must apply equally to all forms of lawful gambling
16 within the jurisdiction of the political subdivision, except a
17 political subdivision may prohibit the use of paddlewheels.

18 Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing a
19 premises permit ~~or-bingo-hall-license~~, the board must notify the
20 city council of the statutory or home rule city in which the
21 organization's premises ~~or-the-bingo-hall~~ is located or, if the
22 premises ~~or-hall~~ is located outside a city, the county board of
23 the county and the town board of the town where the premises ~~or~~
24 ~~hall~~ is located. The board may require organizations ~~or-bingo~~
25 ~~halls~~ to notify the appropriate local government at the time of
26 application. This required notification is sufficient to
27 constitute the notice required by this subdivision. The board
28 may not issue or renew a premises permit ~~or-bingo-hall-license~~
29 unless the organization submits a resolution from the city
30 council or county board approving the premises permit ~~or-bingo~~
31 ~~hall-license~~. The resolution must have been adopted within 90
32 days of the date of application for the new or renewed permit or
33 license.

34 Subd. 3. [LOCAL GAMBLING TAX.] A statutory or home rule
35 charter city that has one or more licensed organizations
36 operating lawful gambling, and a county that has one or more

1 licensed organizations outside incorporated areas operating
2 lawful gambling, may impose a local gambling tax on each
3 licensed organization within the city's or county's
4 jurisdiction. The tax may be imposed only if the amount to be
5 received by the city or county is necessary to cover the costs
6 incurred by the city or county to regulate lawful gambling. The
7 tax imposed by this subdivision may not exceed three percent per
8 year of the gross receipts of a licensed organization from all
9 lawful gambling less prizes actually paid out by the
10 organization. A city or county may not use money collected
11 under this subdivision for any purpose other than to regulate
12 lawful gambling. All documents pertaining to site inspections,
13 finances, penalties, or other corrective action involving local
14 lawful gambling regulation must be shared with the board within
15 30 days of filing at the city or county of jurisdiction. A tax
16 imposed under this subdivision is in lieu of all other local
17 taxes and local investigation fees on lawful gambling. A city
18 or county that imposes a tax under this subdivision shall
19 annually, by March 15, file a report with the board in a form
20 prescribed by the board showing (1) the amount of revenue
21 produced by the tax during the preceding calendar year, and (2)
22 the use of the proceeds of the tax.

23 Sec. 33. Minnesota Statutes 2004, section 609.75,
24 subdivision 1, is amended to read:

25 Subdivision 1. [LOTTERY.] (a) A lottery is a plan which
26 provides for the distribution of money, property or other reward
27 or benefit to persons selected by chance from among participants
28 some or all of whom have given a consideration for the chance of
29 being selected. A participant's payment for use of a 900
30 telephone number or another means of communication that results
31 in payment to the sponsor of the plan constitutes consideration
32 under this paragraph.

33 (b) An in-package chance promotion is not a lottery if all
34 of the following are met:

35 (1) participation is available, free and without purchase
36 of the package, from the retailer or by mail or toll-free

1 telephone request to the sponsor for entry or for a game piece;

2 (2) the label of the promotional package and any related
3 advertising clearly states any method of participation and the
4 scheduled termination date of the promotion;

5 (3) the sponsor on request provides a retailer with a
6 supply of entry forms or game pieces adequate to permit free
7 participation in the promotion by the retailer's customers;

8 (4) the sponsor does not misrepresent a participant's
9 chances of winning any prize;

10 (5) the sponsor randomly distributes all game pieces and
11 maintains records of random distribution for at least one year
12 after the termination date of the promotion;

13 (6) all prizes are randomly awarded if game pieces are not
14 used in the promotion; and

15 (7) the sponsor provides on request of a state agency a
16 record of the names and addresses of all winners of prizes
17 valued at \$100 or more, if the request is made within one year
18 after the termination date of the promotion.

19 (c) Except as provided by section 349.40, acts in this
20 state in furtherance of a lottery conducted outside of this
21 state are included notwithstanding its validity where conducted.

22 (d) The distribution of property, or other reward or
23 benefit by an employer to persons selected by chance from among
24 participants who, all of whom:

25 (1) have made a contribution through a payroll or pension
26 deduction campaign to a registered combined charitable
27 organization, within the meaning of section 309.501; or

28 (2) have paid other consideration to the employer entirely
29 for the benefit of such a registered combined charitable
30 organization, as a precondition to the chance of being selected,
31 is not a lottery if:

32 ~~(1)~~ (i) all of the persons eligible to be selected are
33 employed by or retirees of the employer; and

34 ~~(2)~~ (ii) the cost of the property or other reward or
35 benefit distributed and all costs associated with the
36 distribution are borne by the employer.

1 Sec. 34. [REPEALER.]

2 Minnesota Statutes 2004, sections 349.162, subdivision 3;

3 349.164; and 349.17, subdivision 1, are repealed.

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Repealed Minnesota Statutes for S1555-1

349.162 EQUIPMENT REGISTERED.

Subd. 3. **Exemption.** For purposes of this section, bingo cards or sheets need not be stamped.

349.164 BINGO HALL LICENSES.

Subdivision 1. **License required.** No person may lease a facility to more than one organization to conduct bingo without a current and valid bingo hall license under this section.

Subd. 2. **License application.** The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes. The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.

Subd. 4. **Fees; term of license.** The annual fee for a bingo hall license is \$4,000.

Subd. 6. **Prohibited acts.** No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may:

- (1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;
- (2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling on the premises;
- (3) acquire, provide inventory control for, or report the use of any gambling equipment used by an organization that conducts lawful gambling on the premises;
- (4) provide accounting services to an organization conducting lawful gambling on the premises;
- (5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling;
- (6) charge any fee to a person without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;
- (7) provide assistance or participate in the conduct of lawful gambling on the premises; or
- (8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Subd. 7. **Leases.** All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by the bingo hall licensee based on the number of participants attending the bingo occasion or participating in lawful gambling on the premises, or based on the gross receipts or profit received by the organization. All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.

Subd. 10. **Records.** A bingo hall licensee must maintain and preserve for at least 3-1/2 years records of all remuneration it receives from organizations conducting lawful gambling.

349.17 CONDUCT OF BINGO.

Subdivision 1. **Bingo occasions.** Not more than ten bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not

APPENDIX

Repealed Minnesota Statutes for S1555-1

more than four consecutive hours.

1 Senator *Reuter* *Pass* moves to amend S.F. No. 1555 as follows:

2 Pages 11 and 12, delete section 10

3 Page 13, after line 18, insert:

4 "Sec. 11. Minnesota Statutes 2004, section 349.16,
5 subdivision 2, is amended to read:

6 Subd. 2. [ISSUANCE OF GAMBLING LICENSES.] (a) Licenses
7 authorizing organizations to conduct lawful gambling may be
8 issued by the board to organizations meeting the qualifications
9 in paragraphs (b) to (h) if the board determines that the
10 license is consistent with the purpose of sections 349.11 to
11 349.22.

12 (b) The organization must have been in existence for the
13 most recent three years preceding the license application as a
14 registered Minnesota nonprofit corporation or as an organization
15 designated as exempt from the payment of income taxes by the
16 Internal Revenue Code.

17 (c) The organization at the time of licensing must have at
18 least 15 active members.

19 (d) The organization must not be in existence solely for
20 the purpose of conducting gambling.

21 (e) The organization has identified in its license
22 application the lawful purposes on which it proposes to expend
23 net profits from lawful gambling.

24 (f) The organization has identified on its license
25 application a gambling manager and certifies that the manager is
26 qualified under this chapter.

27 (g) The organization must not, in the opinion of the board
28 after consultation with the commissioner of revenue, be seeking
29 licensing primarily for the purpose of evading or reducing the
30 tax imposed by section 297E.02, subdivision 6.

31 (h) The organization has not exceeded the expenditure
32 restrictions imposed under section 349.15, subdivision 1."

33 Page 15, line 11, strike "(h)" and insert "(d)"

34 Page 21, line 28, after "(d)" insert "Organizations that
35 qualify to conduct exempt raffles under subdivision 2, paragraph
36 (a), are exempt from section 349.173, paragraph (b), clause (2),

1 if the raffle tickets are sold only in combination with an
2 organization's membership or a ticket for an organization's
3 membership dinner is not included with any other raffle
4 conducted under the exempt permit.

5 (e)"

6 Page 21, line 33, strike "(e)" and insert "(f)"

7 Page 22, line 3, strike "(f)" and insert "(g)"

8 Page 24, line 33, after "(2)" insert "entry in the raffle
9 is not conditioned upon any other purchase;

10 (3)"

11 Page 24, line 34, delete "(3)" and insert "(4)"

12 Page 25, line 1, delete "(4)" and insert "(5)"

13 Page 25, line 3, delete "(5)" and insert "(6)"

14 Page 26, line 24, delete ", whichever is less"

15 Renumber the sections in sequence and correct the internal
16 references

17 Amend the title accordingly

Fiscal Note – 2005-06 Session

Bill #: S1952-0 **Complete Date:** 04/14/05

Chief Author: COHEN, RICHARD

Title: STATE AUDITOR AUDIT DIV STAFFING

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: State Auditor

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| General Fund | 0 | 1,010 | 1,047 | 1,096 | 1,148 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | 0 | 1,010 | 1,047 | 1,096 | 1,148 |
| Revenues | | | | | |
| General Fund | 0 | 1,010 | 1,047 | 1,096 | 1,148 |
| Net Cost <Savings> | | | | | |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| General Fund | 0.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Total FTE | 0.00 | 15.00 | 15.00 | 15.00 | 15.00 |

Bill Description

Senate File 1952 provides funding to restore the staffing levels of the state auditor's Audit Practice Division that were reduced in the previous biennium. The restoration of staffing levels is needed to meet the demands by local governments and citizens for audits by the state auditor. The state auditor has had to turn down, or delay, requests from local governments that want (and in some cases need) an audit by the state auditor.

Assumptions

Since the Audit Practice Division recovers its costs, an increase in the Audit Practice Division's appropriation will be off set by an increase in revenues collected for the state General Fund. An increased appropriation for the Audit Practice Division's will have a \$0 net effect on the General Fund.

The additional 15 staff will generate approximately an additional 27,000 of billable hours. This is about a 20% increase in billable hours.

Expenditure and/or Revenue Formula

Expenditures for the additional 15 staff include the following breakdown. Revenues from audit fees and expense reimbursements will recover all of these costs.

| | <u>FY 06</u> | <u>FY 07</u> | <u>FY 08</u> | <u>FY 09</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Salaries | 939 | 993 | 1,042 | 1,094 |
| Repair and Maintenance | 3 | 3 | 3 | 3 |
| Communications | 7 | 7 | 7 | 7 |
| Instate Travel | 19 | 19 | 19 | 19 |
| Supplies | 9 | 9 | 9 | 9 |
| Equipment | 27 | 9 | 9 | 9 |
| Employee Development | 5 | 5 | 5 | 5 |
| Other Operating Costs | 1 | 2 | 2 | 2 |
| Total Projected Expenditures | 1,010 | 1,047 | 1,096 | 1,148 |

Long-Term Fiscal Considerations

Since the state auditor is required to recover all costs related to the audits performed, any increase in the appropriation for the Audit Practice Division will have a \$0 net effect on the General Fund in the long-term.

Local Government Costs

The added cost to local governments will be zero. Local governments audited by the state auditor already have an audit requirement. If the state auditor does not audit these local governments, the local government would have to have a private CPA conduct the audit. The audit rates charged by the state auditor are usually lower than the rates charged by private CPAs. The current rates charged by the state auditor are:

| <u>CLASS TITLE</u> | <u>RATE</u> |
|--|-------------|
| Interns | 31.00 |
| Local Government Auditor | 42.50 |
| Local Government Auditor Intermediate | 50.00 |
| Local Government Auditor Senior | 55.00 |
| Local Government Auditor Staff Specialist | 60.50 |
| Local Government Auditor Director | 66.50 |
| Local Government Auditor Manager | 82.00 |
| Reviewer | 82.00 |
| Local Government Auditor Division Director | 82.00 |
| Legal Counsel | 82.00 |
| Director of Special Investigations | 82.00 |

| | |
|-------------------------|-------|
| Assistant State Auditor | 82.00 |
| Deputy State Auditor | 82.00 |
| Word Processing | 25.00 |

References/Sources

FN Coord Signature: MATTHEW LINDEMANN
Date: 04/13/05 Phone: 297-7110

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: TIM JAHNKE
Date: 04/14/05 Phone: 296-6237

Senator Cohen introduced--

S.F. No. 1952: Referred to the Committee on Finance.

1 A bill for an act

2 relating to appropriations; appropriating money for
3 the state auditor.

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

5 Section 1. [APPROPRIATION.]

6 \$9,266,000 in fiscal year 2006 and \$9,303,000 in fiscal
7 year 2007 are appropriated from the general fund to the Office
8 of the State Auditor. Of these amounts, \$1,010,000 the first
9 year and \$1,047,000 the second year are to restore audit
10 practice division staffing levels that were reduced in the
11 previous biennium.



