

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

G-17 STATE CAPITOL
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Senate

State of Minnesota

S.F. No. 508 - Relating to Residency Requirements for Members of the Metropolitan Council and the Metropolitan Airports Commission

Author: Senator Jane Ranum

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



Date: March 2, 2005

The proposed bill imposes a residency requirement of six months in the district and one year in the state for membership on the Metropolitan Council and the Metropolitan Airports Commission, which are the same residency requirements that are applicable to state legislators under the Minnesota Constitution. Current law simply requires Metropolitan Council and MAC members to be residents of the district from which they are appointed, but does not place a time limit on that residency. The requirement would not be applicable to the chair of the Metropolitan Council, since the chair does not serve a district, nor to the seven MAC members, including the MAC chair, who do not represent districts.

DPM:vs

Senators Ranum and Belanger introduced--**S.F. No. 508: Referred to the Committee on State and Local Government Operations.**

1 A bill for an act

2 relating to metropolitan government; changing
3 residency requirements for membership on the
4 Metropolitan Council and the Metropolitan Airports
5 Commission; amending Minnesota Statutes 2004, sections
6 473.123, subdivisions 2a, 3; 473.604, subdivision 1.

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

8 Section 1. Minnesota Statutes 2004, section 473.123,
9 subdivision 2a, is amended to read:

10 Subd. 2a. [TERMS.] Following each apportionment of council
11 districts, as provided under subdivision 3a, council members
12 must be appointed from newly drawn districts as provided in
13 subdivision 3a. Each council member, other than the chair, must
14 reside have resided in the council district represented for at
15 least six months and in the state for at least one year. Each
16 council district must be represented by one member of the
17 council. The terms of members end with the term of the
18 governor, except that all terms expire on the effective date of
19 the next apportionment. A member serves at the pleasure of the
20 governor. A member shall continue to serve the member's
21 district until a successor is appointed and qualified; except
22 that, following each apportionment, the member shall continue to
23 serve at large until the governor appoints 16 council members,
24 one from each of the newly drawn council districts as provided
25 under subdivision 3a, to serve terms as provided under this
26 section. The appointment to the council must be made by the

1 first Monday in March of the year in which the term ends.

2 Sec. 2. Minnesota Statutes 2004, section 473.123,
3 subdivision 3, is amended to read:

4 Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a)
5 Sixteen members must be appointed by the governor from districts
6 defined by this section. Each council member must reside have
7 resided in the council district represented for at least six
8 months and in the state for at least one year. Each council
9 district must be represented by one member of the council.

10 (b) In addition to the notice required by section 15.0597,
11 subdivision 4, notice of vacancies and expiration of terms must
12 be published in newspapers of general circulation in the
13 metropolitan area and the appropriate districts. The governing
14 bodies of the statutory and home rule charter cities, counties,
15 and towns having territory in the district for which a member is
16 to be appointed must be notified in writing. The notices must
17 describe the appointments process and invite participation and
18 recommendations on the appointment.

19 (c) The governor shall create a nominating committee,
20 composed of seven metropolitan citizens appointed by the
21 governor, to nominate persons for appointment to the council
22 from districts. Three of the committee members must be local
23 elected officials. Following the submission of applications as
24 provided under section 15.0597, subdivision 5, the nominating
25 committee shall conduct public meetings, after appropriate
26 notice, to accept statements from or on behalf of persons who
27 have applied or been nominated for appointment and to allow
28 consultation with and secure the advice of the public and local
29 elected officials. The committee shall hold the meeting on each
30 appointment in the district or in a reasonably convenient and
31 accessible location in the part of the metropolitan area in
32 which the district is located. The committee may consolidate
33 meetings. Following the meetings, the committee shall submit to
34 the governor a list of nominees for each appointment. The
35 governor is not required to appoint from the list.

36 (d) Before making an appointment, the governor shall

1 consult with all members of the legislature from the council
2 district for which the member is to be appointed.

3 (e) Appointments to the council are subject to the advice
4 and consent of the senate as provided in section 15.066.

5 (f) Members of the council must be appointed to reflect
6 fairly the various demographic, political, and other interests
7 in the metropolitan area and the districts.

8 (g) Members of the council must be persons knowledgeable
9 about urban and metropolitan affairs.

10 (h) Any vacancy in the office of a council member shall
11 immediately be filled for the unexpired term. In filling a
12 vacancy, the governor may forgo the requirements of paragraph
13 (c) if the governor has made appointments in full compliance
14 with the requirements of this subdivision within the preceding
15 12 months.

16 Sec. 3. Minnesota Statutes 2004, section 473.604,
17 subdivision 1, is amended to read:

18 Subdivision 1. [COMPOSITION.] The commission consists of:

19 (1) the mayor of each of the cities, or a qualified voter
20 appointed by the mayor, for the term of office as mayor;

21 (2) eight members, appointed by the governor from each of
22 the following agency districts:

23 (i) district A, consisting of council districts 1 and 2;

24 (ii) district B, consisting of council districts 3 and 4;

25 (iii) district C, consisting of council districts 5 and 6;

26 (iv) district D, consisting of council districts 7 and 8;

27 (v) district E, consisting of council districts 9 and 10;

28 (vi) district F, consisting of council districts 11 and 12;

29 (vii) district G, consisting of council districts 13 and
30 14; and

31 (viii) district H, consisting of council districts 15 and
32 16.

33 Each member shall be have been a resident of the district
34 represented for at least six months and of the state for at
35 least one year. Before making an appointment, the governor
36 shall consult with each member of the legislature from the

1 district for which the member is to be appointed, to solicit the
2 legislator's recommendation on the appointment;

3 (3) four members appointed by the governor from outside of
4 the metropolitan area to reflect fairly the various regions and
5 interests throughout the state that are affected by the
6 operation of the commission's major airport and airport system.
7 Two of these members must be residents of statutory or home rule
8 charter cities, towns, or counties containing an airport
9 designated by the commissioner of transportation as a key
10 airport. The other two must be residents of statutory or home
11 rule charter cities, towns, or counties containing an airport
12 designated by the commissioner of transportation as an
13 intermediate airport. The members must be appointed by the
14 governor as follows: one for a term of one year, one for a term
15 of two years, one for a term of three years, and one for a term
16 of four years. All of the terms start on July 1, 1989. The
17 successors of each member must be appointed to four-year terms
18 commencing on the first Monday in January of each fourth year
19 after the expiration of the original term. Before making an
20 appointment, the governor shall consult each member of the
21 legislature representing the municipality or county from which
22 the member is to be appointed, to solicit the legislator's
23 recommendation on the appointment; and

24 (4) a chair appointed by the governor for a term of four
25 years. The chair may be removed at the pleasure of the governor.

26 Sec. 4. [APPLICATION.]

27 This act applies in the counties of Anoka, Carver, Dakota,
28 Hennepin, Ramsey, Scott, and Washington.

29 Sec. 5. [EFFECTIVE DATE.]

30 Sections 1 to 4 are effective for appointments made on or
31 after the day following final enactment.

1 Senator *Dibble* moves to amend S.F. No. 508 as follows:

2 Page 1, line 13, after the period, insert "At the time of
3 appointment,"

4 Page 1, line 14, reinstate the stricken "reside" and delete
5 "have resided" and after "represented" insert "and must have
6 resided in the council district"

7 Page 1, line 15, before the period, insert "immediately
8 preceding the appointment"

9 Page 2, line 6, after the period, insert "At the time of
10 appointment," and reinstate the stricken "reside" and delete the
11 new language

12 Page 2, line 7, delete "resided" and after "represented"
13 insert "and must have resided in the council district"

14 Page 2, line 8, before the period, insert "immediately
15 preceding the appointment"

16 Page 3, line 33, before "Each" insert "At the time of
17 appointment," and reinstate the stricken language and delete the
18 new language

19 Page 3, line 34, after "represented" insert "and must have
20 been a resident of the council district"

21 Page 3, line 35, before the period, insert "immediately
22 preceding the appointment"

23 Page 4, line 31, delete "the day following final enactment"
24 and insert "January 1, 2007"

SF508
Sen. Ranum



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Commissioner Kari Berman



▶ **Governor Appointment 1/1/2005 - 1/1/2009**

▶ Kari Berman is a business and commercial litigation attorney who practices law in Edina, Minnesota. Her practice is diverse and has involved a broad range of business issues including contract disputes, employment law, ERISA, civil RICO, products liability and tort claims. She has a strong dedication to public interests and has been involved in a variety of organizations over the years.

A resident of Minnetonka and representative of MAC District "C", Berman takes great pride in her family and two children.

Commissioners

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1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 508: A bill for an act relating to metropolitan
4 government; changing residency requirements for membership on
5 the Metropolitan Council and the Metropolitan Airports
6 Commission; amending Minnesota Statutes 2004, sections 473.123,
7 subdivisions 2a, 3; 473.604, subdivision 1.

8 Reports the same back with the recommendation that the bill
9 be amended as follows:

10 Page 1, line 13, after the period, insert "At the time of
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17 Page 2, line 6, after the period, insert "At the time of
18 appointment," and reinstate the stricken "reside" and delete the
19 new language

20 Page 2, line 7, delete "resided" and after "represented"
21 insert "and must have resided in the council district"

22 Page 2, line 8, before the period, insert "immediately
23 preceding the appointment"

24 Page 3, line 33, before "Each" insert "At the time of
25 appointment," and reinstate the stricken "be" and delete "have
26 been"

27 Page 3, line 34, after "represented" insert "and must have
28 been a resident of the council district"

29 Page 3, line 35, before the period, insert "immediately
30 preceding the appointment"

31 Page 4, line 31, delete "the day following final enactment"
32 and insert "January 1, 2007"

33 And when so amended the bill do pass. Amendments adopted.
34 Report adopted.

35
36 (Committee Chair)

37
38 March 7, 2005.....
39 (Date of Committee recommendation)

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State of Minnesota

S.F. No. 680 - Relating to Real Estate Documents

Author: Senator Steve Kelley

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

DOM

Date: March 2, 2005

The proposed legislation is the result of the work of the electronic real estate recording task force (ERERTF) that went out of existence on June 30, 2004, which sponsored pilot projects in several counties for the electronic recording of real estate documents. This bill would allow counties to continue to record real estate documents electronically using standards that were developed by the task force and software that was either validated by the task force or has since been validated by a county that participated in the pilot project. The bill also permits real estate recording under certain circumstances by a county that did not participate in the pilot project.