MINNESOTA RACING COMMISSION
P.O. Box 630
Shakopee, Minnesota 55379
Telephone: 952-496-7950
Fax: 952-496-7954

RACING COMMISSION APPROPRIATIONS - F.Y. 2005 AND F.Y. '06-07 BIENNIUM

Operating appropriations are needed from the statutory license fees (M.S. 240.10) paid by licensed racetracks (Canterbury Park and North Metro Harness Initiative). The appropriations are from the Special Revenue Fund and are added to the Governor's January recommendation.

Fiscal Year 2005

Establishes an interim Class A license fee for North Metro, \$113,000 pro-rated for the balance of f.y. '05 (Jan. 19 - June 30). Interim fee authorized by M.S. 204.03.

Monies to be used to defray current oversight costs. Commission and staff are incurring costs associated with the new licensee (meeting costs, travel, communications, legal, licensing) that should be paid by new licensee, not from appropriations funded by Canterbury's license fees. Unspent balance will carry forward to '06.

Appropriates \$43,000 in excess fees paid by Canterbury over what was appropriated for the '04-05 biennium.

Monies to be used to defray unanticipated legal costs and to purchase fingerprint scanning hardware and software contained in the OLA report.

Fiscal Year 2006

Appropriates \$253,000 from the Special Revenue Fund, the Class A (ownership) license fee paid by North Metro to the state on July 1, 2005. M.S. 240.10.

After resolution of legal matters (petitions for judicial review with the Court of Appeals), monies will be used to begin hiring staff and for administrative and regulatory start up costs. This includes an Information Technology position to react to the OLA report. Exact commencement of hiring not certain due to legal matters.

Fiscal Year 2007

Appropriates \$414,000 from the Special Revenue Fund, fees paid by North Metro;
\$253,000 Class A license fee paid on July 1, 2006
61,000 Class B license fee paid on July 1, 2006
100,000 Class C (occupational) license fees paid throughout the year.

Assumes full year of operation requiring 5 f.t.e.'s (management, licensing, investigator, pari-mutuel auditing, support staff) and ongoing regulatory and administrative operating costs.

Fiscal Note – 2005-06 Session

Bill #: S1947-0 (R) **Complete Date:** 04/08/05

Chief Author: KISCADEN, SHEILA

Title: RACING COMMISSION REG & ADM APPROP

| Fiscal Impact | Yes | No |
|---------------------------|------------|-----------|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: Racing Commission

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|-------------|-------------|-------------|-------------|-------------|
| Expenditures | | | | | |
| Misc Special Revenue Fund | 83 | 329 | 328 | 328 | 328 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| Misc Special Revenue Fund | 83 | 329 | 328 | 328 | 328 |
| Revenues | | | | | |
| Misc Special Revenue Fund | 156 | 253 | 414 | 414 | 414 |
| Net Cost <Savings> | | | | | |
| Misc Special Revenue Fund | (73) | 76 | (86) | (86) | (86) |
| Total Cost <Savings> to the State | (73) | 76 | (86) | (86) | (86) |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Equivalents | | | | | |
| Misc Special Revenue Fund | | 2.50 | 5.00 | 5.00 | 5.00 |
| Total FTE | | 2.50 | 5.00 | 5.00 | 5.00 |

Bill Description

The Racing Commission approved the application for the North Metro Harness Track on January 19, 2005, after an earlier rejection in the fall of 2004. Final approval was granted at the full commission meeting on February 16, 2005. The Columbus Concerned Citizen's group has filed a lawsuit against the commission for violation of open meetings laws in the reconsideration and change in the decision. Currently, operating appropriations from the statutory license fees (M.S. 240.10) paid by licensed racetracks fund the regulatory oversight of the racing industry.

The interim fee authority proposed in this bill will allow the Racing Commission to collect the class A prorated fee of \$113,000 from the newly licensed North Metro Harness Initiative. The fee will fund the Commission's costs for regulatory oversight during the planning for the start-up of the new racetrack and all other Commission interactions with the new licensees as they commence planning for new racetrack in compliance with Minn. Statute and rule. In addition, the commission is required, by rule, to license all individuals associated with the new racetrack and therefore must be able to collect and spend Class C license fees. The appropriations are from the Special Revenue Fund for appropriate oversight and regulation of the North Metro Harness track and should be added to the Governor's January budget recommendation.

Assumptions

All assumptions will be disrupted by the progress of the petition for judicial review filed with the Court of Appeals by the Columbus Concerned Citizens and the Horsemen's Benevolent and Protective Association (HBPA). Accordingly, it is not known at this time, if there will be live racing during calendar year 2006, or later. Further, it is not known as to the configuration of a live meet and any overlap of racing days with Canterbury Park. Hiring of staff and start up of an operational office, is at this time assumed to be around January 1, 2006, with the exception of an Information Technology position. That position is to be added earlier (but not before resolution of the petition) so as to begin to satisfy the OLA recommendations. Also, the cost of this position will be shared by Canterbury Park. Appeal court consideration could delay start-up until after January 2006 and cause it to extend into 2006.

Expenditure and/or Revenue Formula

Revenue is from the racetrack (North Metro Harness Initiative) for its Class A and Class B licenses, M.S. 240.10. Class A (\$253,000 and Class B (\$61,000) are both payable on July 1 each year. Class C license fee (occupational licenses) of \$100,000 per year are collected throughout the year. With resolution of the petition, the Commission will need to hire the necessary regulatory staff, as stated above, that will commence around January 1, 2006. Staff needed include: a pari-mutuel auditor, licensing clerk, Investigator, management and support staff, and an information technologist. Expenditures also include: furnishings for the administrative and regulatory offices.

Card Club Reimbursements (specific information requested)

The current annual base for costs associated with card club oversight of \$100,000 supports the salary and benefits of a security director and portion of the commission's executive director's salary.

The planned reimbursement increase as a result of the OLA audit via existing statutory authority in MS 240.30 subd. 9, includes an additional investigator with estimated annual costs for salary and benefits of \$60,000, and possibly a gambling enforcement agent (contracted service from the Alcohol Gambling Enforcement Division of DPS) of \$40,000 in FY 2006 (6 months) and \$80,000 annually thereafter.

| | <u>FY06</u> | <u>FY07</u> | <u>FY2006-07</u> |
|-----------------------------------|-------------|-------------|------------------|
| Current Base: | \$100 | \$100 | \$200 |
| Additional Reimbursements | \$100 | \$140 | \$240 |
| Revised Total | \$200 | \$240 | \$440 |
| Card Club reimbursement after OLA | | | |

Long-Term Fiscal Considerations

It is expected that the current license fees will support on-going regulatory oversight for the next biennium. However, it may be necessary to review the fees for the 2008- 09 biennium, whether to increase or decrease those fees.

Local Government Costs

North Metro has negotiated with the Columbus Township board to fund costs related to emergency services and law enforcement.

FN Coord Signature: RICHARD KRUEGER
Date: 04/08/05 Phone: 496-7950

EBO Comments

The Commission's assumptions outlined in the fiscal note will result in estimated unspent fees of \$73,000 at the end of FY 2005. Based upon the language in the bill, this balance will carry forward to offset estimated costs in FY 2006 of \$76,000.

EBO Signature: KRISTI SCHROEDL
Date: 04/08/05 Phone: 215-0595

Senators Kiscaden, Senjem, Metzen, Vickerman and Reiter introduced--
S.F. No. 1947: Referred to the Committee on Finance.

1 A bill for an act

2 relating to state government; appropriating money for
3 the regulatory and administrative expenses of the
4 Minnesota Racing Commission.

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

6 Section 1. [APPROPRIATION.]

7 (a) \$156,000 for the fiscal year ending June 30, 2005, is
8 appropriated to the Minnesota Racing Commission from the special
9 revenue fund. \$113,000 of this amount is from the interim
10 license fee authorized by Laws 2003, First Special Session
11 chapter 1, article 2, section 69, and is intended to defray the
12 regulatory oversight and legal costs associated with the class A
13 license approved by the commission on January 19, 2005. Any
14 unexpended portion of the appropriation in this paragraph does
15 not cancel but carries forward into the following fiscal year.

16 (b) \$253,000 for the fiscal year ending June 30, 2006, and
17 \$414,000 for the fiscal year ending June 30, 2007, are *offset by amount of fees not expended for fiscal year 2005 and 2006,*
18 appropriated to the Minnesota Racing Commission from the racing
19 and card playing regulation account in the special revenue
20 fund. The racing commission must file monthly expenditure
21 reports with the commissioner of finance for money spent from
22 the appropriation in this paragraph.

23 (c) The racing commission may not hire new employees or
24 enter into new contracts with money appropriated under this
25 section before resolution of the petition for judicial review

1 filed by the Columbus Concerned Citizens Group.

2 Sec. 2. [EFFECTIVE DATE.]

3 The appropriation in section 1, paragraph (a), and the
4 restriction on use of that appropriation in paragraph (c), are
5 effective the day following final enactment.

Mitzen withdrawn

1 Senator moves to amend S.F. No. 1947 as follows:

2 Page 1, after line 5, insert:

3 "Section 1. Minnesota Statutes 2004, section 240.30,
4 subdivision 8, is amended to read:

5 Subd. 8. [LIMITATIONS.] The commission may not approve any
6 plan of operation under subdivision 6 that exceeds any of the
7 following limitations:

8 (1) the maximum number of tables used for card playing at
9 the card club at any one time, other than tables used for
10 instruction, demonstrations, or tournament play, may not exceed
11 ~~50~~ 90. The table limit exception for tournament play is allowed
12 for only ~~one-tournament~~ two tournaments per year that ~~lasts-for~~
13 ~~no-longer~~ total no more than ±4 21 days each;

14 (2) except as provided in clause (3), no wager may exceed
15 \$60;

16 (3) for games in which each player is allowed to make only
17 one wager or has a limited opportunity to change that wager, no
18 wager may exceed \$300."

19 Renumber the sections in sequence and correct the internal
20 references

21 Amend the title accordingly

pass

*Kiscaden
#B*

Amendment to S.F. 1947

Page one, line 17, after 2007, insert: offset by amount of fees not expended for fiscal year 2005 and fiscal year 2006,

**Senate Counsel, Research,
and Fiscal Analysis**

G-17 STATE CAPITOL
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.
ST. PAUL, MN 55155-1606
(651) 296-4791
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JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

S.F. No. 2032 - Office of Enterprise Technology (First Engrossment)

Author: Senator Sheila M. Kiscaden

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) *Tsb*

Date: April 19, 2005

This bill establishes an independent Office of Enterprise Technology (OET) which replaces the current Office of Technology housed within the Department of Administration. The state Chief Information Officer (CIO) will direct the office. The CIO is appointed by the governor. The authority delegated to the new office is stronger than the authority given to the current office. The new OET will have direct management and approval authority over the management and delivery of information and communications technology systems and services in the state.

Article 1

Office of Enterprise Technology

Section 1 [CREATION.] establishes the OET, specifying that it is under the control of the state Chief Information Officer.

Section 2. [DUTIES.] strengthens the oversight functions of the new OET compared to the current Office of Technology.

Paragraph (b) authorizes the CIO to require agencies to use shared information and communications technology systems and services.

Paragraph (c) authorizes the CIO to direct the Commissioner of Administration to issue a Reorganization Order requiring state agencies to transfer the employees, powers, and functions that the Commissioner of Administration deems necessary to the OET.

Section 3 [STRUCTURE AND PERSONNEL.] provides that the CIO is appointed by the governor, serving in the unclassified service. Substitutes the CIO for the Commissioner of Administration on certain intergovernmental task forces and councils. Requires the Commissioner of Administration to provide office space and administrative support services for the OET and the OET to reimburse the commissioner for those services.

Section 4 [DEFINITIONS.] specifies that the OET's authority includes all state computing and telecommunications hardware and software, and includes all proposed expenditures for those items and related services.

Section 5 [CHIEF INFORMATION OFFICER RESPONSIBILITY.] substitutes the CIO for the Commissioner of Administration with regard to coordination of the state's information and communications systems. Strengthens the authority of the CIO (compared to the former authority given to the Commissioner of Administration) including final approval authority for all information and communications technology plans and contracts, and authority to enforce compliance with standards for information and communications systems and to direct and manage shared operations of the state's information and communications technology services and systems.

Section 6 [EVALUATION AND APPROVAL.] provides authority for the CIO, instead of the governor or the governor's designee, to give written approval to information and communications technology projects and expands authority for that approval to include projects under the current \$100,000 threshold.

Section 7 [CYBER SECURITY SYSTEMS.] provides authority for the new CIO, instead of the Commissioner of Administration, to develop security policies and standards.

Section 8 [TECHNOLOGY POLICY.] requires the OET to develop, establish, and enforce polices and standards for agencies to use in developing and purchasing technology. Requires OET approval for agency requests for appropriations for development or purchase of information systems. Eliminates a requirement to provide advice and assistance to agencies regarding the operation of information systems. Requires a risk assessment and mitigation plan for all information systems development projects, and eliminates the \$1,000,000 threshold for the assessment.

Section 9 [TECHNICAL.] makes changes to existing law to conform with the new terms defined and used in this bill.

Section 10 [REVIEW AND APPROVAL.] substitutes the CIO for the Commissioner of Administration with respect to the review and approval of the use of state funds to purchase an information and communications technology project. Adds a requirement that the project must support the enterprise information technology strategy before state funds can be used to purchase it.

Section 11 [ELECTRONIC GOVERNMENT SERVICES.] requires the use of a single entry Web site created by the CIO for all agencies to use for electronic government services.

Section 12 [SECURE TRANSACTION SYSTEM.] requires state agencies to use the secure transaction system developed by the OET for electronic government services, including, fees, licenses, and sales.

Section 13 [ENTERPRISE TECHNOLOGY REVOLVING FUND.] appropriates money in the Enterprise Technology revolving fund annually to the CIO for the operation of information and telecommunications services. Requires agencies to reimburse the Enterprise Technology revolving fund for the cost of all services, supplies, materials, labor, and depreciation of equipment that the CIO is directed to furnish to the agencies. Provides the CIO with authority to make allotments, encumbrances, and, with the approval of the Commissioner of Finance, disbursements from the Enterprise Technology revolving fund in anticipation of transfers to the fund from agencies.

Article 2
Transfer of Duties and Conforming Changes
Office of Enterprise Technology

This article makes technical and conforming changes to substitute the CIO for the Commissioner of Administration in various statutes, and formally transfers all responsibilities of the Commissioner of Administration for the state telecommunication systems, state information infrastructure, and electronic conduct of state business to the OET.

Section 8 requires the Revisor to substitute “CIO” for “commissioner” or “Commissioner of Administration” in various sections of Minnesota Statutes and requires recodification of certain statutes within Minnesota Statutes, chapter 16A.

Section 9 repeals two subdivisions:

- Minnesota Statutes 2004, section 16B.48, subdivision 3: appropriation of money in the Intertechnologies Revolving fund; and
- Minnesota Statutes 2004, section 16E.0465, subdivision 3: Office of Technology review and approval of projects.

Section 10 makes Article 2 effective July 1, 2005. The entire bill is also effective on July 1, 2005, because it contains an appropriation.

TSB:rer

Preliminary

Consolidated Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:**

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agencies: Enterprise Technology Office (04/13/05)
 Transportation Dept (04/14/05)
 Human Services Dept

Administration Dept (04/13/05)
 Public Safety Dept (04/14/05)
 Finance Dept (04/18/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|----------|----------|----------|----------|
| Net Expenditures | | | | | |
| General Fund | | 0 | 0 | 0 | 0 |
| Administration Dept | | (2,479) | (2,479) | (2,479) | (2,479) |
| Enterprise Technology Office | | 2,479 | 2,479 | 2,479 | 2,479 |
| Intertechnologies Fund | | (79,000) | (79,000) | (79,000) | (79,000) |
| Administration Dept | | (79,000) | (79,000) | (79,000) | (79,000) |
| Enterprise Tech Revolving Fund | | 79,000 | 79,000 | 79,000 | 79,000 |
| Enterprise Technology Office | | 79,000 | 79,000 | 79,000 | 79,000 |
| Revenues | | | | | |
| Intertechnologies Fund | | (79,000) | (79,000) | (79,000) | (79,000) |
| Administration Dept | | (79,000) | (79,000) | (79,000) | (79,000) |
| Enterprise Tech Revolving Fund | | 79,000 | 79,000 | 79,000 | 79,000 |
| Enterprise Technology Office | | 79,000 | 79,000 | 79,000 | 79,000 |
| Net Cost <Savings> | | | | | |
| General Fund | | 0 | 0 | 0 | 0 |
| Administration Dept | | (2,479) | (2,479) | (2,479) | (2,479) |
| Enterprise Technology Office | | 2,479 | 2,479 | 2,479 | 2,479 |
| Intertechnologies Fund | | 0 | 0 | 0 | 0 |
| Administration Dept | | 0 | 0 | 0 | 0 |
| Enterprise Tech Revolving Fund | | 0 | 0 | 0 | 0 |
| Enterprise Technology Office | | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|--------------------------------|------|----------|----------|----------|----------|
| Full Time Equivalents | | | | | |
| General Fund | | 0.00 | 0.00 | 0.00 | 0.00 |
| Administration Dept | | (21.90) | (21.90) | (21.90) | (21.90) |
| Enterprise Technology Office | | 21.90 | 21.90 | 21.90 | 21.90 |
| Intertechnologies Fund | | (296.20) | (296.20) | (296.20) | (296.20) |
| Administration Dept | | (296.20) | (296.20) | (296.20) | (296.20) |
| Enterprise Tech Revolving Fund | | 296.20 | 296.20 | 296.20 | 296.20 |
| Enterprise Technology Office | | 296.20 | 296.20 | 296.20 | 296.20 |
| Total FTE | | | | | |

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:** 04/13/05

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: Enterprise Technology Office

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|--------|--------|--------|--------|
| Expenditures | | | | | |
| General Fund | | 2,479 | 2,479 | 2,479 | 2,479 |
| Enterprise Tech Revolving Fund | | 79,000 | 79,000 | 79,000 | 79,000 |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | | 2,479 | 2,479 | 2,479 | 2,479 |
| Enterprise Tech Revolving Fund | | 79,000 | 79,000 | 79,000 | 79,000 |
| Revenues | | | | | |
| Enterprise Tech Revolving Fund | | 79,000 | 79,000 | 79,000 | 79,000 |
| Net Cost <Savings> | | | | | |
| General Fund | | 2,479 | 2,479 | 2,479 | 2,479 |
| Enterprise Tech Revolving Fund | | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | 2,479 | 2,479 | 2,479 | 2,479 |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|--------------------------------|------|--------|--------|--------|--------|
| Full Time Equivalents | | | | | |
| General Fund | | 21.90 | 21.90 | 21.90 | 21.90 |
| Enterprise Tech Revolving Fund | | 296.20 | 296.20 | 296.20 | 296.20 |
| Total FTE | | 318.10 | 318.10 | 318.10 | 318.10 |

Preliminary

Bill Description

This is a technical amendment clarifying language and definitions.

This bill creates an Office of Enterprise Technology, appropriates funding through transfers from the Department of Administration and revolving fund revenue, and amends various Minnesota Statutes.

Assumptions

The Office of Enterprise Technology is created as an agency in the executive branch headed by the state Chief Information Officer. There is no incremental cost to the creation of this new entity.

A new enterprise strategy and governance for information technology systems and services will be implemented. Shared systems, architecture, and tools will be promoted to effectively leverage the state's technology and to deliver new and better services to the citizens.

All remaining assets and liabilities of the InterTechnologies Fund on June 30, 2005, from the Department of Administration will be transferred to the Enterprise Technology Fund in the Enterprise Technology Office. An estimated cash balance of \$7,600,000 will be transferred and provide for a smooth transition for the new agency.

The Chief Information Officer will develop FY 2006 (and each year thereafter) business plans and rates for the Enterprise Technology Revolving Fund. These rates will be reported to the House and Senate by July 1 each year. Agencies shall reimburse the fund for the cost of all services, supplies, materials, labor, depreciation of equipment, and reasonable overhead costs (just as they do now).

Expenditure and/or Revenue Formula

An FY 2006 general fund appropriation of \$2,479,000 will be the base level funding for the Enterprise Technology Office. This includes an estimated FTE count of 21.9. The Department of Administration's base budget will be reduced by this same amount. This base level funding is reduced by (\$676,000) in Governor Tim Pawlenty's FY 2006-07 Biennial Budget. This reduction will change the FY 2006 general fund base budget for the Office of Enterprise Technology to \$1,803,000 with an estimate FTE of 13.9.

Business plans and rates are being developed, but at this time there is not enough information to determine a final total budget (including both General and Enterprise Technology funds). The information in the FY 2006-07 Biennial Budget for the Admin-InterTechnologies Fund is used as an example for purposes of identifying a scenario for the FY 2006 budget for the Technology Enterprise Office. In this example, the FY 2006 Enterprise Technology Fund budget is projected to be \$79,000,000. This includes an estimated FTE count of 296.2.

The Admin-InterTechnologies Fund will be closed in FY 2006.

Agency Contact Name: Keith Payden (651-297-5525)

FN Coord Signature: LARRY FREUND

Date: 04/12/05 Phone: 296-5857

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: TIM JAHNKE

Date: 04/13/05 Phone: 296-6237

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:**

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | | |
| Local | | |
| Fee/Departmental Earnings | | |
| Tax Revenue | | |

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|-----------------------------|------|------|------|------|------|
| Full Time Equivalent | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:** 04/18/05

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | | X |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Finance Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Bill Description

Senate file 2032- 1A creates an Office of Enterprise Technology (OET) combining the current InterTechnologies Group and Office of Technology from the current Department of Administration. The OET is headed by the state Chief Information Officer (CIO) and has responsibility for oversight, leadership, and direction for the state's information and telecommunications services.

Assumptions

Agencies will be responsible for developing and maintaining systems that are unique to their mission.

The bill requires the Commissioner of Finance to cancel the unencumbered balance of any appropriation allotted for a technology project that is not approved by the state CIO. It also requires the Commissioner of Finance to ensure that no more than ten percent of a project is spent until the risk assessment and risk mitigation plan are completed and approved by the CIO. These requirements can be more effectively and efficiently accomplished if the state CIO notifies the Commissioner of Finance if a proposed project is not approved and when an approved project is underway along with the proposed budget for the project. To avoid costly system modifications and monitoring procedures, we assume the bill will be amended to require the CIO to provide this information.

Expenditure and/or Revenue Formula

The rates that will be charged to departments by the OET are unknown at this time. Therefore the fiscal impact on the Department of Finance cannot be determined.

Long-Term Fiscal Considerations

If the cost of services, including overhead allocations, exceed current costs of providing the services internally, then there will be a fiscal impact to the Department of Finance. It is unclear how rates will be established for services that the new agency will provide and how rates for an agency will be reduced if services are not used. Therefore, fiscal impact cannot be determined at this time. The expectation is that there are efficiencies to be gained from the enterprise approach resulting in eventual savings.

FN Coord Signature: PETER SAUSEN

Date: 04/18/05 Phone: 296-8372

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL

Date: 04/18/05 Phone: 215-0595

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:** 04/14/05

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Public Safety Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|-----------------------------|------|------|------|------|------|
| Full Time Equivalent | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Bill Description

Senate File 2032-1A creates a new executive branch agency, the Office of Enterprise Technology that will have the responsibility for overseeing the state's information and telecommunication systems and services.

Assumptions

The Office of Enterprise Technology will assume responsibility for many statewide shared services and charge departments for their use.

Agencies will be responsible for developing and maintaining information systems and telecommunications systems that are unique to the mission of the department.

All technology products and development project will need to be moved through a central point for approval before proceeding with information systems projects and technology purchases

Support costs for the new agency will be primarily funded through a revolving fund and charges to other state departments.

Expenditure and/or Revenue Formula

The fiscal effect on the Department of Public Safety can not be determined since the rates that will be charged to departments by the Office of Enterprise Technology are unknown at this time.

Long-Term Fiscal Considerations

The change requiring all information and telecommunications technology and services purchases and development to be approved through a central state entity will likely delay delivery of Department of Public Safety services to the public and partners. This potential delay could be a fiscal impact if the department has receives grant funds that must be used in a specific length of time.

There will be an additional layer of review for technology that is unique to an agency's programs that is outside the statewide standard that will be established.

The Department entered into about 20 professional technical contracts in FY2004 that would need State CIO approval under the new agency that do not currently need external approval. About the same number is expected on a yearly basis. There will likely be delays in approvals that are not experienced under the current law. The fiscal impact of this change can not be determined.

It is unclear how rates will be established for services that the new agency will provide and how rates for an agency will be reduced when services are no longer used. Consequently the fiscal impact can not be determined at this time.

Another unknown is whether purchasing IT equipment or services through the new agency with potential add-on overhead costs will be able to deliver reduced cost for a department as compared to buying directly from the manufacturer or service provider. If the cost is more under the new process, there will be a fiscal impact to the Department of Public Safety.

A potential future transfer of staff and resources that is authorized by the legislation to the Office of Enterprise Technology is unknown but would have a fiscal impact on the Department of Public Safety.

Local Government Costs

None

References/Sources

Agency Contact Name: Janet Cain 651 296-9643

Preliminary

FN Coord Signature: FRANK AHRENS
Date: 04/13/05 Phone: 296-9484

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER
Date: 04/14/05 Phone: 215-0594

P r e l i m i n a r y

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:** 04/14/05

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | | X |
| Local | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |

Agency Name: Transportation Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|------|------|------|------|
| Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| -- No Impact -- | | | | | |
| Revenues | | | | | |
| -- No Impact -- | | | | | |
| Net Cost <Savings> | | | | | |
| -- No Impact -- | | | | | |
| Total Cost <Savings> to the State | | | | | |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|------------------------------|------|------|------|------|------|
| Full Time Equivalents | | | | | |
| -- No Impact -- | | | | | |
| Total FTE | | | | | |

Preliminary

Bill Description

Senate File 2032-1A creates a new executive branch agency, the Office of Enterprise Technology, headed by the state's chief information officer. Responsibility for managing and overseeing the state's telecommunications and information technology systems and services will be transferred to the new agency from the Department of Administration.