Section 1, subdivision 1, permits counties that participated in the electronic real estate recording task force pilot project to continue to record electronically if they use standards approved by the ERERTF and software validated by the ERERTF or another procedure provided by subdivision 3.

Subdivision 2 permits counties that did not participate in the ERERTF pilot project to record electronically if the documents are of the type recorded in the pilot project, the county uses standards developed by the task force, and uses software validated by the task force or validated under subdivision 3.

Subdivision 3 permits counties that participated in the pilot project to validate software for use in electronic recording that other counties could then use as an alternative to software validated by the ERERTF. Requires that the validation be based upon standards previously adopted by the task force and requires the county to submit the validation to the Legislative Coordinating Commission for posting under subdivision 4.

Subdivision 4 provides a procedure in which the Legislative Coordinating Commission maintains a Web site for use in posting county validations of software under subdivision 3

and allowing for objections and responses to the validations prior to the software's eligibility for use under subdivision 3.

Subdivision 5 defines "record or file" as a recording in the Office of the County Recorder or a filing in the Office of the Registrar of Titles.

Section 2 makes the effective date the day following final enactment.

DPM:vs

Senators Kelley, Metzen, Belanger, Tomassoni and Limmer introduced--
S.F. No. 680: Referred to the Committee on Judiciary

1 A bill for an act

2 relating to real estate documents; providing for
3 continuation, extension, validation, and Web posting
4 of an electronic filing and posting pilot project for
5 certain real estate documents; proposing coding for
6 new law in Minnesota Statutes, chapter 507.

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

8 Section 1. [507.094] [ELECTRONIC RECORDING.]

9 Subdivision 1. [COUNTY PILOT PROJECT CONTINUATION.] A

10 county that participated in the pilot project referred to by
11 section 507.24, subdivision 2, for the electronic filing of real
12 estate documents under the task force originally created in Laws
13 2000, chapter 391, may continue to record or file documents
14 electronically, provided: (1) the county complies with
15 standards adopted by the task force; and (2) the county uses
16 software that was validated by the task force, or uses software
17 that has been validated under subdivision 3.

18 Subd. 2. [EXTENSION OF PILOT PROJECTS.] A county that did
19 not participate in the pilot project described in subdivision 1
20 may record or file a real estate document electronically
21 provided: (1) the document to be recorded or filed is of a type
22 included in the pilot project for the electronic filing of real
23 estate documents under the task force originally created in Laws
24 2000, chapter 391; (2) the county complies with the standards
25 adopted by the task force; and (3) the county uses software that
26 was validated by the task force, or uses software that has been

1 validated under subdivision 3.

2 Subd. 3. [COUNTY VALIDATION OF RECORDING SOFTWARE.] A
3 county may validate software that enables a county to
4 electronically record or file certain real estate documents.
5 Only a document of a type that was electronically recorded or
6 filed under the pilot project administered by the task force
7 originally created in Laws 2000, chapter 391 may be recorded or
8 filed with software validated under this subdivision. Only a
9 county that participated in the pilot project may validate
10 software that has not been validated by the task force. A
11 county may not validate software that it intends to use for
12 electronically recording or filing its own documents. If a
13 county finds that software it has evaluated meets standards
14 adopted by the task force, it must submit its evaluation results
15 and a statement indicating the county's findings and conclusion
16 that the software meets the task force's standards to the
17 Legislative Coordinating Commission. Upon receipt by the
18 Legislative Coordinating Commission of the results and statement
19 submitted by a county under this subdivision, the software may
20 be used by any other county under subdivision 1 or 2, as
21 provided in subdivision 4.

22 Subd. 4. [WEB POSTING OF SOFTWARE VALIDATION.] The
23 Legislative Coordinating Commission must continue to maintain
24 the Web site developed for the task force created in Laws 2000,
25 chapter 391. If a county validates software under subdivision
26 3, the commission must post the county's findings and
27 conclusions regarding that validation on the commission's Web
28 site for a period of 30 days to permit public notice and
29 comment. If the commission does not receive objections, the
30 commission must repost the county's findings and conclusions,
31 and indicate that the software may be used by a county under
32 this section. If the commission receives objections, the
33 commission must forward them to the county for review and
34 possible modifications of the software. The county may resubmit
35 its findings and conclusions, including any revisions, to the
36 commission, which must then repost the county's findings and

1 conclusions, and indicate that the software may be used by a
2 county under this section.

3 Subd. 5. [DEFINITION.] The term "record or file" means
4 record in the office of the county recorder or file in the
5 office of the registrar of titles.

6 Sec. 2. [EFFECTIVE DATE.]

7 Section 1 is effective the day following final enactment.

1 Senator ^{Timmons} moves to amend S.F. No. 680 as follows:

2 Page 1, line 9, delete everything before "A"

3 Page 1, line 16, delete everything after "force"

4 Page 1, line 17, delete everything before the period

5 Page 1, delete lines 18 to 26

6 Page 2, delete lines 1 to 36

7 Page 3, delete lines 1 and 2

8 Page 3, line 3, delete everything before "The" and insert

9 "For the purposes of this ^{Section} ~~subdivision~~,"

10 Amend the title as follows:

11 Page 1, line 3, before "continuation" insert "the" and

12 delete everything after "continuation"

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 680: A bill for an act relating to real estate
4 documents; providing for continuation, extension, validation,
5 and Web posting of an electronic filing and posting pilot
6 project for certain real estate documents; proposing coding for
7 new law in Minnesota Statutes, chapter 507.

8 Reports the same back with the recommendation that the bill
9 be amended as follows:

10 Page 1, line 9, delete "Subdivision 1. [COUNTY PILOT
11 PROJECT CONTINUATION.]"

12 Page 1, line 16, delete everything after "force"

13 Page 1, line 17, delete everything before the period

14 Page 1, delete lines 18 to 26

15 Page 2, delete lines 1 to 36

16 Page 3, delete lines 1 and 2

17 Page 3, line 3, delete "Subd. 5. [DEFINITION.]" and insert
18 "For the purposes of this section,"

19 Amend the title as follows:

20 Page 1, line 3, before "continuation" insert "the" and
21 delete everything after "continuation"

22 And when so amended the bill do pass. Amendments adopted.
23 Report adopted.

24
25 (Committee Chair)

26
27 March 7, 2005.....
28 (Date of Committee recommendation)

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State of Minnesota

S.F. No. 953 - Relating to Local Government Employees

Author: Senator Steve Kelley

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

DPM

Date: March 4, 2005

The proposed legislation repeals Minnesota Statutes, section 43A.17, the provision that limits the salary of most political subdivision employees to 95 percent of the salary of the governor. Since 1998, the governor's salary has been \$120,303, and the 95 percent limit would be \$114,288. With the repeal of the limit, compensation of employees of political subdivisions could be at whatever amount the political subdivision deemed appropriate. The bill also makes conforming changes to other sections that cite the repealed section.

DPM:vs

Senators Kelley, Scheid, Senjem, Pappas and Belanger introduced--

S.F. No. 953: Referred to the Committee on State and Local Government Operations.

1 A bill for an act
2 relating to local government; repealing the
3 compensation limit for local government employees;
4 amending Minnesota Statutes 2004, sections 356.611,
5 subdivision 1; 465.719, subdivision 9; repealing
6 Minnesota Statutes 2004, section 43A.17, subdivision 9.

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

8 Section 1. Minnesota Statutes 2004, section 356.611,
9 subdivision 1, is amended to read:

10 Subdivision 1. [STATE SALARY LIMITATIONS.] (a)
11 Notwithstanding any provision of law, bylaws, articles of
12 incorporation, retirement and disability allowance plan
13 agreements, or retirement plan contracts to the contrary, the
14 covered salary for pension purposes for a plan participant of a
15 covered retirement fund enumerated in section 356.30,
16 subdivision 3, may not exceed 95 percent of the salary
17 established for the governor under section 15A.082 at the time
18 the person received the salary.

19 (b) This section does not apply to a salary paid:

20 (1) to the governor or to a judge;

21 (2) to an employee of a political subdivision ~~in-a-position~~
22 ~~that-is-excluded-from-the-limit-as-specified-under-section~~
23 ~~43A.17, subdivision-9;~~

24 (3) to a state employee as defined under section 43A.02,
25 subdivision 21;

26 (4) to an employee of Gillette Hospital who is covered by

1 the general state employees retirement plan of the Minnesota
2 State Retirement System;

3 (5) to an employee of the Minnesota Crop Improvement
4 Council; or

5 (6) to an employee of the Minnesota Historical Society.

6 (c) The limited covered salary determined under this
7 section must be used in determining employee and employer
8 contributions and in determining retirement annuities and other
9 benefits under the respective covered retirement fund and under
10 this chapter.