A new enterprise-wide approach that focuses on shared systems, infrastructure and services, and on promoting efficiencies to better deliver services, will be implemented. This bill is consistent with Executive Orders 05-04 and 05-05 and the Governor's Drive To Excellence initiative.

Assumptions

In the long term, agencies likely will be responsible for maintaining agency-specific applications that are not generally used by others.

Although the bill would remove the \$100,000 threshold for review of information technology projects by the Office of Enterprise Technology, Mn/DOT does not expect that a significant number of its projects costing less than \$100,000 would require review and approval by the new agency.

Expenditure and/or Revenue Formula

It is difficult at this time to quantify the fiscal effect of this change to the department. This bill sets the groundwork for a wide-scale transformation in how the state conducts its technology business. There doesn't appear to be any immediate fiscal impact to the department as a result of this bill.

As stated in the assumptions section, the bill requires agencies to have all of their information and communications technology projects evaluated and approved by the chief information officer, including those costing under \$100,000. This change is not expected to have a significant fiscal impact, although it might add some delay to the department's project implementation process. Mn/DOT manages about 100 technology projects a year that are under the \$100,000 threshold.

Long-Term Fiscal Considerations

The department has approximately 200 technology applications it currently administers. Some of these applications will be considered common-use in nature, such as e-mail. It's expected these types of applications will be centralized under the new Office, which would develop and operate them. Mn/DOT currently purchases equipment and software for these types of applications and employs staff to manage and operate them. In the long term, Mn/DOT's expenditures would be changed from its current practice (reducing some expenditures) to paying for these applications on a fee-for-service basis, since the costs for enterprise-wide programs, software, equipment and services the Office of Enterprise Technology will provide to agencies will be charged back to agencies using those services.

Whatever centralization occurs will likely be evolutionary. Because of this it is hard to determine long-range impact. A majority of the transformation process this bill requires would not happen within the next one to two years.

Over time, as the Office of Enterprise Technology gets established and determines its long-term resource needs and the scope of its management over agencies, it is possible if not likely that Mn/DOT will transfer a number of its technology resources and staff to the new agency. However, Mn/DOT also has a large number of agency-specific applications it will need to maintain. Some of these agency-specific applications are road & weather information systems, roadway design applications, traffic management systems, truck routing databases, etc. These types of applications would require staff and resources to remain within the department, so Mn/DOT is expected to continue to need significant staff and budgetary resources for information technology in the long term.

Local Government Costs

None

References/Sources

Mn/DOT Office of Information Technology

FN Coord Signature: BRUCE BRIESE

Date: 04/12/05 Phone: 297-1203

Preliminary

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER

Date: 04/14/05 Phone: 215-0594

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2032-1A **Complete Date:** 04/13/05

Chief Author: KISCADEN, SHEILA

Title: ENTERPRISE TECHNOLOGY OFFICE

| Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| State | X | |
| Local | | X |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |

Agency Name: Administration Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

| Dollars (in thousands) | FY05 | FY06 | FY07 | FY08 | FY09 |
|--|------|----------|----------|----------|----------|
| Expenditures | | | | | |
| General Fund | | (2,479) | (2,479) | (2,479) | (2,479) |
| Intertechnologies Fund | | (79,000) | (79,000) | (79,000) | (79,000) |
| Less Agency Can Absorb | | | | | |
| -- No Impact -- | | | | | |
| Net Expenditures | | | | | |
| General Fund | | (2,479) | (2,479) | (2,479) | (2,479) |
| Intertechnologies Fund | | (79,000) | (79,000) | (79,000) | (79,000) |
| Revenues | | | | | |
| Intertechnologies Fund | | (79,000) | (79,000) | (79,000) | (79,000) |
| Net Cost <Savings> | | | | | |
| General Fund | | (2,479) | (2,479) | (2,479) | (2,479) |
| Intertechnologies Fund | | 0 | 0 | 0 | 0 |
| Total Cost <Savings> to the State | | (2,479) | (2,479) | (2,479) | (2,479) |

| | FY05 | FY06 | FY07 | FY08 | FY09 |
|-----------------------------|------|----------|----------|----------|----------|
| Full Time Equivalent | | | | | |
| General Fund | | (21.90) | (21.90) | (21.90) | (21.90) |
| Intertechnologies Fund | | (296.20) | (296.20) | (296.20) | (296.20) |
| Total FTE | | (318.10) | (318.10) | (318.10) | (318.10) |

Preliminary

Bill Description

This is a technical amendment clarifying language and definitions.

This bill creates a new Office of Enterprise Technology and appropriates funds through the transfer of resources from the Department of Administration (Admin) to the new Office of Enterprise Technology.

Assumptions

Responsibilities of the Commissioner of Administration for state telecommunications systems, state information infrastructure, and electronic conduct of state business under Minnesota Statutes, sections 16B.405; 16B.44; 16B.46; 16B.465; 16B.466; and 16B.467, are transferred to the Office of Enterprise Technology.

All classified and unclassified positions, as of the effective date, in the Office of Technology and the InterTechnologies Group are transferred to the Office of Enterprise Technology.

The Commissioner of Administration must provide office space and administrative support to the Office of Enterprise Technology. The Office of Enterprise Technology must reimburse the commissioner for these services.

Expenditure and/or Revenue Formula

The estimated general fund FY 2006 budget of \$2,479,000 for the Admin-Office of Technology will be transferred to the Office of Enterprise Technology. This will be a general fund base level reduction for the Department of Administration. The transfer includes all assets and liabilities of the Office of Technology. This transfer includes an estimated 21.9 FTE.

The estimated Admin-InterTechnologies Fund budget for FY 2006 is \$79,000,000. This fund will cease to operate in FY 2006, so no expenditures or revenue will be realized. All remaining assets and liabilities of the InterTechnologies Fund in Admin on June 30, 2005, will be transferred to the Enterprise Technology Fund in the Enterprise Technology Office. This transfer includes an estimated 296.2 FTE. The following is the estimate FY 2005 ending balance as identified in the 2006-07 Biennial Budget:

| | |
|----------------------------------|---------------------|
| Cash | \$ 7,600,000 |
| Other Assets | <u>\$22,500,000</u> |
| Total Assets | \$30,100,000 |
| Liabilities | \$20,100,000 |
| Fund Equity | <u>\$10,000,000</u> |
| Total Liability & Fund Equity | \$30,100,000 |

Office space and administrative support needs of the Office of Enterprise Technology are still being developed. Admin has processes in place to provide and bill for these services.

Agency Contact Name: Keith Payden (651-291-5525)
FN Coord Signature: LARRY FREUND
Date: 04/12/05 Phone: 296-5857

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: TIM JAHNKE
Date: 04/13/05 Phone: 296-6237

A bill for an act

2 relating to state government; creating an Office of
3 Enterprise Technology; appropriating money; amending
4 Minnesota Statutes 2004, sections 16B.04, subdivision
5 2; 16B.48, subdivisions 4, 5; 16E.01, subdivisions 1,
6 3; 16E.02; 16E.03, subdivisions 1, 2, 3, 7; 16E.04;
7 16E.0465, subdivisions 1, 2; 16E.055; 16E.07,
8 subdivision 8; 299C.65, subdivisions 1, 2; 403.36,
9 subdivision 1; proposing coding for new law in
10 Minnesota Statutes, chapter 16E; repealing Minnesota
11 Statutes 2004, sections 16B.48, subdivision 3;
12 16E.0465, subdivision 3.

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

14 ARTICLE 1

15 OFFICE OF ENTERPRISE TECHNOLOGY

16 Section 1. Minnesota Statutes 2004, section 16E.01,
subdivision 1, is amended to read:

18 Subdivision 1. [~~PURPOSE CREATION; CHIEF INFORMATION~~
19 ~~OFFICER.~~] The Office of Enterprise Technology, referred to in
20 this chapter as the "office," is ~~under-the-supervision-of-the~~
21 ~~commissioner-of-administration~~ an agency in the executive branch
22 headed by the state chief information officer.

23 Subd. 1a. [~~RESPONSIBILITIES.~~] The office shall
24 provide oversight, leadership, and direction for information and
25 communications telecommunications technology policy and the
26 management and delivery of information and telecommunications
27 technology systems and services in Minnesota. The office
28 shall ~~coordinate~~ manage strategic investments in information and
29 communications telecommunications technology systems and

1 services to encourage the development of a technically literate
2 society and, to ensure sufficient access to and efficient
3 delivery of government services, and to maximize benefits for
4 the state government as an enterprise.

5 Sec. 2. Minnesota Statutes 2004, section 16E.01,
6 subdivision 3, is amended to read:

7 Subd. 3. [DUTIES.] (a) The office shall:

8 (1) ~~coordinate~~ manage the efficient and effective use of
9 available federal, state, local, and ~~private~~ public-private
10 resources to develop statewide information and ~~communications~~
11 telecommunications technology systems and services and its
12 infrastructure;

13 (2) ~~review~~ approve state agency and intergovernmental
14 information and ~~communications~~ telecommunications technology
15 systems and services development efforts involving state or
16 intergovernmental funding, including federal funding, provide
17 information to the legislature regarding projects reviewed, and
18 recommend projects for inclusion in the governor's budget under
19 section 16A.11;

20 (3) ~~encourage~~ ensure cooperation and collaboration among
21 state and local governments in developing intergovernmental
22 ~~communication-and~~ information and telecommunications technology
23 systems and services, and define the structure and
24 responsibilities of ~~the-Information-Policy-Council~~ a
25 representative governance structure;

26 (4) cooperate and collaborate with the legislative and
27 judicial branches in the development of information and
28 communications systems in those branches;

29 (5) continue the development of North Star, the state's
30 official comprehensive on-line service and information
31 initiative;

32 (6) promote and collaborate with the state's agencies in
33 the state's transition to an effectively competitive
34 telecommunications market;

35 (7) collaborate with entities carrying out education and
36 lifelong learning initiatives to assist Minnesotans in

1 developing technical literacy and obtaining access to ongoing
2 learning resources;

3 (8) promote and coordinate public information access and
4 network initiatives, consistent with chapter 13, to connect
5 Minnesota's citizens and communities to each other, to their
6 governments, and to the world;

7 (9) promote and coordinate electronic commerce initiatives
8 to ensure that Minnesota businesses and citizens can
9 successfully compete in the global economy;

10 (10) manage and promote and-coordinate the regular and
11 periodic reinvestment in the core information communications and
12 telecommunications technology systems and services
13 infrastructure so that state and local government agencies can
14 effectively and efficiently serve their customers;

15 (11) facilitate the cooperative development of and ensure
16 compliance with standards and policies for information and
17 telecommunications technology systems and services, electronic
18 data practices and privacy, and electronic commerce among
19 international, national, state, and local public and private
20 organizations; and

21 (12) ~~work-with-others-to-avoid~~ eliminate unnecessary
22 duplication of existing information and telecommunications
23 technology systems and services provided by other public and
24 private organizations while building on the existing
25 governmental, educational, business, health care, and economic
26 development infrastructures; and

27 (13) identify, sponsor, develop, and execute shared
28 information and telecommunications technology projects and
29 ongoing operations.

30 (b) The ~~commissioner-of-administration~~ chief information
31 officer in consultation with the commissioner of finance may
32 must determine that when it is cost-effective for agencies to
33 develop and use shared information and communications
34 telecommunications technology systems and services for the
35 delivery of electronic government services. ~~This-determination~~
36 ~~may-be-made-if-an-agency-proposes-a-new-system-that-duplicates~~

1 ~~an-existing-system,-a-system-in-development,-or-a-system-being~~
2 ~~proposed-by-another-agency.~~ The commissioner-of
3 administration chief information officer may require agencies to
4 use shared information and telecommunications technology systems
5 and services. The chief information officer shall establish
6 reimbursement rates in cooperation with the commissioner of
7 finance to be billed to agencies and other governmental entities
8 sufficient to cover the actual development, operating,
9 maintenance, and administrative costs of the shared systems.
10 The methodology for billing may include the use of interagency
11 agreements, or other means as allowed by law.

12 (c) At the request of the chief information officer, the
13 commissioner of administration shall, under section 16B.37,
14 transfer from state agencies to the Office of Enterprise
15 Technology employees, powers, and functions the commissioner
16 deems necessary to the Office of Enterprise Technology.

17 Sec. 3. Minnesota Statutes 2004, section 16E.02, is
18 amended to read:

19 16E.02 [OFFICE OF ENTERPRISE TECHNOLOGY; STRUCTURE AND
20 PERSONNEL.]