11 Sec. 2. Minnesota Statutes 2004, section 465.719,
12 subdivision 9, is amended to read:

13 Subd. 9. [APPLICATION OF OTHER LAWS.] A corporation
14 created by a political subdivision under this section must
15 comply with every law that applies to the political subdivision,
16 as if the corporation is a part of the political subdivision,
17 unless the resolution ratifying creation of the corporation
18 specifically exempts the corporation from part or all of a law.
19 If the resolution exempts the corporation from part or all of a
20 law, the resolution must make a detailed and specific finding as
21 to why the corporation cannot fulfill its purpose if the
22 corporation is subject to that law. A corporation may not be
23 exempted from chapter 13D, the Minnesota Open Meeting Law,
24 sections 138.163 to 138.25, governing records management, or
25 chapter 13, the Minnesota Government Data Practices Act. Any
26 affected or interested person may bring an action in district
27 court to void the resolution on the grounds that the findings
28 are not sufficiently detailed and specific, or that the
29 corporation can fulfill its purpose if it is subject to the law
30 from which the resolution exempts the corporation. Laws that
31 apply to a political subdivision that also apply to a
32 corporation created by a political subdivision under this
33 subdivision include, but are not limited to:

34 (1) chapter 13D, the Minnesota Open Meeting Law;

35 (2) chapter 13, the Minnesota Government Data Practices
36 Act;

- 1 (3) section 471.345, the Uniform Municipal Contracting Law;
- 2 (4) sections ~~43A.17, limiting the compensation of employees~~
3 ~~based on the governor's salary~~, 471.991 to 471.999, providing
4 for equitable pay; and 465.72 and 465.722, governing severance
5 pay;
- 6 (5) section 275.065, providing for truth-in-taxation
7 hearings. If any tax revenues of the political subdivision will
8 be appropriated to the corporation, the corporation's annual
9 operating and capital budgets must be included in the
10 truth-in-taxation hearing of the political subdivision that
11 created the corporation;
- 12 (6) if the corporation issues debt, its debt is included in
13 the political subdivision's debt limit if it would be included
14 if issued by the political subdivision, and issuance of the debt
15 is subject to the election and other requirements of chapter 475
16 and section 471.69;
- 17 (7) section 471.895, prohibiting acceptance of gifts from
18 interested parties, and sections 471.87 to 471.89, relating to
19 interests in contracts;
- 20 (8) chapter 466, relating to municipal tort liability;
- 21 (9) chapter 118A, requiring deposit insurance or bond or
22 pledged collateral for deposits;
- 23 (10) chapter 118A, restricting investments;
- 24 (11) section 471.346, requiring ownership of vehicles to be
25 identified;
- 26 (12) sections 471.38 to 471.41, requiring claims to be in
27 writing, itemized, and approved by the governing board before
28 payment can be made; and
- 29 (13) the corporation cannot make advances of pay, make or
30 guarantee loans to employees, or provide in-kind benefits unless
31 authorized by law.
- 32 Sec. 3. [REPEALER.]
- 33 Minnesota Statutes 2004, section 43A.17, subdivision 9, is
34 repealed.

APPENDIX
Repealed Minnesota Statutes for 05-1445

43A.17 SALARY LIMITS, RATES, RANGES AND EXCEPTIONS.

Subd. 9. Political subdivision compensation limit.

(a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, excluding a school district, or employed under section 422A.03 may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

(c) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(d) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation.

1 Senator *Robling* moves to amend S.F. No. 953 as follows:

2 Page 1, after line 7, insert:

3 "Section 1. Minnesota Statutes 2004, section 43A.17,
4 subdivision 9, is amended to read:

5 Subd. 9. [POLITICAL SUBDIVISION COMPENSATION LIMIT.] (a)
6 The salary and the value of all other forms of compensation of a
7 person employed by a political subdivision of this state,
8 excluding a school district, or employed under section 422A.03
9 may not exceed 95 110 percent of the salary of the governor as
10 set under section 15A.082, except as provided in this
11 subdivision. For purposes of this subdivision, "political
12 subdivision of this state" includes a statutory or home rule
13 charter city, county, town, metropolitan or regional agency, or
14 other political subdivision, but does not include a hospital,
15 clinic, or health maintenance organization owned by such a
16 governmental unit.

17 (b) Deferred compensation and payroll allocations to
18 purchase an individual annuity contract for an employee are
19 included in determining the employee's salary. Other forms of
20 compensation which shall be included to determine an employee's
21 total compensation are all other direct and indirect items of
22 compensation which are not specifically excluded by this
23 subdivision. Other forms of compensation which shall not be
24 included in a determination of an employee's total compensation
25 for the purposes of this subdivision are:

26 (1) employee benefits that are also provided for the
27 majority of all other full-time employees of the political
28 subdivision, vacation and sick leave allowances, health and
29 dental insurance, disability insurance, term life insurance, and
30 pension benefits or like benefits the cost of which is borne by
31 the employee or which is not subject to tax as income under the
32 Internal Revenue Code of 1986;

33 (2) dues paid to organizations that are of a civic,
34 professional, educational, or governmental nature; and

35 (3) reimbursement for actual expenses incurred by the
36 employee which the governing body determines to be directly

1 related to the performance of job responsibilities, including
2 any relocation expenses paid during the initial year of
3 employment.

4 The value of other forms of compensation shall be the
5 annual cost to the political subdivision for the provision of
6 the compensation.

7 (c) The salary of a medical doctor or doctor of osteopathy
8 occupying a position that the governing body of the political
9 subdivision has determined requires an M.D. or D.O. degree is
10 excluded from the limitation in this subdivision.

11 (d) The commissioner may increase the limitation in this
12 subdivision for a position that the commissioner has determined
13 requires special expertise necessitating a higher salary to
14 attract or retain a qualified person. The commissioner shall
15 review each proposed increase giving due consideration to salary
16 rates paid to other persons with similar responsibilities in the
17 state and nation. The commissioner may not increase the
18 limitation until the commissioner has presented the proposed
19 increase to the Legislative Coordinating Commission and received
20 the commission's recommendation on it. The recommendation is
21 advisory only. If the commission does not give its
22 recommendation on a proposed increase within 30 days from its
23 receipt of the proposal, the commission is deemed to have made
24 no recommendation."

25 Page 1, line 16, strike "95" and insert "110"

26 Page 1, lines 21 to 23, reinstate the stricken language

27 Pages 2 and 3, delete sections 2 and 3

28 Renumber the sections in sequence and correct the internal
29 references

30 Amend the title accordingly

Withdrew

Higgins

1 Senator . . . moves to amend S.F. No. 953 as follows:

2 Page 1, after line 7, insert:

3 "Section 1. Minnesota Statutes 2004, section 43A.17,
4 subdivision 9, is amended to read:

5 Subd. 9. [POLITICAL SUBDIVISION COMPENSATION LIMIT.] (a)

6 The salary and the value of all other forms of compensation of a
7 person employed by a political subdivision of this state,

8 excluding a school district, or employed under section 422A.03

9 may not exceed ~~95-percent-of-the-salary-of-the-governor-as-set~~

10 ~~under-section-15A-082~~, except as provided in this subdivision,

11 (1) \$150,379 in 2005; and (2) in each year after 2005, the

12 maximum amount for the previous year adjusted for inflation

13 using the Consumer Price Index. For purposes of this

14 subdivision, "political subdivision of this state" includes a

15 statutory or home rule charter city, county, town, metropolitan

16 or regional agency, or other political subdivision, but does not

17 include a hospital, clinic, or health maintenance organization

18 owned by such a governmental unit.

19 (b) Deferred compensation and payroll allocations to

20 purchase an individual annuity contract for an employee are

21 included in determining the employee's salary. Other forms of

22 compensation which shall be included to determine an employee's

23 total compensation are all other direct and indirect items of

24 compensation which are not specifically excluded by this

25 subdivision. Other forms of compensation which shall not be

26 included in a determination of an employee's total compensation

27 for the purposes of this subdivision are:

28 (1) employee benefits that are also provided for the

29 majority of all other full-time employees of the political

30 subdivision, vacation and sick leave allowances, health and

31 dental insurance, disability insurance, term life insurance, and

32 pension benefits or like benefits the cost of which is borne by

33 the employee or which is not subject to tax as income under the

34 Internal Revenue Code of 1986;

35 (2) dues paid to organizations that are of a civic,

36 professional, educational, or governmental nature; and

1 (3) reimbursement for actual expenses incurred by the
2 employee which the governing body determines to be directly
3 related to the performance of job responsibilities, including
4 any relocation expenses paid during the initial year of
5 employment.

6 The value of other forms of compensation shall be the
7 annual cost to the political subdivision for the provision of
8 the compensation.

9 (c) The salary of a medical doctor or doctor of osteopathy
10 occupying a position that the governing body of the political
11 subdivision has determined requires an M.D. or D.O. degree is
12 excluded from the limitation in this subdivision.

13 (d) The commissioner may increase the limitation in this
14 subdivision for a position that the commissioner has determined
15 requires special expertise necessitating a higher salary to
16 attract or retain a qualified person. The commissioner shall
17 review each proposed increase giving due consideration to salary
18 rates paid to other persons with similar responsibilities in the
19 state and nation. ~~The commissioner may not increase the~~
20 ~~limitation until the commissioner has presented the proposed~~
21 ~~increase to the Legislative Coordinating Commission and received~~
22 ~~the commission's recommendation on it. The recommendation is~~
23 ~~advisory only. If the commission does not give its~~
24 ~~recommendation on a proposed increase within 30 days from its~~
25 ~~receipt of the proposal, the commission is deemed to have made~~
26 ~~no recommendation.~~ A political subdivision requesting an
27 increase in the limitation must submit the request
28 simultaneously to the commissioner and the Legislative
29 Coordinating Commission. The commissioner may not act on the
30 increase before receiving the recommendation of the Legislative
31 Coordinating Commission, unless the commission does not make a
32 recommendation within 30 days of receiving the request. The
33 commissioner must act on the increase within 15 days after
34 receiving a recommendation from the commission or 45 days after
35 receiving the request from the political subdivision, whichever
36 comes first. If the commissioner does not act by the applicable

1 deadline, the waiver is granted."

2 Page 1, line 16, strike everything after "exceed"

3 Page 1, strike line 17

4 Page 1, line 18, strike everything before the period and
5 insert ", for the year in which the person received the salary,
6 (1) \$150,379 in 2005; and (2) in each year after 2005, the
7 maximum amount for the previous year adjusted for inflation
8 using the Consumer Price Index"

9 Pages 2 and 3, delete sections 2 and 3, and insert:

10 "Sec. 3. [EFFECTIVE DATE.]

11 Sections 1 and 2 are effective the day following final
12 enactment. The provisions of section 1 establishing a revised
13 process for considering increases to the compensation limit
14 apply to proposals for increases submitted after the effective
15 date of section 1."

16 Renumber the sections in sequence and correct the internal
17 references

18 Amend the title accordingly

SF 953
Sen. Kelley

Commentary

A forum for opinions, reactions, dialogue and disagreement

State must adjust local government salary cap

By Pat Anderson

Even a good state policy can lead to negative consequences if it is not allowed to evolve over time. One such policy is the current cap on the compensation of local government employees.

The salary cap now limits the compensation that local governments may pay their employees to 95 percent of the governor's salary. This was an excellent policy when implemented and helped ensure that top local government administrators were not paid outrageous sums.

The governor's \$120,303 salary, however, has not changed since 1998, leaving local governments to deal with a salary

limit (\$114,288) that was set to reflect the fiscal situation seven years ago.

The outdated nature of the cap has caused many local governments to have difficulty recruiting and retaining highly qualified staff. Because no other state in the country has such a limit, Minnesota's best and brightest are frequently tempted to leave for higher salaries in other states. This also puts our state at a disadvantage when it comes to attracting talented people.

In addition, many local governments face salary compression issues, where several levels of senior staff are bumping up against the cap. In these cases, local governments are forced

to pay the same amount to top administrators that they pay to other employees the administrators oversee. This sort of compression leaves employees with no financial incentive to accept promotions to positions of greater responsibility. Instead it provides an incentive for qualified employees to look elsewhere for advancement.

These unfortunate consequences of the current salary cap have led some local governments to take steps that ignore the importance of financial transparency. These local governments are working around the law by awarding extra vacation days to some top managers, who cash out the extra vacation

time when they leave.

These localities are circumventing the spirit, if not the letter, of the law by playing games with compensation. I don't believe cities and counties should tell citizens that top managers are being paid a given salary while planning to award a large sum of cash to the individual at the end of his or her service.

Even so, I understand why local governments have resorted to this practice. The current salary cap is out of date.

Some sort of salary cap is necessary to keep a lid on the amount that top local government managers can be paid. Further, this cap should also apply to school superintendents,

who currently have no cap on the amount they can earn.

That said, the Legislature must correct the current situation so that Minnesota's local governments can compete with their counterparts in other states. Since it is doubtful that the Legislature has any intention of raising the governor's salary, it must either raise the salary cap to a percentage greater than the governor's salary or institute a new limit with no relation to the amount paid to the governor. One possibility is a new, higher cap that increases annually according to some inflationary measure.

If local officials believe they need to pay their top manag-

ers a higher salary, they must be willing to take the political heat. Additionally, an increase in the salary cap should be conditional upon the commitment of local governments to end salary shell games.

Local governments in Minnesota spend more than \$20 billion each year. Skilled administrators can play a key role in maximizing the use of tax revenue. The Legislature must find a way to help local governments recruit and retain qualified senior administrators while promoting transparency and avoiding salary compression.

Pat Anderson is Minnesota's state auditor.

Minneapolis Star Tribune
Wednesday, March 2, 2005

SF 953
Sen. Kelley

Local pay

Unhitch it from gov's salary

Plymouth needed a new city manager — and as the sixth-largest and one of the spiffiest cities in Minnesota, it wanted a good one. A national search seemed in order.

Trouble was, said Mayor Judy Johnson, no strong out-of-state candidates wanted the job. It didn't appeal much to qualified candidates from other Minnesota cities, either. The reason: State law forbids giving local government employees pay and benefits that exceed 95 percent of the governor's salary, or \$114,288. That's for the top city and county administrators; compensation for other positions must fall in line at a lesser amount.

"Candidates would tell us that, to leave their communities and find new housing for what we were offering, they would lose money," Johnson said. "Why can't the state trust us to set professional staff salaries, and answer to our own voters for what we do?"

That question is being put to legislators this session, in bills that would either raise the state's local government salary cap, or scrap it. As State Auditor Pat Anderson argues in a column on the opposite page, a higher cap would bring at least temporary relief for the compensation headache the state is causing many local governments. But a lasting cure is in order. The cap should go.

The cap, which originated in 1977 in a fit of state paternalism about local spending, has been punctured several times in recent years. Elected officials, including sheriffs and county attorneys, were never tucked under the cap. School districts and government-owned hospitals are now exempt, and waivers have been granted by the state commissioner of employee relations 35 times (as of a tally reported two months ago).

But the commissioner has also rejected 19 requests since 1997. Local government officials say waivers have been harder to come by in recent years, and when one is granted, it has often been for a lesser amount than requested. Dakota County Commissioner Joe Harris said it took four years of effort to obtain a waiver for longtime county administrator Brandt Richardson two years ago — and that only put his compensation at \$130,000, much less than he could make in most other states, or the private sector, for managing a \$320 million annual budget and 1,800 employees.

The situation is made worse by the fact that the governor's salary has not budged past \$120,303 since 1998. Given the state's recurring deficits, that's smart politics. But, as local officials note, a governor has a short-term job that comes with housing, a car and driver, a security detail and more, in addition to salary. And while a governor's job is certainly competitive, Minnesotans need not worry about losing a governor to another state in a salary-bidding war. Linking a career public administrator's total compensation to a governor's salary is a mismatch.

The salary cap is but one of the ways in which legislators have treated city and county officials as naughty stepchildren, rather than people with election certificates as valid as their own. Such hyper-regulation of local affairs is both demeaning and counterproductive. Paying what the market demands for skilled, capable administrators leads to more efficient and effective government services — and that saves money in the long run. "Why would the Legislature want to thwart the effort of hiring good employees?" asked Harris. Why, indeed?

SF 953
Sen Johnson

Requests/approvals for waiver from 95% salary cap

01/23/04

	Date considered	Notes	Appointing Authority	Position	Current comp	Requestor's estimate of market rate	Request	Compensation recommended by Subc	Comp rec as % of gov salary	DOER action
1	9/26/1997	(1)	HCMC	CEO	107,112	> 200,000	176,200	176,200	146%	176,200
2	9/26/1997	(1)	HCMC	COO	98,982	> 150,000	136,200	136,200	113%	136,200
3	9/26/1997		HCMC	CFO	93,276	> 130,000	121,200	No waiver	NA	No waiver
4	12/13/1999	(2)	MetroTransit	General Manager	114,288	156,862	156,200	156,200	130%	156,200
5	12/13/1999	(2)	MAC	Executive Director	114,239	165,000	167,000	156,200	130%	156,200
6	2/22/2000	(3)	Douglas Cty Hospital	CEO	112,670	186,100	175,000	120% of governor	NA	\$155,000
7	11/15/2000		Metro Transit	Asst General Manager	114,288	135,000	150,750	150,750	125%	150,750
8	11/15/2000		Monticello-Big Lake Hosp.	Executive Director	114,231	189,400	189,400	145,000	121%	145,000
9	11/15/2000		Hennepin County	Administrator	114,288	163,266	165,000	165,000	137%	165,000
10	11/15/2000		Hennepin County	Dep Administrator	114,288	130,626	145,000	131,000	109%	131,000
11	11/15/2000		Hennepin County	Asst Admin-Hum Svcs	114,288	135,477	135,000	125,000	104%	125,000
12	11/15/2000		Hennepin County	Asst Admin-Pub Works	114,288	134,606	135,000	125,000	104%	125,000
13	12/18/2000		City of Minneapolis	Assist City Coordinator	109,632	126,454	121,763	126,000	105%	126,000
14	12/18/2000		City of Minneapolis	City Attorney	114,288	116,424	130,381	116,000	96%	116,000
15	12/18/2000		City of Minneapolis	ED, Convention Center	100,464	101,288	134,590	119,000	99%	119,000
16	12/18/2000		City of Minneapolis	City Coordinator	114,288	150,079	138,215	138,000	115%	138,000
17	12/18/2000		City of Minneapolis	Chief of Police	114,288	116,449	130,851	116,000	96%	116,000
18	12/18/2000		City of Minneapolis	Chief, Fire Dept	101,460	110,124	118,316	No waiver	NA	No waiver
19	12/18/2000		City of Minneapolis	Comm of Health	101,724	114,874	118,629	No waiver	NA	No waiver
20	12/18/2000		City of Minneapolis	Dir Human Resources	103,812	103,106	117,532	No waiver	NA	No waiver
21	12/18/2000		City of Minneapolis	Dir of Planning	101,460	104,555	118,316	No waiver	NA	No waiver
22	12/18/2000		City of Minneapolis	Dep Dir, Pub Works	89,880	98,960	122,233	No waiver	NA	No waiver
23	12/18/2000		City of Minneapolis	Finance Officer	114,979	109,431	123,800	No waiver	NA	No waiver
24	12/18/2000		City of Minneapolis	Chief Info Officer	114,288	101,934	130,966	No waiver	NA	No waiver
25	12/18/2000		City of Minneapolis	City Engineer	114,288	111,384	138,118	No waiver	NA	No waiver
26	12/18/2000		City of Minneapolis	Dir Employee Svcs	109,188	81,396	121,273	No waiver	NA	No waiver
27			Rice Memorial Hospital	CEO	113,908	210,600	210,600	160,000	133%	160,000
28	2/1/2002		Dakota County	County Administrator	114,288		142,000	118,900	99%	118,288
29	2/1/2002		St. Louis County	County Administrator	116,722		125,000	118,900	99%	118,288
30	3/18/2002		Rochester Public Utility	General Manager	114,288	165,000	130,000	130,000	108%	122,000
31	4/25/2002		District One Hospital-Faribault	CEO	114,661	191,000	160,000	160,000	133%	155,000
32	6/28/2002		Hutchinson Area Health Care	Cert. Reg. Nurse Anesth.	125,549	150,000	155,000	135,000	112%	135,000
33	6/28/2002		Mercy Hospital, Moose Lake	Cert. Reg. Nurse Anesth.	120,288	150,000	135,000	135,000	112%	135,000
34	8/26/2002		City of Rochester	City Administrator	114,288	141,400	125,000	130,000	108%	120,000
35	8/26/2002		City of St. Louis Park	City Manager	114,288	131,389	131,389	130,000	108%	116,600
36	8/26/2002		City of Minnetonka	City Manager	114,288	145,111	145,111	130,000	108%	116,600
37	8/26/2002		Minneapolis Public Library	Executive Director	103,796	135,000	135,000	130,000	108%	130,000
38	8/26/2002		Local Gov't Information Systems	Executive Director	114,288	161,775	150,000	130,000	108%	120,000
39		(2)	City of Bloomington	City Manager	117,288	132,046	144,000			120,000
40		(2)	City of Hutchinson	Utilities Commission Mgr	114,300		135,000			No waiver
41		(2)	Olmsted County	County Administrator	114,971		121,064			122,000
42		(2)	Olmsted County	Public Works Director	113,600		120,569			No waiver
43		(4)	Olmsted County	Compensation plan						No waiver
44		(2)	Anoka County	County Administrator	114,282	144,737	144,737			130,000
45		(2)	Anoka County	Human Svcs Div Mgr	114,282	130,324	132,277			116,600
46		(2)	Anoka County	Fin & Cntrl Svcs Div Mgr	107,063	133,060	119,245			No waiver
47		(2)	Dakota County	County Administrator	118,288	158,000	146,600			130,000
48		(2)	Regions Hospital	VP, Regulated Hosp Partnt	184,100		240,000			220,000
49		(2)	Regions Hospital	VP, Patient Care Svcs	140,490		200,000			143,000
50		(5)	Ramsey County	County Manager	114,288		140,000			No waiver
51		(6)	City of Minneapolis	Chief of Police	116,000	142,000	142,000			135,000