21 Subdivision 1. [OFFICE MANAGEMENT AND STRUCTURE.] (a) The
22 ~~commissioner-of-administration~~ chief information officer is
23 appointed by the governor. The chief information officer serves
24 in the unclassified service at the pleasure of the governor.
25 The chief information officer must have experience leading
26 enterprise-level information technology organizations. The
27 chief information officer is the state's chief information
28 officer and information and telecommunications technology
29 advisor to the governor.

30 (b) The chief information officer may appoint other
31 employees of the office. The staff of the office must include
32 individuals knowledgeable in information and ~~communications~~
33 telecommunications technology systems and services.

34 Subd. 1a. [ACCOUNTABILITY.] The governor may designate an
35 official or subgroup within the governor's cabinet to whom the
36 chief information officer reports. The chief information

1 officer is accountable to this person or subgroup for meeting
2 individual and organizational performance measures.

3 Subd. 2. [INTERGOVERNMENTAL PARTICIPATION.] The
4 ~~commissioner-of-administration~~ chief information officer or the
5 ~~commissioner's~~ chief information officer's designee shall serve
6 as a member of the ~~Minnesota-Education-Telecommunications~~
7 ~~Council~~, the Geographic Information Systems Council, and the
8 Library Planning Task Force, or their respective successor
9 organizations, and as a nonvoting member of Minnesota
10 ~~Technology, Inc.~~ and the Minnesota Health Data Institute as a
11 ~~nonvoting-member.~~

12 Subd. 3. [ADMINISTRATIVE SUPPORT.] The commissioner of
13 administration must provide office space and administrative
14 support services to the office. The office must reimburse the
15 commissioner for these services.

16 Sec. 4. Minnesota Statutes 2004, section 16E.03,
17 subdivision 1, is amended to read:

18 Subdivision 1. [DEFINITIONS.] For the purposes of sections
19 ~~16E.03 to 16E.05~~ chapter 16E, the following terms have the
20 meanings given them.

21 (a) "Information and telecommunications technology systems
22 and services" means all computing and telecommunications
23 hardware and software and the activities undertaken to acquire,
24 transport, process, analyze, store, and disseminate information
25 electronically. "Information and telecommunications technology
26 systems and services" includes all proposed expenditures for
27 computing and telecommunications hardware and software, and
28 related consulting or other professional services.

29 ~~(a)~~ (b) "Information and communications telecommunications
30 technology project" means the-development-or-acquisition-of
31 information-and-communications-technology-devices-and-systems,
32 but-does-not-include-the-state-information-infrastructure-or
33 its-contractors.

34 ~~(b)~~ "Data-processing-device-or-system" means equipment or
35 computer programs, including computer hardware, firmware,
36 software, and communication protocols, used in connection with

1 ~~the-processing-of-information-through-electronic-data-processing~~
2 ~~means,-and-includes-data-communication-devices-used-in~~
3 ~~connection-with-computer-facilities-for-the-transmission-of-data-~~
4 an effort to acquire or produce information and
5 telecommunications technology systems and services.

6 (c) "Telecommunications" means voice, video and data
7 electronic transmissions transported by wire, wireless,
8 fiber-optic, radio or other available transport technology.

9 (d) "Cyber security" means the protection of data and
10 systems in networks connected to the Internet.

11 ~~(e)~~ (e) "State agency" means an agency in the executive
12 branch of state government and includes the Minnesota Higher
13 Education Services Office.

14 Sec. 5. Minnesota Statutes 2004, section 16E.03,
15 subdivision 2, is amended to read:

16 Subd. 2. [~~COMMISSIONER'S~~ CHIEF INFORMATION OFFICER
17 RESPONSIBILITY.] The ~~commissioner~~ chief information officer
18 shall coordinate the state's information and ~~communications~~
19 telecommunications technology systems and services to serve the
20 needs of the state government. The ~~commissioner~~ chief
21 information officer shall:

22 (1) ~~coordinate-the~~ design of a master plan for information
23 and ~~communications~~ telecommunications technology systems and
24 services in the state and its political subdivisions and shall
25 report on the plan to the governor and legislature at the
26 beginning of each regular session;

27 (2) coordinate, review, and approve all information and
28 ~~communications~~ telecommunications technology plans-and-contracts
29 projects and oversee the state's information and ~~communications~~
30 telecommunications technology systems and services;

31 (3) establish and enforce compliance with standards for
32 information and ~~communications~~ telecommunications technology
33 systems and services that ~~encourage-competition~~ are cost
34 effective and support open systems environments and that are
35 compatible with state, national, and international
36 standards; and

1 (4) maintain a library of systems and programs developed by
2 the state and its political subdivisions for use by agencies of
3 government; and

4 (5) direct and manage the shared operations of the state's
5 information and telecommunications technology systems and
6 services.

7 Sec. 6. Minnesota Statutes 2004, section 16E.03,
8 subdivision 3, is amended to read:

9 Subd. 3. [EVALUATION AND APPROVAL.] A state agency may not
10 undertake an information and ~~communications~~ telecommunications
11 technology project until it has been evaluated according to the
12 procedures developed under subdivision 4. The ~~governor-or~~
13 ~~governor's-designee~~ chief information officer shall give written
14 approval of the proposed project. If the proposed project is
15 not approved, the commissioner of finance shall cancel the
16 unencumbered balance of any appropriation allotted for the
17 project. ~~This-subdivision-does-not-apply-to-acquisitions-or~~
18 ~~development-of-information-and-communications-systems-that-have~~
19 ~~anticipated-total-cost-of-less-than-\$100,000.~~ The Minnesota
20 State Colleges and Universities shall submit for approval any
21 project related to acquisitions or development of information
22 and ~~communications~~ telecommunications technology systems and
23 services that has a total anticipated cost of more than \$250,000.

24 Sec. 7. Minnesota Statutes 2004, section 16E.03,
25 subdivision 7, is amended to read:

26 Subd. 7. [~~DATA~~ CYBER SECURITY SYSTEMS.] In consultation
27 with the attorney general and appropriate agency heads, the
28 ~~commissioner~~ chief information officer shall develop data cyber
29 security policies, guidelines, and standards, and the
30 ~~commissioner-of-administration~~ shall install and administer
31 state data security systems on the state's centralized computer
32 ~~facility~~ facilities consistent with these policies, guidelines,
33 standards, and state law to ensure the integrity of
34 computer-based and other data and to ensure applicable
35 limitations on access to data, consistent with the public's
36 right to know as defined in chapter 13. Each department or

1 agency head is responsible for the security of the department's
2 or agency's data within the guidelines of established enterprise
3 policy.

4 Sec. 8. Minnesota Statutes 2004, section 16E.04, is
5 amended to read:

6 16E.04 [INFORMATION AND ~~COMMUNICATIONS~~ TELECOMMUNICATIONS
7 TECHNOLOGY POLICY.]

8 Subdivision 1. [DEVELOPMENT.] The office shall ~~coordinate~~
9 ~~with-state-agencies-in-developing-and-establishing~~ develop,
10 establish, and enforce policies and standards for state agencies
11 to follow in developing and purchasing information and
12 ~~communications~~ telecommunications technology systems and
13 services and training appropriate persons in their use. The
14 office shall develop, promote, and ~~coordinate~~ manage state
15 technology, architecture, standards and guidelines, information
16 needs analysis techniques, contracts for the purchase of
17 equipment and services, and training of state agency personnel
18 on these issues.

19 Subd. 2. [RESPONSIBILITIES.] (a) In addition to other
20 activities prescribed by law, the office shall carry out the
21 duties set out in this subdivision.

22 (b) The office shall develop and establish a state
23 information architecture to ensure that ~~further~~ state agency
24 development and purchase of information and communications
25 systems, equipment, and services is designed to ensure that
26 individual agency information systems complement and do not
27 needlessly duplicate or conflict with the systems of other
28 agencies. When state agencies have need for the same or similar
29 public data, the ~~commissioner~~ chief information officer, in
30 coordination with the affected agencies, shall ~~promote~~ manage
31 the most efficient and cost-effective method of producing and
32 storing data for or sharing data between those agencies. The
33 development of this information architecture must include the
34 establishment of standards and guidelines to be followed by
35 state agencies. The office shall ensure compliance with the
36 architecture.

1 (c) The office shall assist state agencies in the planning
2 and management of information systems so that an individual
3 information system reflects and supports the state agency's
4 mission and the state's requirements and functions. The office
5 shall review and approve agency strategic plans to ensure
6 consistency with enterprise information and telecommunications
7 technology strategy.

8 (d) The office shall review and approve agency requests for
9 legislative appropriations for the development or purchase of
10 information systems equipment or software.

11 (e) The office shall review major purchases of information
12 systems equipment to:

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

15 (2) ~~ensure that the equipment is consistent with the~~
16 ~~information management principles adopted by the Information~~
17 ~~Policy Council;~~

18 ~~(3) evaluate whether~~ the agency's proposed purchase
19 reflects a cost-effective policy regarding volume purchasing;
20 and

21 ~~(4)~~ (3) ensure that the equipment is consistent with other
22 systems in other state agencies so that data can be shared among
23 agencies, unless the office determines that the agency
4 purchasing the equipment has special needs justifying the
25 inconsistency.

26 (f) The office shall review the operation of information
27 systems by state agencies and ~~provide advice and assistance to~~
28 ensure that these systems are operated efficiently and
29 continually meet the standards and guidelines established by the
30 office. The standards and guidelines must emphasize
31 uniformity that is cost-effective for the enterprise, that
32 encourages information interchange, open systems environments,
33 and portability of information whenever practicable and
4 consistent with an agency's authority and chapter 13.

35 (g) The office shall conduct a comprehensive review at
36 least every three years of the information systems investments

1 that have been made by state agencies and higher education
2 institutions. The review must include recommendations on any
3 information systems applications that could be provided in a
4 more cost-beneficial manner by an outside source. The office
5 must report the results of its review to the legislature and the
6 governor.

7 Subd. 3. [RISK ASSESSMENT AND MITIGATION.] (a) A risk
8 assessment and risk mitigation plan are required for an all
9 information systems development ~~project-estimated-to-cost-more~~
10 ~~than-\$170007000-that-is~~ projects undertaken by a state agency in
11 the executive or judicial branch or by a constitutional officer.
12 The ~~commissioner-of-administration~~ chief information officer
13 must contract with an entity outside of state government to
14 conduct the initial assessment and prepare the mitigation plan
15 for a project estimated to cost more than \$5,000,000. The
16 outside entity conducting the risk assessment and preparing the
17 mitigation plan must not have any other direct or indirect
18 financial interest in the project. The risk assessment and risk
19 mitigation plan must provide for periodic monitoring by the
20 commissioner until the project is completed.

21 (b) The risk assessment and risk mitigation plan must be
22 paid for with money appropriated for the information systems
23 development and telecommunications technology project. The
24 commissioner of finance shall ensure that no more than ten
25 percent of the amount anticipated to be spent on the project,
26 other than the money spent on the risk assessment and risk
27 mitigation plan, ~~may-be~~ is spent until the risk assessment and
28 mitigation plan are reported to the ~~commissioner-of~~
29 ~~administration~~ chief information officer and the ~~commissioner~~
30 chief information officer has approved the risk mitigation plan.

31 Sec. 9. Minnesota Statutes 2004, section 16E.0465,
32 subdivision 1, is amended to read:

33 Subdivision 1. [APPLICATION.] This section applies to an
34 appropriation of more than \$1,000,000 of state or federal funds
35 to a state agency for any information and ~~communications~~
36 telecommunications technology project ~~or-data-processing-device~~

1 ~~er-system~~ or for any phase of such a project, device, or
2 system. For purposes of this section, an appropriation of state
3 or federal funds to a state agency includes an appropriation:

- 4 (1) to the Minnesota State Colleges and Universities;
- 5 (2) to a constitutional officer;
- 6 (3) for a project that includes both a state agency and
7 units of local government; and
- 8 (4) to a state agency for grants to be made to other
9 entities.

10 Sec. 10. Minnesota Statutes 2004, section 16E.0465,
11 subdivision 2, is amended to read:

12 Subd. 2. [REQUIRED REVIEW AND APPROVAL.] (a) A state
13 agency receiving an appropriation for an information and
14 ~~communications~~ telecommunications technology project ~~or-data~~
15 ~~processing-device-or-system~~ subject to this section must divide
16 the project into phases.

17 (b) The commissioner of finance may not authorize the
18 encumbrance or expenditure of an appropriation of state funds to
19 a state agency for any phase of a project, device, or system
20 subject to this section unless the Office of Enterprise
21 Technology has reviewed each phase of the project, device, or
22 system, and based on this review, the ~~commissioner-of~~
23 ~~administration~~ chief information officer has determined for each
24 phase that:

- 25 (1) the project is compatible with the state information
26 architecture and other policies and standards established by the
27 ~~commissioner-of-administration~~ chief information officer; and
- 28 (2) the agency is able to accomplish the goals of the phase
29 of the project with the funds appropriated; and
- 30 (3) the project supports the enterprise information
31 technology strategy.

32 Sec. 11. Minnesota Statutes 2004, section 16E.055, is
33 amended to read:

34 16E.055 [~~COMMON-WEB-FORMAT~~ ELECTRONIC GOVERNMENT SERVICES.]

35 A state agency that implements electronic government
36 services for fees, licenses, sales, or other purposes must use a

1 ~~common-Web-page-format-approved-by-the-commissioner-of~~
2 ~~administration-for-those-electronic-government-services.--The~~
3 ~~commissioner-may-create-a~~ the single entry site created by the
4 chief information officer for all agencies to use for electronic
5 government services.

6 Sec. 12. Minnesota Statutes 2004, section 16E.07,
7 subdivision 8, is amended to read:

8 Subd. 8. [SECURE TRANSACTION SYSTEM.] The office shall
9 plan and develop a secure transaction system to support delivery
10 of government services electronically. A state agency that
11 implements electronic government services for fees, licenses,
12 sales, or other purposes must use the secure transaction system
13 developed in accordance with this section.

14 Sec. 13. [16E.14] [ENTERPRISE TECHNOLOGY REVOLVING FUND.]

15 Subdivision 1. [FUND.] Money in the enterprise technology
16 revolving fund is appropriated annually to the chief information
17 officer to operate information and telecommunications services,
18 including management, consultation, and design services.

19 Subd. 2. [REIMBURSEMENTS.] Except as specifically provided
20 otherwise by law, each agency shall reimburse the enterprise
21 technology revolving fund for the cost of all services,
22 supplies, materials, labor, and depreciation of equipment,
23 including reasonable overhead costs, which the chief information
24 officer is authorized and directed to furnish an agency. The
25 chief information officer shall report the rates to be charged
26 for the revolving fund no later than July 1 each year to the
27 chair of the committee or division in the senate and house of
28 representatives with primary jurisdiction over the budget of the
29 Office of Enterprise Technology. The commissioner of finance
30 shall make appropriate transfers to the revolving fund when
31 requested by the chief information officer. The chief
32 information officer may make allotments, encumbrances, and, with
33 the approval of the commissioner of finance, disbursements in
34 anticipation of such transfers. In addition, the chief
35 information officer, with the approval of the commissioner of
36 finance, may require an agency to make advance payments to the

1 revolving fund sufficient to cover the office's estimated
2 obligation for a period of at least 60 days. All reimbursements
3 and other money received by the chief information officer under
4 this section must be deposited in the enterprise technology
5 revolving fund. If the enterprise technology revolving fund is
6 abolished or liquidated, the total net profit from the operation
7 of the fund must be distributed to the various funds from which
8 purchases were made. The amount to be distributed to each fund
9 must bear to the net profit the same ratio as the total
10 purchases from each fund bears to the total purchases from all
11 the funds during the same period of time.

12 ARTICLE 2

13 TRANSFER OF DUTIES AND CONFORMING CHANGES

14 Section 1. Minnesota Statutes 2004, section 16B.04,
15 subdivision 2, is amended to read:

16 Subd. 2. [POWERS AND DUTIES, GENERAL.] Subject to other
17 provisions of this chapter, the commissioner is authorized to:

18 (1) supervise, control, review, and approve all state
19 contracts and purchasing;

20 (2) provide agencies with supplies and equipment and
21 operate all central store or supply rooms serving more than one
22 agency;

23 ~~(3) approve all computer plans and contracts, and oversee~~
24 ~~the state's data processing system;~~

25 ~~(4)~~ investigate and study the management and organization
26 of agencies, and reorganize them when necessary to ensure their
27 effective and efficient operation;

28 ~~(5)~~ (4) manage and control state property, real and
29 personal;

30 ~~(6)~~ (5) maintain and operate all state buildings, as
31 described in section 16B.24, subdivision 1;

32 ~~(7)~~ (6) supervise, control, review, and approve all capital
33 improvements to state buildings and the capitol building and
34 grounds;

35 ~~(8)~~ (7) provide central duplicating, printing, and mail
36 facilities;

1 ~~(9)~~ (8) oversee publication of official documents and
2 provide for their sale;

3 ~~(10)~~ (9) manage and operate parking facilities for state
4 employees and a central motor pool for travel on state business;

5 ~~(11)~~ (10) establish and administer a State Building Code;
6 and

7 ~~(12)~~ (11) provide rental space within the capitol complex
8 for a private day care center for children of state employees.

9 The commissioner shall contract for services as provided in this
10 chapter. The commissioner shall report back to the legislature
11 by October 1, 1984, with the recommendation to implement the
12 private day care operation.

13 Sec. 2. Minnesota Statutes 2004, section 16B.48,
14 subdivision 4, is amended to read:

15 Subd. 4. [REIMBURSEMENTS.] Except as specifically provided
16 otherwise by law, each agency shall reimburse ~~intertechnologies~~
17 ~~and the~~ general services revolving funds for the cost of all
18 services, supplies, materials, labor, and depreciation of
19 equipment, including reasonable overhead costs, which the
20 commissioner is authorized and directed to furnish an agency.
21 The cost of all publications or other materials produced by the
22 commissioner and financed from the general services revolving
23 fund must include reasonable overhead costs. The commissioner
24 of administration shall report the rates to be charged for ~~each~~
25 the general services revolving fund funds no later than July 1
26 each year to the chair of the committee or division in the
27 senate and house of representatives with primary jurisdiction
28 over the budget of the Department of Administration. The
29 commissioner of finance shall make appropriate transfers to the
30 revolving funds described in this section when requested by the
31 commissioner of administration. The commissioner of
32 administration may make allotments, encumbrances, and, with the
33 approval of the commissioner of finance, disbursements in
34 anticipation of such transfers. In addition, the commissioner
35 of administration, with the approval of the commissioner of
36 finance, may require an agency to make advance payments to the

1 revolving funds in this section sufficient to cover the agency's
2 estimated obligation for a period of at least 60 days. All
3 reimbursements and other money received by the commissioner of
4 administration under this section must be deposited in the
5 appropriate revolving fund. Any earnings remaining in the fund
6 established to account for the documents service prescribed by
7 section 16B.51 at the end of each fiscal year not otherwise
8 needed for present or future operations, as determined by the
9 commissioners of administration and finance, must be transferred
10 to the general fund.

11 Sec. 3. Minnesota Statutes 2004, section 16B.48,
12 subdivision 5, is amended to read:

13 Subd. 5. [LIQUIDATION.] If the ~~intertechnologies-or~~
14 ~~general services revolving fund-is~~ funds are abolished or
15 liquidated, the total net profit from the operation of each fund
16 must be distributed to the various funds from which purchases
17 were made. The amount to be distributed to each fund must bear
18 to the net profit the same ratio as the total purchases from
19 each fund bears to the total purchases from all the funds during
20 the same period of time.

21 Sec. 4. Minnesota Statutes 2004, section 299C.65,
22 subdivision 1, is amended to read:

23 Subdivision 1. [MEMBERSHIP, DUTIES.] (a) The Criminal and
24 Juvenile Justice Information Policy Group consists of the
25 commissioner of corrections, the commissioner of public safety,
26 ~~the commissioner-of-administration~~ state chief information
27 officer, the commissioner of finance, and four members of the
28 judicial branch appointed by the chief justice of the Supreme
29 Court. The policy group may appoint additional, nonvoting
30 members as necessary from time to time.

31 (b) The commissioner of public safety is designated as the
32 chair of the policy group. The commissioner and the policy
33 group have overall responsibility for the successful completion
34 of statewide criminal justice information system integration
35 (CrimNet). The policy group may hire a program manager to
36 manage the CrimNet projects and to be responsible for the

1 day-to-day operations of CrimNet. The policy group must ensure
2 that generally accepted project management techniques are
3 utilized for each CrimNet project, including:

- 4 (1) clear sponsorship;
- 5 (2) scope management;
- 6 (3) project planning, control, and execution;
- 7 (4) continuous risk assessment and mitigation;
- 8 (5) cost management;
- 9 (6) quality management reviews;
- 10 (7) communications management; and
- 11 (8) proven methodology.

12 (c) Products and services for CrimNet project management,
13 system design, implementation, and application hosting must be
14 acquired using an appropriate procurement process, which
15 includes:

- 16 (1) a determination of required products and services;
- 17 (2) a request for proposal development and identification
18 of potential sources;
- 19 (3) competitive bid solicitation, evaluation, and
20 selection; and
- 21 (4) contract administration and close-out.

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

- 24 (1) a framework for integrated criminal justice information
25 systems, including the development and maintenance of a
26 community data model for state, county, and local criminal
27 justice information;
- 28 (2) the responsibilities of each entity within the criminal
29 and juvenile justice systems concerning the collection,
30 maintenance, dissemination, and sharing of criminal justice
31 information with one another;
- 32 (3) actions necessary to ensure that information maintained
33 in the criminal justice information systems is accurate and
34 up-to-date;
- 35 (4) the development of an information system containing
36 criminal justice information on gross misdemeanor-level and

1 felony-level juvenile offenders that is part of the integrated
2 criminal justice information system framework;

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

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

10 (7) continuing education requirements for individuals in
11 criminal justice agencies who are responsible for the
12 collection, maintenance, dissemination, and sharing of criminal
13 justice data;

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

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

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

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

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

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

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

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

35 Sec. 5. Minnesota Statutes 2004, section 299C.65,
36 subdivision 2, is amended to read:

1 Subd. 2. [REPORT, TASK FORCE.] (a) The policy group shall
2 file an annual report with the governor, Supreme Court, and
3 chairs and ranking minority members of the senate and house
4 committees and divisions with jurisdiction over criminal justice
5 funding and policy by December 1 of each year.

6 (b) The report must make recommendations concerning any
7 legislative changes or appropriations that are needed to ensure
8 that the criminal justice information systems operate accurately
9 and efficiently. To assist them in developing their
10 recommendations, the policy group shall appoint a task force
11 consisting of its members or their designees and the following
12 additional members:

13 (1) the director of the Office of Strategic and Long-Range
14 Planning;

15 (2) two sheriffs recommended by the Minnesota Sheriffs
16 Association;

17 (3) two police chiefs recommended by the Minnesota Chiefs
18 of Police Association;

19 (4) two county attorneys recommended by the Minnesota
20 County Attorneys Association;

21 (5) two city attorneys recommended by the Minnesota League
22 of Cities;

23 (6) two public defenders appointed by the Board of Public
24 Defense;

25 (7) two district judges appointed by the Conference of
26 Chief Judges, one of whom is currently assigned to the juvenile
27 court;

28 (8) two community corrections administrators recommended by
29 the Minnesota Association of Counties, one of whom represents a
30 community corrections act county;

31 (9) two probation officers;

32 (10) four public members, one of whom has been a victim of
33 crime, and two who are representatives of the private business
34 community who have expertise in integrated information systems;

35 (11) two court administrators;

36 (12) one member of the house of representatives appointed

1 by the speaker of the house;

2 (13) one member of the senate appointed by the majority
3 leader;

4 (14) the attorney general or a designee;

5 (15) the ~~commissioner-of-administration~~ state chief
6 information officer or a designee;

7 (16) an individual recommended by the Minnesota League of
8 Cities; and

9 (17) an individual recommended by the Minnesota Association
10 of Counties.

11 In making these appointments, the appointing authority shall
12 select members with expertise in integrated data systems or best
13 practices.

14 (c) The commissioner of public safety may appoint
15 additional, nonvoting members to the task force as necessary
16 from time to time.

17 Sec. 6. Minnesota Statutes 2004, section 403.36,
18 subdivision 1, is amended to read:

19 Subdivision 1. [MEMBERSHIP.] (a) The commissioner of
20 public safety shall convene and chair the Statewide Radio Board
21 to develop a project plan for a statewide, shared, trunked
22 public safety radio communication system. The system may be
23 referred to as "Allied Radio Matrix for Emergency Response," or
24 "ARMER."

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

27 (1) the commissioner of public safety;

28 (2) the commissioner of transportation;

29 (3) the ~~commissioner-of-administration~~ state chief
30 information officer;

31 (4) the commissioner of natural resources;

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

33 (6) the commissioner of health;

34 (7) the commissioner of finance;

35 (8) two elected city officials, one from the nine-county
36 metropolitan area and one from Greater Minnesota, appointed by

1 the governing body of the League of Minnesota Cities;

2 (9) two elected county officials, one from the nine-county
3 metropolitan area and one from Greater Minnesota, appointed by
4 the governing body of the Association of Minnesota Counties;

5 (10) two sheriffs, one from the nine-county metropolitan
6 area and one from Greater Minnesota, appointed by the governing
7 body of the Minnesota Sheriffs' Association;

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

12 (12) two fire chiefs, one from the nine-county metropolitan
13 area and one from Greater Minnesota, appointed by the governor
14 after considering recommendations made by the Minnesota Fire
15 Chiefs' Association;

16 (13) two representatives of emergency medical service
17 providers, one from the nine-county metropolitan area and one
18 from Greater Minnesota, appointed by the governor after
19 considering recommendations made by the Minnesota Ambulance
20 Association;

21 (14) the chair of the Metropolitan Radio Board; and

22 (15) a representative of Greater Minnesota elected by those
23 units of government in phase three and any subsequent phase of
24 development as defined in the statewide, shared radio and
25 communication plan, who have submitted a plan to the Statewide
26 Radio Board and where development has been initiated.