- (1) The dollar amount recommended by the Subcommittee and adopted by DOER includes up to \$1,200 in stability pay.
- (2) No action taken by Subcommittee within 30 days. Considered positive recommendation under 43A.17.
- (3) The Subcommittee's recommendation was expressed as a percent of the governor's salary, which equaled \$144,364. DOER's decision was expressed as \$ amount.
- (4) The County requested a waiver for its compensation plan. The statute provides for waivers for individual positions only.
- (5) Request submitted 6/18/03, and declined by DOER 8/19/03. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.
- (6) No action taken by Subcommittee within 30 days. Considered under 43A.17 as no recommendation. DOER approve increase 12/22/03

51 requests since 1997

36 approved

15 not approved

There were 7 in 2003

4 were approved

3 were not

DOER
SF 953

DATE: March 7, 2005

TO:

FROM: Jill Pettis
Compensation Manager

RE: Salary Waiver Request

Attached is the questionnaire for requests for exemptions for salaries that would exceed 95% of the Governor's salary. We would like the information to be fairly concise so the limited space is intentional. However, if you find that your information does not "fit," you may retype the questions and fill in the spaces accordingly.

Please call if you have any questions.

Request to Pay a Salary in Excess of 95% of Governor's Salary

Name of Jurisdiction:

Address:

Contact Person:

Phone:

Fax:

E-Mail

I. Position

II. Current Salary

New Salary Requested

III. Provide the salary history of the current incumbent since hired.

VI. Describe the methodology used to justify the amount of the requested salary.

V. Describe the current total compensation package for this position. Be sure to include all wages, bonuses, special benefits, deferred compensation, transportation allowance, etc.

IX. Describe anticipated recruitment difficulties. Explain the basis for any anticipated recruitment difficulties. May include items such as national trends, experiences of similar employers and other statistics.

X. Describe current market conditions and characteristics related to this position. Include statewide, regional and national data.

XI. Describe how the jurisdiction will manage any compliance with the Local Government Pay Equity Act if the requested increase is awarded.

SF 953 John Kaslyczyn



The age old argument of "local control" could be used to justify almost any idea.





2003 Salary Survey: Municipal Officials

This is the third year that ICMA has offered an online version of the annual survey. In July 2003, paper surveys were mailed to all municipal and county governments with populations of 2,500 and above and to those under 2,500 that are recognized by ICMA as having a council-manager form of government or as providing for an appointed general management (chief administrative officer) position. The mail survey gave the URL for the online version and provided a unique identification number for the local government. A second paper survey was mailed to those local governments that had not responded to the first mailing or had not provided the information online.

Of the 8,050 municipalities that received surveys, 4,172 responded (51.8 percent).

For more information on the ICMA's *Annual Directory and Salary Survey*, please contact Sebia M. Clark.



[Click here to buy the complete dataset from bookstore.icma.org.](http://bookstore.icma.org)

National Average

Position	2003 Average Salary (\$)
Chief elected official	18,836
City manager	92,472
Chief administrative officer	71,857
Primary assistant manager/CAO	76,002
Clerk	48,164
Chief financial officer	71,277
Health officer	61,201
Treasurer	51,597
Public works director	65,849
Engineer	75,248
Human services director	62,455
Public safety director	69,702
Police chief	68,212
Fire chief	68,629
Economic development director	69,107
Planning director	68,540
Human resources director	65,839
Risk manager	61,880
Parks and recreation director	62,061
Superintendent of parks	51,107
Recreation director	52,673
Chief librarian	53,720
Information services director	71,940
Purchasing director	54,593

2003 Salary Survey: County Officials

This is the third year that ICMA has offered an online version of the annual survey. In July 2003, paper surveys were mailed to all municipal and county governments with populations of 2,500 and above and to those under 500 that are recognized by ICMA as having a council-manager form of government or as providing for an appointed general management (chief administrative officer) position. The mail survey gave the URL for the online version and provided a unique identification number for the local government. A second paper survey was mailed to those local governments that had not responded to the first mailing or had not provided the information online.

Of the 3,040 counties that received surveys, 1,116 responded (36.7 percent).

For more information on the ICMA's *Annual Directory and Salary Survey*, please contact Sebia M. Clark.



[Click here to buy the complete dataset from bookstore.icma.org.](http://bookstore.icma.org)

National Average

Position	2003 Average Salary (\$)
Chief elected official	34,124
County manager	106,511
Chief administrative officer	79,077
Primary assistant manager/CAO	75,385
Clerk	46,575
Chief financial officer	65,888
Health officer	70,411
Treasurer	46,051
Public works director	70,571
Engineer	71,489
Human services director	72,069
Public safety director	58,356
Police chief	60,592
Fire chief	66,074
Economic development director	64,450
Planning director	61,746
Human resources director	64,882
Risk manager	56,252
Parks and rec. director	58,036
Superintendent of parks	48,336
Recreation director	50,571
Chief librarian	56,530
Information services director	71,087
Purchasing director	55,069

Posted on Sun, Feb. 27, 2005

SPOTLIGHT PEGGY INGISON

Age: 52

Home: New Brighton

Job: Commissioner of finance

Career: Ingison has been going over Minnesota's books for almost three decades. After starting her governmental career as an auditor at the Department of Transportation, the Bloomington native began a 14-year stint as a fiscal analyst for the state Senate. In 1996, she became the state's budget director and was appointed to her new job by Gov. Tim Pawlenty last year.

Which teacher do you feel influenced you the most? Mr. Stan Skjei was a teacher that I had at Bloomington Kennedy High School for bookkeeping and accounting. I expect most people find accounting boring, but Mr. Skjei made it an interesting challenge, like solving a puzzle.

Can you briefly describe the major differences in responsibilities between being budget director and commissioner of finance? As state budget director, I headed up the Budget Division in the Department of Finance, with primary responsibility for managing all aspects of the state budget, from development of the governor's recommendations to implementation and oversight of the enacted budget. As commissioner, I have the responsibility of managing the entire department. While the budget is among the more visible activities of the department, we are also responsible for preparing the state's financial statements, managing the state accounting and roll systems, debt issuance, banking and treasury functions — generally acting as the state's controller.

What's the best part of your job? I really like the variety of issues and being able to work with many dedicated and competent people — especially in the Finance Department but also throughout state government.

What's your biggest concern about Minnesota's budget situation? I'm concerned about the long-term financial stability of the state in the face of a changing economy.

Why spend so many years in public service when your skills would probably be better compensated in the private sector? My dad was a finance director in a federal agency and served as a role model for me. He taught me the important influence government has on people's lives.

What do you do to relax away from the Capitol? I like cross-country skiing, hiking, gardening and kayaking.

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SF953 / HF995 (Kelley / Erhardt)

Bill to repeal salary cap for local government or political subdivision employees

Facts:

- Governor's salary = \$120,303
- Current cap of 95% = \$114,288
- Proposed lifting of the cap = the sky's the limit!

Testifiers who raised concerns about HF995 at House Local Govt Cmte:

- Bjorn Skogquist Mayor City of Anoka
- Bob Cardinal Mayor City of Maplewood
- Tom Kough Council member City of Roseville

Things to consider:

1. Where is the public outcry? Was this an issue you heard door-knocking in your district?
2. How will Greater MN fare against rich suburban communities?
3. My understanding is that in 8 years, only 56 waivers were applied for out of 220,000 employee positions that are covered by the cap. Does this signify a problem or crisis? Since 61% of the waivers were granted, does this mean the system needs adjustment?
4. Could a future governing body rescind an excessive pay raise?
5. With salary raises, come increases in severance packages.
6. Employees know there is a salary cap when they are hired.
7. What positions are currently vacant and unable to be filled?
8. Why doesn't this bill address the complaints that have been raised about hiding salary benefits like free lunches, Rotary club dues, free professional dues, free educational classes, free phones, free PDA's, computers, car allowances, and golden parachute retirement packages?

Questions raised on HF995 at House Local Government Committee followed by my responses ...

#1

Statement: This is a "local control" issue.

Response: My experience in government has told me that you use the "local control" claim when you have nothing else to support your position. **See attached license plate sheet**

#2

Statement: The salary cap is preventing us from keeping up with other states.

Response: The most recent survey on the web site of the International City/County Management Association tells a substantially different story. The average salaries for all city and county employees are below the current cap. **See attached survey**

#3

Statement: Lift the cap and treat government like a business

Response: If you want to treat government like a business, first repeal the law that closes government down on holidays, and then dissolve the PERA pension plan. That's just a start.

#4

Statement: It's unfair that the county attorney and sheriff are not covered by the cap.