27 (c) The Statewide Radio Board shall coordinate the
28 appointment of board members representing Greater Minnesota with
29 the appointing authorities and may designate the geographic
30 region or regions from which an appointed board member is
31 selected where necessary to provide representation from
32 throughout the state.

33 Sec. 7. [TRANSFER OF DUTIES.]

34 Responsibilities of the commissioner of administration for
35 state telecommunications systems, state information
36 infrastructure, and electronic conduct of state business under

1 Minnesota Statutes, sections 16B.405; 16B.44; 16B.46; 16B.465;
2 16B.466; and 16B.467, are transferred to the Office of
3 Enterprise Technology. All positions in the Office of
4 Technology and the Intertechnologies Group are transferred to
5 the Office of Enterprise Technology.

6 Sec. 8. [REVISOR INSTRUCTION.]

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

9 (1) substitute the term "chief information officer" for
10 "commissioner" and "commissioner of administration" in the
11 following sections of Minnesota Statutes: 16B.405; 16B.44;
12 16B.46; 16B.465; 16B.466; 16B.467; 16E.03, subdivisions 4, 5, 6,
13 and 8; 16E.035; and 16E.07, subdivision 4;

14 (2) substitute the term "Office of Enterprise Technology"
15 for the term "Office of Technology" in Minnesota Statutes; and

16 (3) recodify the following sections of Minnesota Statutes
17 into Minnesota Statutes, chapter 16E: 16B.405; 16B.44; 16B.46;
18 16B.465; 16B.466; and 16B.467.

19 Sec. 9. [REPEALER.]

20 Minnesota Statutes 2004, sections 16B.48, subdivision 3;
21 and 16E.0465, subdivision 3, are repealed.

22 Sec. 10. [EFFECTIVE DATE.]

23 Sections 1 to 9 are effective July 1, 2005.

Article 1 OFFICE OF ENTERPRISE TECHNOLOGY..... page 1

Article 2 TRANSFER OF DUTIES AND CONFORMING CHANGES..... page 13

APPENDIX
Repealed Minnesota Statutes for S2032-1

16B.48 GENERAL SERVICES AND INTERTECHNOLOGIES REVOLVING FUNDS.

Subd. 3. Intertechnologies revolving fund. Money in the intertechnologies revolving fund is appropriated annually to the commissioner to operate information and telecommunications services, including management, consultation, and design services.

16E.0465 TECHNOLOGY APPROVAL.

Subd. 3. Role of commissioner. Unless money is appropriated directly to the commissioner of administration, the role of the commissioner and the Office of Technology is to review and approve projects under this section, and not to design or implement the projects.

Adopted

1 Senator *Kiscaden* moves to amend S.F. No. 2032 as follows:

2 Page 4, line 12, delete "At the request of the chief
3 information officer" and insert "With the consent of the
4 subgroup created in section 16E.02, subdivision 1a"

5 Page 4, line 34, delete everything after the headnote

6 Page 4, delete line 35

7 Page 4, line 36, delete everything before "The"

8 Page 5, line 1, after "officer" insert "reports to a
9 subgroup of the governor's cabinet consisting of the
10 commissioners of administration, finance, human services,
11 revenue, and other commissioners as designated by the governor
12 and" and delete "person or" and delete "meeting"

13 Page 5, delete line 2, and insert "compliance with all
14 provisions of this chapter."

15 Page 6, line 13, before the period, insert ", but does not
16 include the Minnesota State Colleges and Universities unless
17 specifically provided elsewhere in this chapter"

18 Page 7, line 14, strike everything after the period

19 Page 7, line 15, strike "not approved" and insert "When
20 notified by the chief information officer that a project has not
21 been approved"

22 Page 7, line 19, strike "The Minnesota"

23 Page 7, strike lines 20 and 21

24 Page 7, line 22, delete the new language and strike the old
25 language

26 Page 7, line 23, delete "services" and strike "that has a
27 total anticipated cost of more than \$250,000."

28 Page 9, line 5, delete "strategic" and insert "technology"

29 Page 9, line 9, strike "legislative appropriations" and
30 insert "funding"

31 Page 9, line 10, after "software" insert "before the
32 requests may be included in the governor's budget"

33 Page 10, line 23, after the period, insert "The chief
34 information officer must notify the commissioner of finance when
35 work has begun on a project and must identify the proposed
36 budget for the project."

1 Page 10, line 25, strike "amount anticipated to" and insert
2 "proposed budget"

3 Page 11, strike lines 4 and 5

4 Page 11, line 6, strike "(3)" and insert "(1)"

5 Page 11, line 8, strike "(4)" and insert "(2)"

6 Page 12, after line 14, insert:
7 "Subdivision 1. [CREATION.] The enterprise technology
8 revolving fund is created in the state treasury."

9 Page 12, line 15, delete "Subdivision 1." and insert "Subd.
10 2." and delete "FUND" and insert "APPROPRIATION AND USES OF
11 FUND"

12 Page 12, line 19, delete "Subd. 2." and insert "Subd. 3."

13 Page 12, line 29, after the period, insert:
14 "Subd. 4. [CASH FLOW.]"

15 Page 12, line 32, delete the first comma, and insert "and"
16 and delete everything after "encumbrances"

17 Page 12, line 33, delete everything before "in"

18 Page 13, line 5, after the period, insert:
19 "Subd. 5. [LIQUIDATION.]"

Kiscaden adopted

1 Senator *Kiscaden* moves to amend S.F. No. 2032 as follows:

2 Page 1, line 22, after "officer" insert ". The appointment
3 of the chief information officer is subject to the advice and
4 consent of the senate under section 15.066."

5 Page 13, after line 13, insert:

6 "Section 1. Minnesota Statutes 2004, section 10A.01,
7 subdivision 35, is amended to read:

8 Subd. 35. [PUBLIC OFFICIAL.] "Public official" means any:

9 (1) member of the legislature;

10 (2) individual employed by the legislature as secretary of
11 the senate, legislative auditor, chief clerk of the house,
12 revisor of statutes, or researcher, legislative analyst, or
13 attorney in the Office of Senate Counsel and Research or House
14 Research;

15 (3) constitutional officer in the executive branch and the
16 officer's chief administrative deputy;

17 (4) solicitor general or deputy, assistant, or special
18 assistant attorney general;

19 (5) commissioner, deputy commissioner, or assistant
20 commissioner of any state department or agency as listed in
21 section 15.01 or 15.06, or the state chief information officer;

22 (6) member, chief administrative officer, or deputy chief
23 administrative officer of a state board or commission that has
24 either the power to adopt, amend, or repeal rules under chapter
25 14, or the power to adjudicate contested cases or appeals under
26 chapter 14;

27 (7) individual employed in the executive branch who is
28 authorized to adopt, amend, or repeal rules under chapter 14 or
29 adjudicate contested cases under chapter 14;

30 (8) executive director of the State Board of Investment;

31 (9) deputy of any official listed in clauses (7) and (8);

32 (10) judge of the Workers' Compensation Court of Appeals;

33 (11) administrative law judge or compensation judge in the
34 State Office of Administrative Hearings or referee in the
35 Department of Employment and Economic Development;

36 (12) member, regional administrator, division director,

1 general counsel, or operations manager of the metropolitan
2 council;

3 (13) member or chief administrator of a metropolitan
4 agency;

5 (14) director of the Division of Alcohol and Gambling
6 Enforcement in the Department of Public Safety;

7 (15) member or executive director of the Higher Education
8 Facilities Authority;

9 (16) member of the board of directors or president of
10 Minnesota Technology, Inc.; or

11 (17) member of the board of directors or executive director
12 of the Minnesota State High School League."

13 Page 21, line 5, after the period, insert "Minnesota
14 Statutes, section 15.059, applies to the transfer of
15 responsibilities in this section."

16 Renumber the sections in sequence and correct the internal
17 references

18 Amend the title accordingly

adopted

Kissadin

1 Senator *Kissadin* moves to amend S.F. No. 2032 as follows:

2 Page 1, after line 14, insert:

3 "ARTICLE 1

4 STATE GOVERNMENT WEB SITES AND PUBLICATIONS

5 Section 1. [10.60] [PUBLIC WEB SITES.]

6 Subdivision 1. [APPLICATION.] This section applies to a
7 Web site that is:

- 8 (1) maintained on the World Wide Web;
- 9 (2) available for unrestricted public access; and
- 10 (3) maintained with public money by an appointed or elected
11 public official or government organization.

12 Subd. 2. [PURPOSE OF WEB SITE.] The Web site must provide
13 information about the duties and jurisdiction of a public
14 official or organization and facilitate access to public
15 services. All material on the Web site must be directly related
16 to the legal functions, duties, and jurisdiction of the public
17 official or organization.

18 Subd. 3. [PHOTOGRAPHS; BIOGRAPHY.] An elected or appointed
19 official may include one photograph of the official on the Web
20 site. The official may not include any other photograph with
21 the official's image on the Web site. The Web site may also
22 include biographical information about the official.

23 Subd. 4. [POLICY INFORMATION.] An elected or appointed
24 official may include on the Web site press releases, proposals,
25 policy positions, and other information related to the
26 official's legal duties and jurisdiction.

27 Subd. 5. [LINKS.] The Web site must not include electronic
28 links to or information about Web sites maintained by
29 individuals or political organizations.

30 Sec. 2. [10.61] [PERMISSIBLE PUBLICATIONS; PICTURE.]
31 An elected or appointed public official may use public
32 money to print a publication for public circulation if the
33 publication is authorized by law or directly related to
34 statutory duties and jurisdiction of the official. The
35 publication may include one photograph of the elected or
36 appointed official who is directly responsible for the duties

1 relevant to the publication, but must not include any other
2 photograph that includes an image of the official. The
3 publication must not include the words with "the compliments of"
4 or "greetings from," or other similar words with the official's
5 name or photograph.

6 Sec. 3. [REPEALER.]
7 Minnesota Statutes 2004, section 16B.52, is repealed.
8 Sec. 4. [EFFECTIVE DATE.]
9 Sections 1 to 3 are effective July 1, 2005.

10 ARTICLE 2"

11 Renumber the articles in sequence and correct the internal
12 references
13 Amend the title accordingly

APPENDIX
Repealed Minnesota Statutes for SCS2032A-2

16B.52 MISUSE OF STATE PUBLICATIONS.

Subdivision 1. Permissible publications; pictures.

No elected, administrative, or executive state officer, may have printed, nor may the commissioner authorize the printing of, at government expense, official reports and other publications intended for general public circulation except those authorized by law or included in the intent of the appropriation out of which the cost will be defrayed. Executive officers shall, before presenting their annual reports and other publications to the commissioner, examine them and exclude from them pictures of elected and administrative officials, and any other pictorial device calculated to or tending to attribute the publication to an individual instead of the department of state government from which it emanates. All other engravings, maps, drawings and illustrations must be excluded from the reports and publications, except those the executive officers certify when they present the reports for printing to be necessary and to relate entirely to the transaction of the state's business, or to be reasonably required to present for clear understanding the substance of the report.

Subd. 2. Attribution of publications. A report or publication authorized by law and paid for from public funds must carry the imprimatur of the agency under whose authority it is issued, but it may not carry the name of an official in any way that might imply attributing the publication to any person, except where certification of the officer is required for authenticity of the document.

Subd. 3. Distribution. No report or publication distributed by or from an administrative or executive officer may contain any notice that it is sent with "the compliments" and may not carry letters of personal greeting from an official.

Subd. 4. Exception. This section does not apply to the legislative manuals provided for in chapter 5.

Subd. 5. Publications by Department of Administration. Notwithstanding the provisions of this section or any other law relating to the subject matter of this section, the Department of Administration may continue to publish reports, documents, and related materials of the same manner described in its catalogs of Minnesota state publications.