Response: All elected officials are exempt from the cap.

#5

Statement: This is an issue of trusting local government officials.

Response: Trust is not the issue. The state has a vested interest in establishing moral and ethical standards within our system of government, such as conflict of interest laws. This also includes the responsibility of creating an environment where people are encouraged to take government positions primarily due to their desire to serve the public, rather than a desire to receive a large paycheck. In return these employees receive an excellent salary, superior benefits, solid job security, and a good work environment.

#6

Statement: A Woodbury council member stated that their executive search person Jerry Oldani indicated that their pool of city manager candidates was limited due to the salary cap.

Response: I have met Jerry Oldani because he did the search in Roseville. What Jerry also said to us is that any limitation in salary, regardless of who is doing the limiting, is going to affect the pool of candidates. He also said that regardless of the salary cap, we would still have plenty of excellent or superior candidates to choose from. Jerry was right.

#7

Statement: We haven't been able to reward our county administrator for a job well done the last few years because he is at the cap.

Response: I find it troubling to hear that things have degraded down to the point that the only way we can reward an employee for a job well done is to cut them a check? Is this what public service is about in this state?

#8

Statement: 56 employees have requested a waiver to the cap.

Response: Actually that is 56 over 8 years, out of 220,000 employees that are under the cap. I believe Anoka County has 1800 employees and they requested 3 waivers and got two. So the cap affected 0.0016% of their employees. How is this a problem?

#9

Statement: This is not a state issue.

Response: The 10th Amendment to the US Constitution states that all powers not delegated are reserved to the states, not political subdivisions. The Minnesota Constitution Article 12, section 3, makes it clear that cities and counties exist at the pleasure of the state.

#10

Statement: If the cap is raised, you won't see any waivers and everyone will be happy.

Response: For how long? Five years at best?

Statement:
#11 **Response:**

The Governor's salary package is worth \$250,000.

Does this include 24-hour executive protection, a driver, and a free home? How does this apply to municipal employees?

Statement:
#12

A city employee received an outside job offer that was above the government salary cap. Because the open meeting law required a 72-hour notice before a meeting could be held, the employee left before the council could meet.

Response:

If an employee was unwilling to give the city 72-hours to meet and discuss the situation, clearly the employee didn't really have a great interest in staying with the city.

Point:
#13

The salary cap process indirectly generates public disclosure. The act of applying for or the granting of a waiver from the salary cap generated newspaper articles on Ramsey County and Anoka County.

Point:
#14

What kind of message are we sending when we say that every single political subdivision employee can make more money than the Governor of our state?

Point:
#15

I personally contacted 6 elected officials from 5 League of Minnesota Cities member cities and only one was informed about this issue.

1 **Senator Higgins from the Committee on State and Local**
2 **Government Operations, to which was referred**

3 **S.F. No. 953:** A bill for an act relating to local
4 government; repealing the compensation limit for local
5 government employees; amending Minnesota Statutes 2004, sections
6 356.611, subdivision 1; 465.719, subdivision 9; repealing
7 Minnesota Statutes 2004, section 43A.17, subdivision 9.

8 Reports the same back with the recommendation that the bill
9 be amended as follows:

10 Page 1, after line 7, insert:

11 "Section 1. Minnesota Statutes 2004, section 43A.17,
12 subdivision 9, is amended to read:

13 Subd. 9. [POLITICAL SUBDIVISION COMPENSATION LIMIT.] (a)
14 The salary and the value of all other forms of compensation of a
15 person employed by a political subdivision of this state,
16 excluding a school district, or employed under section 422A.03
17 may not exceed 95 110 percent of the salary of the governor as
18 set under section 15A.082, except as provided in this
19 subdivision. For purposes of this subdivision, "political
20 subdivision of this state" includes a statutory or home rule
21 charter city, county, town, metropolitan or regional agency, or
22 other political subdivision, but does not include a hospital,
23 clinic, or health maintenance organization owned by such a
24 governmental unit.

25 (b) Deferred compensation and payroll allocations to
26 purchase an individual annuity contract for an employee are
27 included in determining the employee's salary. Other forms of
28 compensation which shall be included to determine an employee's
29 total compensation are all other direct and indirect items of
30 compensation which are not specifically excluded by this
31 subdivision. Other forms of compensation which shall not be
32 included in a determination of an employee's total compensation
33 for the purposes of this subdivision are:

34 (1) employee benefits that are also provided for the
35 majority of all other full-time employees of the political
36 subdivision, vacation and sick leave allowances, health and
37 dental insurance, disability insurance, term life insurance, and
38 pension benefits or like benefits the cost of which is borne by
39 the employee or which is not subject to tax as income under the

1 Internal Revenue Code of 1986;

2 (2) dues paid to organizations that are of a civic,
3 professional, educational, or governmental nature; and

4 (3) reimbursement for actual expenses incurred by the
5 employee which the governing body determines to be directly
6 related to the performance of job responsibilities, including
7 any relocation expenses paid during the initial year of
8 employment.

9 The value of other forms of compensation shall be the
10 annual cost to the political subdivision for the provision of
11 the compensation.

12 (c) The salary of a medical doctor or doctor of osteopathy
13 occupying a position that the governing body of the political
14 subdivision has determined requires an M.D. or D.O. degree is
15 excluded from the limitation in this subdivision.

16 (d) The commissioner may increase the limitation in this
17 subdivision for a position that the commissioner has determined
18 requires special expertise necessitating a higher salary to
19 attract or retain a qualified person. The commissioner shall
20 review each proposed increase giving due consideration to salary
21 rates paid to other persons with similar responsibilities in the
22 state and nation. The commissioner may not increase the
23 limitation until the commissioner has presented the proposed
24 increase to the Legislative Coordinating Commission and received
25 the commission's recommendation on it. The recommendation is
26 advisory only. If the commission does not give its
27 recommendation on a proposed increase within 30 days from its
28 receipt of the proposal, the commission is deemed to have made
29 no recommendation."

30 Page 1, line 16, strike "95" and insert "110"

31 Page 1, lines 21 to 23, reinstate the stricken language

32 Pages 2 and 3, delete sections 2 and 3

33 Renumber the sections in sequence

34 Amend the title as follows:

35 Page 1, line 2, delete "repealing" and insert "increasing"

36 Page 1, line 4, after "sections" insert "43A.17,

1 subdivision 9;"

2 Page 1, line 5, delete everything after "1" and insert a
3 period

4 Page 1, delete line 6

5 And when so amended the bill do pass. Amendments adopted.
6 Report adopted.

7

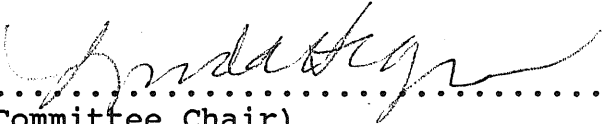
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9

10

11

12


.....
(Committee Chair)

March 7, 2005.....
(Date of Committee recommendation)

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

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Senate

State of Minnesota

S.F. No. 1158 - Office of Administrative Hearings

Author: Senator David H. Senjem

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

Date: March 7, 2005

This bill makes miscellaneous changes to laws governing the operations of the Office of Administrative Hearings (OAH).

Section 1 [SALES AND DISTRIBUTION OF COMPILATION.] requires the Revisor of Statutes to provide three copies of the compilation of Minnesota Rules to the OAH without charge.

Section 2 [HEARINGS BEFORE ADMINISTRATIVE LAW JUDGE.] strikes the requirement that administrative law judges comment on the degree to which agencies have fulfilled substantive requirements of laws and rules in their report on proposed agency actions heard by the OAH.

Section 3 [PROCEDURAL RULES.] authorizes additional rulemaking by the chief administrative law judge to govern conduct of "other hearings" conducted by the OAH in addition to the specific hearings that are already referenced in law. Additional language in this section clarifies that the OAH subpoena authority extends to any manner being heard by the office.

Section 4 [COSTS ASSESSED.] provides that the OAH must consult with the Commissioner of Finance to assess agencies for the cost of hearings. Current law requires the OAH to consult with the Commissioner of Administration.

Section 5 [ADMINISTRATIVE LAW JUDGE DECISION FINAL; EXCEPTION.] under current law, the report of the administrative law judge is the final decision in a contested case unless the agency modifies or rejects the report within 90 days after the record of the proceeding closes. The change in this section provides that when an agency does not act within 90 days on a licensing case, the agency must return the record to the administrative law judge for consideration of disciplinary action.

Section 6 [CONDUCT OF HEARINGS AND INVESTIGATIONS.] provides that a workers' compensation judge in the OAH may conduct a closed hearing for a portion of a workers' compensation case if there is information in the record that is not public in order to issue necessary protective orders and seal all or part of the hearing record.

TSB:rer

Senator Senjem introduced--

S.F. No. 1158: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to state government; the Office of
3 Administrative Hearings; providing state copies of
4 Minnesota Rules to the office; regulating hearings and
5 cases; providing rulemaking; assessing costs; amending
6 Minnesota Statutes 2004, sections 14.47, subdivision
7 8; 14.50; 14.51; 14.53; 14.62, subdivision 2a;
8 176.411, subdivision 1.

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

10 Section 1. Minnesota Statutes 2004, section 14.47,
11 subdivision 8, is amended to read:

12 Subd. 8. [SALES AND DISTRIBUTION OF COMPILATION.] Any
13 compilation, reissue, or supplement published by the revisor
14 shall be sold by the revisor for a reasonable fee and its
15 proceeds deposited in the general fund. An agency shall
16 purchase from the revisor the number of copies of the
17 compilation or supplement needed by the agency. The revisor
18 shall provide without charge copies of each edition of any
19 compilation, reissue, or supplement to the persons or bodies
20 listed in this subdivision. Those copies must be marked with
21 the words "State Copy" and kept for the use of the office. The
22 revisor shall distribute:

23 (a) 25 copies to the Office of the Attorney General;

24 (b) two copies to the leader of each caucus in the house of
25 representatives and the senate, two copies to the Legislative
26 Reference Library, and one copy each to the House of
27 Representatives Research Department and the Office of Senate

1 Counsel and Research;

2 (c) three copies to the revisor of statutes for
3 transmission to the Library of Congress for copyright and
4 depository purposes;

5 (d) 150 copies to the State Law Library;

6 (e) ten copies to the law school of the University of
7 Minnesota; and

8 (f) one copy of any compilation or supplement to each
9 county library maintained pursuant to section 134.12 upon its
10 request, except in counties containing cities of the first
11 class. If a county has not established a county library
12 pursuant to section 134.12, the copy will be provided to any
13 public library in the county upon its request; and

14 (g) three copies to the Office of Administrative Hearings.

15 Sec. 2. Minnesota Statutes 2004, section 14.50, is amended
16 to read:

17 14.50 [HEARINGS BEFORE ADMINISTRATIVE LAW JUDGE.]

18 All hearings of state agencies required to be conducted
19 under this chapter shall be conducted by an administrative law
20 judge assigned by the chief administrative law judge or by a
21 workers' compensation judge assigned by the chief administrative
22 law judge as provided in section 14.48. All hearings required
23 to be conducted under chapter 176 shall be conducted by a
24 compensation judge assigned by the chief administrative law
25 judge or by an administrative law judge assigned by the chief
26 administrative law judge as provided in section 14.48. In
27 assigning administrative law judges or compensation judges to
28 conduct such hearings, the chief administrative law judge shall
29 attempt to utilize personnel having expertise in the subject to
30 be dealt with in the hearing. It shall be the duty of the judge
31 to: (1) advise an agency as to the location at which and time
32 during which a hearing should be held so as to allow for
33 participation by all affected interests; (2) conduct only
34 hearings for which proper notice has been given; (3) see to it
35 that all hearings are conducted in a fair and impartial manner.
36 Except in the case of workers' compensation hearings involving

1 claims for compensation it shall also be the duty of the judge
2 to make a report on each proposed agency action in which the
3 administrative law judge functioned in an official capacity,
4 stating findings of fact and conclusions and recommendations,
5 taking notice of the degree to which the agency has (i)
6 documented its statutory authority to take the proposed action,
7 (ii) fulfilled all relevant ~~substantive~~ and procedural
8 requirements of law or rule, and (iii) in rulemaking
9 proceedings, demonstrated the need for and reasonableness of its
10 proposed action with an affirmative presentation of facts.

11 Sec. 3. Minnesota Statutes 2004, section 14.51, is amended
12 to read:

13 14.51 [PROCEDURAL RULES.]

14 The chief administrative law judge shall adopt rules to
15 govern: (1) the procedural conduct of all hearings, relating to
16 both rule adoption, amendment, suspension or repeal hearings,
17 contested case hearings, and workers' compensation hearings, and
18 to govern the conduct of voluntary mediation sessions for
19 rulemaking and contested cases other than those within the
20 jurisdiction of the Bureau of Mediation Services; and (2) the
21 review of rules adopted without a public hearing. The chief
22 administrative law judge may adopt rules to govern the
23 procedural conduct of other hearings conducted by the Office of
24 Administrative Hearings. The procedural rules shall be binding
25 upon all agencies and shall supersede any other agency
26 procedural rules with which they may be in conflict. The
27 procedural rules shall include in addition to normal procedural
28 matters provisions relating to the procedure to be followed when
29 the proposed final rule of an agency is substantially different,
30 as determined under section 14.05, subdivision 2, from that
31 which was proposed. The procedural rules shall establish a
32 procedure whereby the proposed final rule of an agency shall be
33 reviewed by the chief administrative law judge on the issue of
34 whether the proposed final rule of the agency is substantially
35 different than that which was proposed or failure of the agency
36 to meet the requirements of chapter 14. The rules must also

1 provide: (1) an expedited procedure, consistent with section
2 14.001, clauses (1) to (5), for the adoption of substantially
3 different rules by agencies; and (2) a procedure to allow an
4 agency to receive prior binding approval of its plan regarding
5 the additional notice contemplated under sections 14.101,
6 14.131, 14.14, 14.22, and 14.23. Upon the chief administrative
7 law judge's own initiative or upon written request of an
8 interested party, the chief administrative law judge may issue a
9 subpoena for the attendance of a witness or the production of
10 books, papers, records or other documents as are material to the
11 any matter being heard by the Office of Administrative
12 Hearings. The subpoenas shall be enforceable through the
13 district court in the district in which the subpoena is issued.

14 Sec. 4. Minnesota Statutes 2004, section 14.53, is amended
15 to read:

16 14.53 [COSTS ASSESSED.]

17 ~~In-consultation-with-the-commissioner-of-administration-the~~
18 ~~chief-administrative-law-judge-shall-assess-agencies-the-cost-of~~
19 ~~services-rendered-to-them-in-the-conduct-of-hearings.~~ Except as
20 otherwise specifically provided by statute, the chief
21 administrative law judge, in consultation with the commissioner
22 of finance, shall assess agencies the cost of services rendered
23 to them in the ^{delete}conduct of hearings. All agencies shall include
24 in their budgets provisions for such assessments.

25 Sec. 5. Minnesota Statutes 2004, section 14.62,
26 subdivision 2a, is amended to read:

27 Subd. 2a. [ADMINISTRATIVE LAW JUDGE DECISION FINAL;
28 EXCEPTION.] Unless otherwise provided by law, the report or
29 order of the administrative law judge constitutes the final
30 decision in the case unless the agency modifies or rejects it
31 under subdivision 1 within 90 days after the record of the
32 proceeding closes under section 14.61. When the agency fails to
33 act within 90 days on a licensing case, the agency must return
34 the record of the proceeding to the administrative law judge for
35 consideration of disciplinary action. In all contested cases
36 where the report or order of the administrative law judge

1 constitutes the final decision in the case, the administrative
2 law judge shall issue findings of fact, conclusions, and an
3 order within 90 days after the hearing record closes under
4 section 14.61. Upon a showing of good cause by a party or the
5 agency, the chief administrative law judge may order a
6 reasonable extension of either of the two 90-day deadlines
7 specified in this subdivision.

8 Sec. 6. Minnesota Statutes 2004, section 176.411,
9 subdivision 1, is amended to read:

10 Subdivision 1. [CONDUCT OF HEARINGS AND INVESTIGATIONS.]
11 Except as otherwise provided by this chapter, when a
12 compensation judge makes an investigation or conducts a hearing,
13 the compensation judge is bound neither by the common law or
14 statutory rules of evidence nor by technical or formal rules of
15 pleading or procedure. Hearsay evidence which is reliable is
16 admissible. The investigation or hearing shall be conducted in
17 a manner to ascertain the substantial rights of the
18 parties. When the hearing record contains information which is
19 not public, the compensation judge may conduct a closed hearing
20 to discuss the information, issue necessary protective orders,
21 and seal all or part of the hearing record.

22 Findings of fact shall be based upon relevant and material
23 evidence only, as presented by competent witnesses, and shall
24 comport with section 176.021.

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1158: A bill for an act relating to state
4 government; the Office of Administrative Hearings; providing
5 state copies of Minnesota Rules to the office; regulating
6 hearings and cases; providing rulemaking; assessing costs;
7 amending Minnesota Statutes 2004, sections 14.47, subdivision 8;
8 14.50; 14.51; 14.53; 14.62, subdivision 2a; 176.411, subdivision
9 1.

10 Reports the same back with the recommendation that the bill
11 be amended as follows:

12 Page 4, line 23, delete "in the conduct of hearings"

13 And when so amended the bill do pass and be placed on the
14 Consent Calendar. Amendments adopted. Report adopted.

15
16 (Committee Chair)

17
18 March 7, 2005.....
19 (Date of Committee recommendation)

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

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State of Minnesota

S.F. No. 1071 - Relating to the Metropolitan Water Use and Supply Plan

Author: Senator Linda Higgins

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



Date: March 4, 2005

The proposed legislation requires the Metropolitan Council to study the issue of regional water supply and to do so creates an advisory committee that would assist the Council in the study.

Section 1, subdivision 1, requires the Council to carry out planning activities addressing water supply needs in the metropolitan area and provides certain enumerated criteria that must be addressed.

Subdivision 2 establishes a 13-member advisory committee to assist the Council in water supply planning and provides the membership of the committee and that the members who are gubernatorial appointees serve at the pleasure of the governor.

Subdivision 3 requires reports of water planning activities be made to the Legislature every five years, beginning no later than the beginning of the 2007 legislative session.

Section 2 amends the statute providing for debt reserve for bonds issued under the credit enhancement program to reflect the repeal of the program and provides that the debt service is to be maintained until no longer pledged or needed for outstanding bonds. Eliminates the Council's option to use up to \$3 million of solid waste bonds for the debt reserve.

Section 3 provides that existing agreements between the Council and participants in the repealed credit enhancement program will be honored with respect to bonds issued prior to the effective date of this legislation.

Section 4 provides that any credit enhancement debt reserves that originated from proceeds of solid waste bonds will be transferred to the Council's general fund for use in carrying out water supply planning functions required by this legislation.

Section 5 repeals the earlier law relating to metropolitan water use and supply plan and also repeals the housing bond credit enhancement program.

Section 6 provides the application clause.

Section 7 is the effective date provision with the bill being effective on the day following final enactment.

DPM:vs

Senators Higgins, Robling, Wiger and Marko introduced--

S.F. No. 1071: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to the Metropolitan Council; requiring the Metropolitan Council to carry out metropolitan area water supply planning activities; establishing an advisory committee to assist the council in carrying out the planning activities; abolishing the housing bond credit enhancement program; providing for continued debt reserve and levy authority for bonds issued under the program before its abolishment; providing for the use of available funds from the abolished housing bond credit enhancement program for the council's metropolitan area water supply planning activities; amending Minnesota Statutes 2004, section 473.197, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 2004, sections 473.156; 473.197, subdivisions 1, 2, 3, 5.

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

Section 1. [473.1565] [METROPOLITAN AREA WATER SUPPLY PLANNING ACTIVITIES; ADVISORY COMMITTEE.]