The Drive to Excellence

Restructuring IT Governance

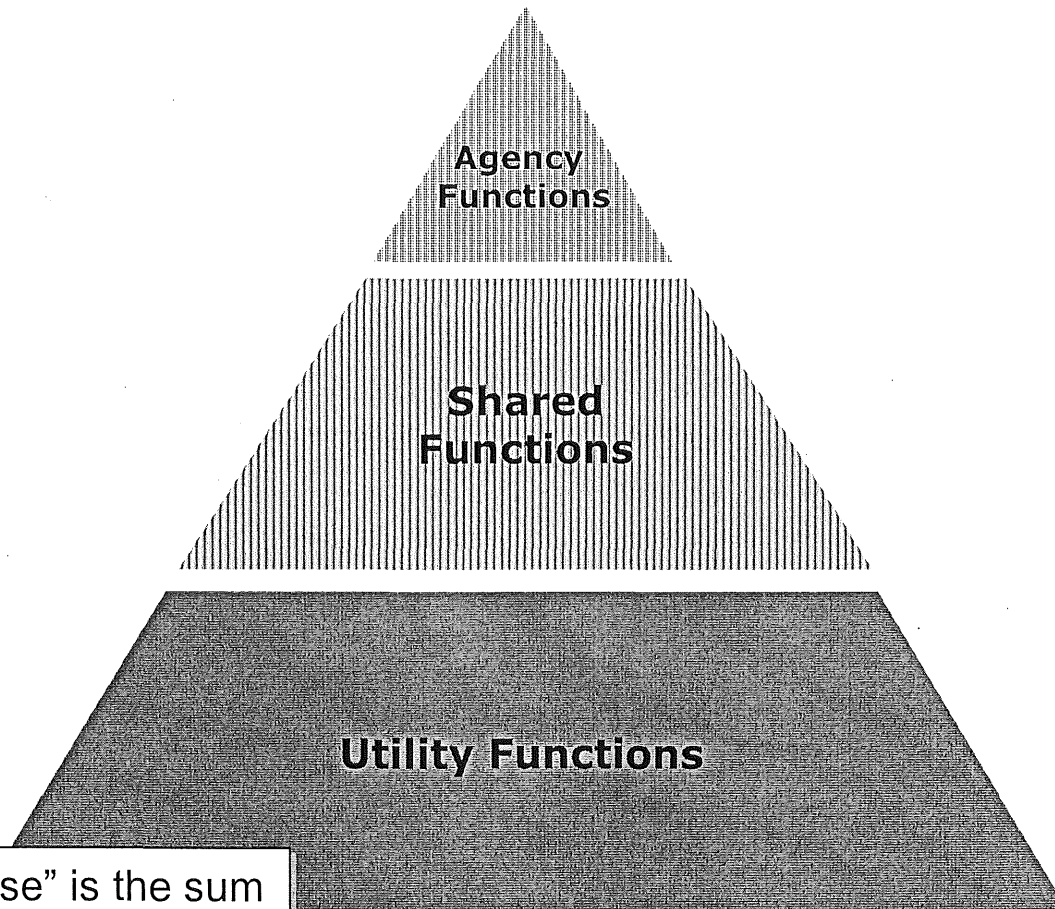
April 2005



House File 2243 Key Questions

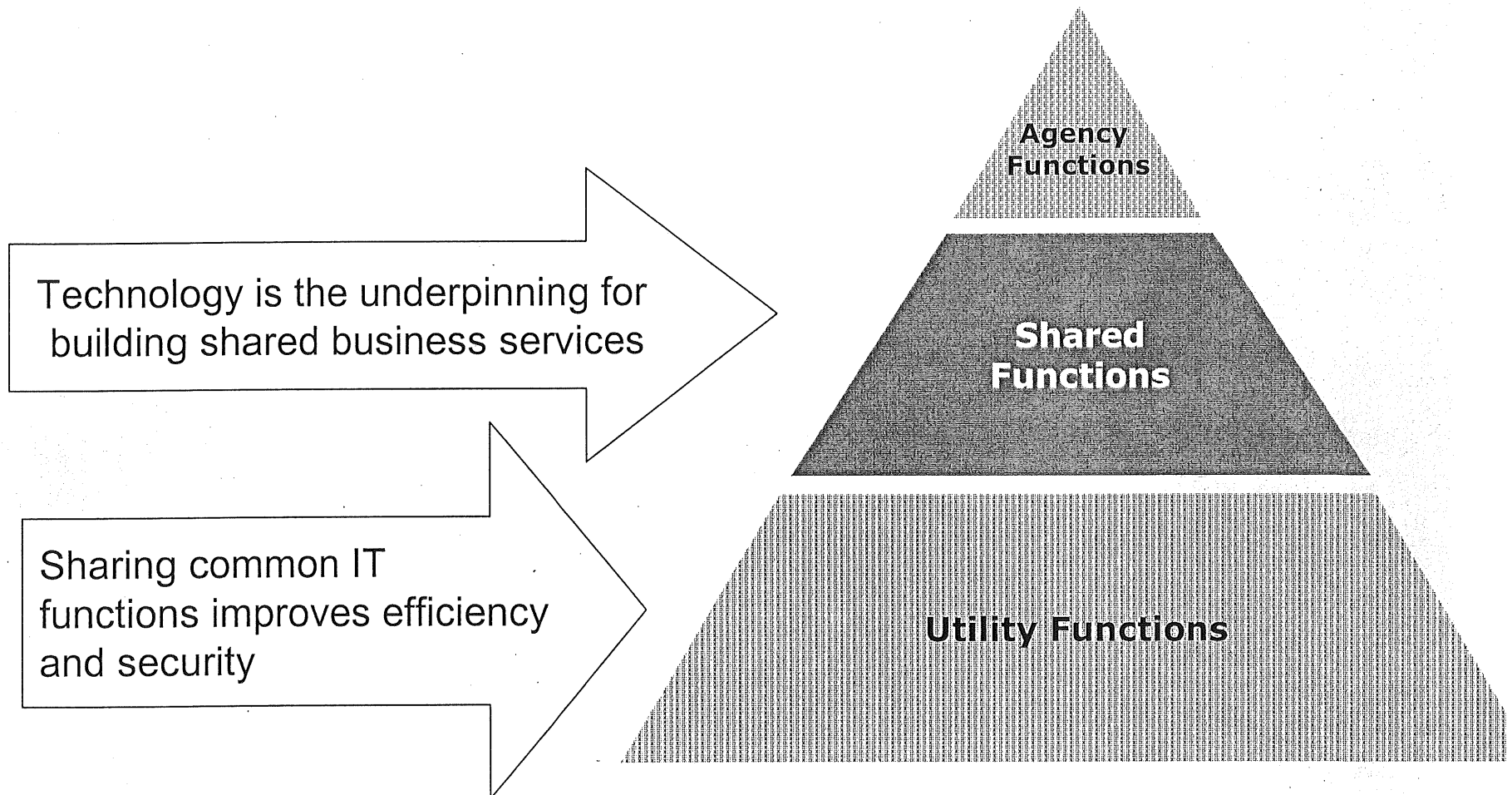
- What do we mean by “enterprise”?
- Why is IT important in the Drive to Excellence?
- How is it going to be different?
- How is it going to work?

What is “Enterprise?”



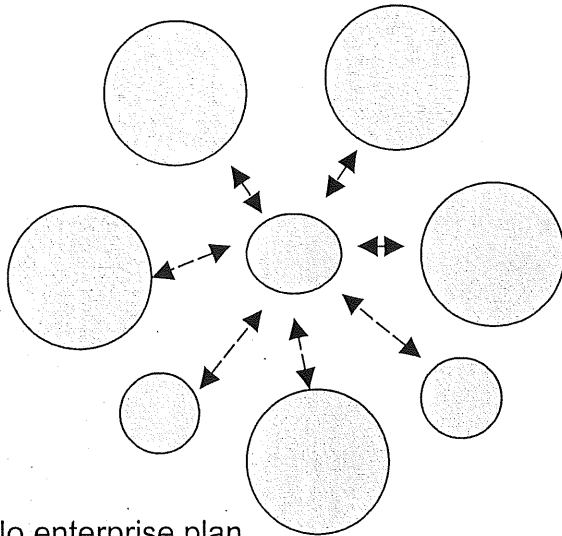
The State “enterprise” is the sum of all state business functions including agency, shared, and utility functions.

Why is Information Technology Important?



How will it be different?

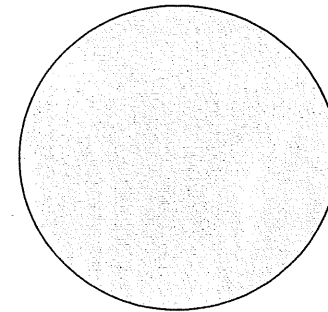
Minnesota Today



- No enterprise plan
- Bias toward agency autonomy
- Central function "encourages" collaboration
- Limited endorsed shared services
- Disparity in delivery effectiveness & security

Centralized Model

(Deemed Inappropriate for Minnesota)

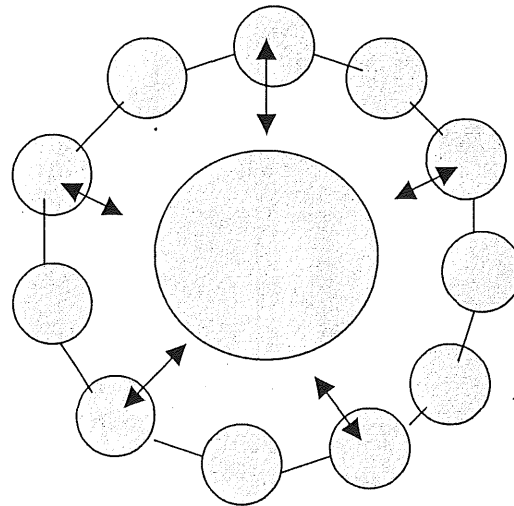


- Central Management of all IT

Before recommending this new enterprise framework, the IT team studied a variety of public, private, and international models of IT governance.

How will it be different?

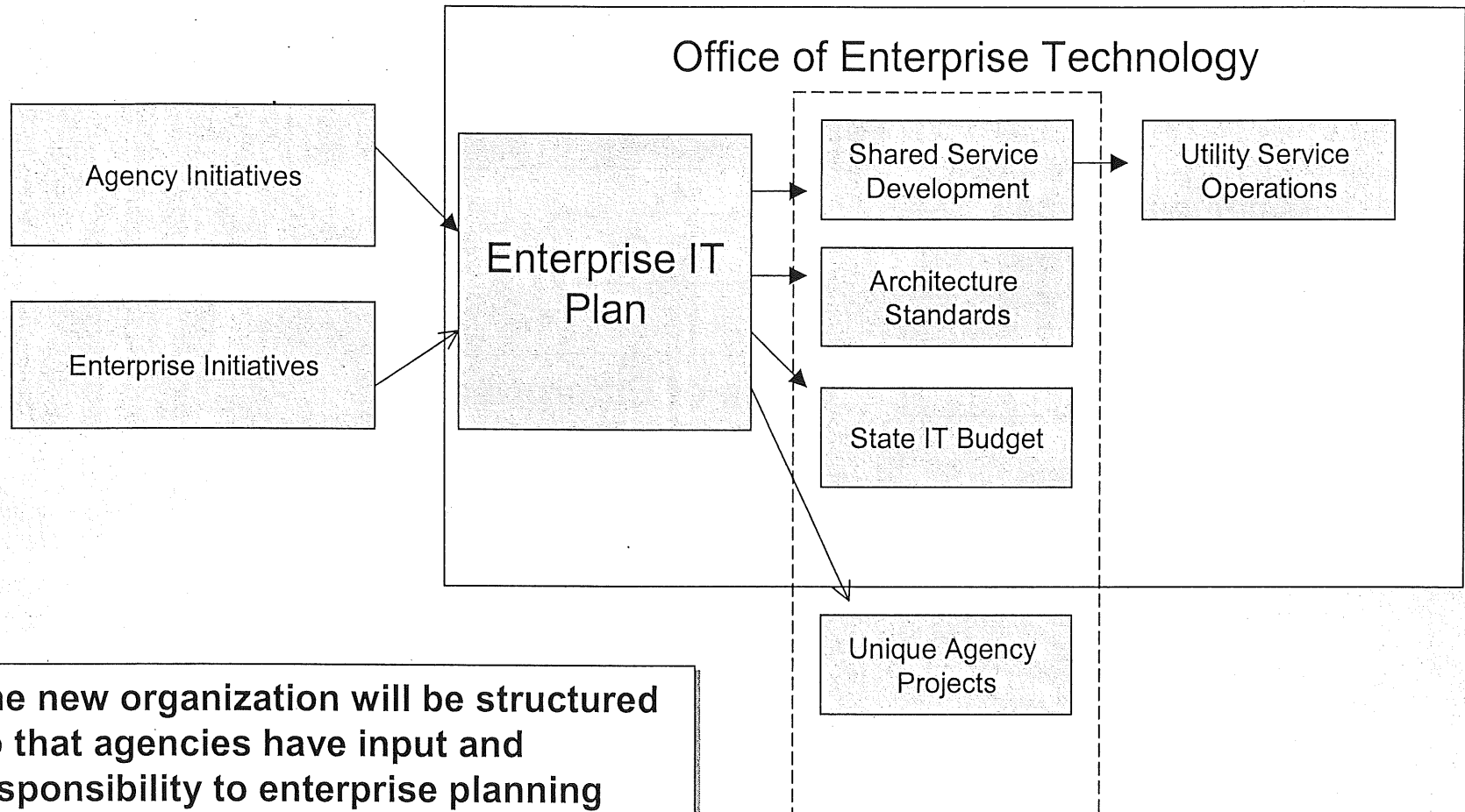
Recommended Model



The recommended model is one of balance and collaborative enterprise participation.

- Enterprise plan
- Central leadership and accountability
- Agency participation in governance
- Agency responsibility to enterprise
- Strategic standardization
- Coordinated collaboration
- Partnerships & aggregation
- Shared & endorsed utility services

How Will It Work?



The new organization will be structured so that agencies have input and responsibility to enterprise planning and so that the operations function serves the statewide IT strategy.

How Will It Work?