Subdivision 1. [PLANNING ACTIVITIES.] (a) The Metropolitan Council must carry out planning activities addressing the water supply needs of the metropolitan area as defined in section 473.121, subdivision 2. The planning activities must include, at a minimum:

(1) development and maintenance of a base of technical information needed for sound water supply decisions including surface and groundwater availability analyses, water demand projections, water withdrawal and use impact analyses, modeling, and similar studies;

(2) development and periodic update of a metropolitan area

1 master water supply plan that:

2 (i) provides guidance for local water supply systems and
3 future regional investments;

4 (ii) emphasizes conservation, interjurisdictional
5 cooperation, and long-term sustainability; and

6 (iii) addresses the reliability, security, and
7 cost-effectiveness of the metropolitan area water supply system
8 and its local and subregional components;

9 (3) recommendations for clarifying the appropriate roles
10 and responsibilities of local, regional, and state government in
11 metropolitan area water supply;

12 (4) recommendations for streamlining and consolidating
13 metropolitan area water supply decision-making and approval
14 processes; and

15 (5) recommendations for the ongoing and long-term funding
16 of metropolitan area water supply planning activities and
17 capital investments.

18 (b) The council must carry out the planning activities in
19 this subdivision in consultation with the metropolitan area
20 water supply advisory committee established in subdivision 2.

21 Subd. 2. [ADVISORY COMMITTEE.] (a) A metropolitan area
22 water supply advisory committee is established to assist the
23 council in its planning activities in subdivision 1. The
24 advisory committee has the following membership:

25 (1) the commissioner of agriculture or the commissioner's
26 designee;

27 (2) the commissioner of health or the commissioner's
28 designee;

29 (3) the commissioner of natural resources or the
30 commissioner's designee;

31 (4) the commissioner of the pollution control agency or the
32 commissioner's designee;

33 (5) two officials of counties that are located in the
34 metropolitan area, appointed by the governor;

35 (6) six officials of noncounty local governmental units
36 that are located in the metropolitan area, appointed by the

1 governor; and

2 (7) the chair of the Metropolitan Council or the chair's
3 designee, who is chair of the advisory committee.

4 (b) Members of the advisory committee appointed by the
5 governor serve at the pleasure of the governor and their terms
6 end with the term of the governor. Members of the advisory
7 committee serve without compensation but may be reimbursed for
8 their reasonable expenses as determined by the Metropolitan
9 Council. The advisory committee does not expire until repealed
10 by law.

11 Subd. 3. [REPORTS TO LEGISLATURE.] The council must submit
12 reports to the legislature regarding its continuing planning
13 activities under subdivision 1. The first report must be
14 submitted to the legislature by the date the legislature
15 convenes in 2007 and subsequent reports must be submitted by
16 such date every five years thereafter.

17 Sec. 2. Minnesota Statutes 2004, section 473.197,
18 subdivision 4, is amended to read:

19 Subd. 4. [DEBT RESERVE; LEVY.] To provide money to pay
20 debt service on bonds issued under the credit enhancement
21 ~~program if-pledged-revenues-are-insufficient-to-pay-debt-service~~
22 in repealed subdivision 1 of Minnesota Statutes 2004, section
23 473.197, the council must maintain a debt reserve fund in the
24 ~~manner-and-with-the-effect-provided-by-section-118A-04-for~~
25 public-funds until such a reserve is no longer pledged or
26 otherwise needed to pay debt service on such bonds. To-provide
27 ~~funds-for-the-debt-reserve-fund, the council may use up to~~
28 ~~\$370007000-of-the-proceeds-of-solid-waste-bonds-issued-by-the~~
29 ~~council-under-section-473-831-before-its-repeal.--To-provide~~
30 ~~additional-funds-for-the-debt-reserve-fund, the council may levy~~
31 ~~a-tax-on-all-taxable-property-in-the-metropolitan-area-and-must~~
32 ~~levy-the-tax~~ If sums in the debt reserve fund are insufficient
33 to cure any deficiency in the debt service fund established for
34 the bonds, the council must levy a tax on all taxable property
35 in the metropolitan area in the amount needed to cure the
36 deficiency. The tax authorized by this section does not affect

1 the amount or rate of taxes that may be levied by the council
2 for other purposes and is not subject to limit as to rate or
3 amount.

4 Sec. 3. [CONTINUATION OF AGREEMENTS.]

5 An agreement entered into between the Metropolitan Council
6 and a participant in the credit enhancement program under
7 Minnesota Statutes 2004, section 473.197, subdivision 5, with
8 respect to bonds issued prior to the effective date of this act,
9 shall continue in effect in accordance with its terms; provided
10 that no provision in such agreement shall be construed to
11 require or allow the council to pledge its full faith and credit
12 and taxing powers to the payment of additional bonds issued
13 after the effective date of this act.

14 Sec. 4. [USE OF CREDIT ENHANCEMENT PROGRAM FUNDS.]

15 The Metropolitan Council must transfer any funds
16 originating from the proceeds of solid waste bonds and available
17 for the credit enhancement program under Minnesota Statutes
18 2004, section 473.197, subdivision 4, to the council's general
19 fund to the extent such funds are no longer pledged or otherwise
20 needed by the council to maintain a debt reserve fund as
21 provided for in ongoing Minnesota Statutes, section 473.197,
22 subdivision 4. The council must first use the transferred funds
23 for carrying out the metropolitan area water supply planning
24 activities required by section 1, for staff support of the
25 advisory committee established under that section, and for
26 related purposes. If the council determines that the
27 transferred funds are no longer needed for such purposes, the
28 council may use any such funds for any general purposes of the
29 council.

30 Sec. 5. [REPEALER.]

31 Minnesota Statutes 2004, sections 473.156 and 473.197,
32 subdivisions 1, 2, 3, and 5, are repealed.

33 Sec. 6. [APPLICATION.]

34 This act applies in the counties of Anoka, Carver, Dakota,
35 Hennepin, Ramsey, Scott, and Washington.

36 Sec. 7. [EFFECTIVE DATE.]

1 This act is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes for 05-1725

473.156 METROPOLITAN WATER USE AND SUPPLY PLAN.

Subdivision 1. Plan components. The Metropolitan Council shall develop a short-term and long-term plan for existing and expected water use and supply in the metropolitan area. The plan shall be submitted to and reviewed by the commissioner of natural resources for consistency with the statewide drought plan under section 103G.293. At a minimum, the plans must:

(1) update the data and information on water supply and use within the metropolitan area and develop a water use and availability database;

(2) identify and evaluate alternative courses of action, including water conservation initiatives and economic alternatives, in case of drought or contamination conditions;

(3) develop regional surface water and use projection models for resource evaluation;

(4) recommend long-term approaches to resolving problems that may develop because of water use and supply with consideration given to problems that occur outside of the metropolitan area, but which have an effect within the area; and

(5) be consistent with the statewide drought plan under section 103G.293.

Subd. 2. Completion and report. The short-term plan must be completed by February 1, 1990. The long-term plan must be completed by February 1, 1992, and continually updated as the need arises. The plans must be prepared in consultation with the Army Corps of Engineers, the Leech Lake Reservation business committee, the Mississippi headwaters board, Department of Natural Resources, and the Environmental Quality Board. Both plans must be given to the Metropolitan Affairs and Natural Resources Committees of the house of representatives and senate, and be available to the public.

473.197 HOUSING BOND CREDIT ENHANCEMENT PROGRAM.

Subdivision 1. Authorization. The metropolitan council may establish a housing bond credit enhancement program as provided in this section. The council may pledge its full faith and credit and taxing powers to the payment of bonds issued under section 469.034 for qualified housing development projects in the metropolitan area, as provided in this section. A "qualified housing development project" has the meaning given that term in section 469.034, subdivision 2, paragraph (e), except that the council is substituted for "general jurisdiction governmental unit" in clause (3) and "60 percent of the median family income" is substituted for "80 percent of the median family income."

Subd. 2. Project selection. Before pledging its full faith and credit, the council must establish criteria for selecting appropriate qualified housing development projects for the credit enhancement program. The council may award preferences for qualified housing development projects that meet criteria for preferences established by the council. The council must establish the criteria in consultation with housing providers in the metropolitan area. In developing priorities for projects for the credit enhancement program, the council shall give priority to projects that develop or redevelop housing for low-income households. The council shall consider the extent to which projects for the credit enhancement program are developed in collaboration with Minnesota Youth-Build under sections 116L.361 to 116L.366; or training for housing programs

APPENDIX
Repealed Minnesota Statutes for 05-1725

for homeless adults under Laws 1992, chapter 376, article 6; or other employment training programs.

Subd. 3. **Limitation.** The aggregate principal amount of bonds that may be secured by a pledge of the council's full faith and credit under this section may not exceed \$20,000,000. The bonds must be payable from revenues derived from the project or projects financed under the credit enhancement program, or from income of the authority or authorities that participate in the program, including earnings on any reserves established for the program. The council must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds.

Subd. 5. **Agreements.** The council and each authority that participates in the credit enhancement program may enter into agreements they determine to be necessary to implement the credit enhancement program. The agreements may extend over any period, notwithstanding any law to the contrary.

AGENCY INITIATIVE

Regional Water Supply Study

Request: The Metropolitan Council requests legislative authority to study the issue of regional water supply with the assistance of an advisory committee and report the findings to the legislature.

S.F. 1071 / H.F. 1044

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Why this legislation is needed

- The Twin Cities metro area has grown rapidly in recent years and continues to grow. It is prudent to plan now to ensure that there is an adequate drinking water supply to handle the future growth of the region.
- The Metropolitan Council is responsible for working on issues of regional importance and for conducting planning studies. The Council is uniquely positioned to address this issue of drinking water supply.
- The Metropolitan Council is seeking to study this issue with the assistance of an advisory committee and is proposing to report the initial findings back to the legislature by January 1, 2007, with updates every five years thereafter.
- The Metropolitan Council is recommending that this advisory committee include representatives from local governments (cities and counties), the Department of Natural Resources, the Department of Health, the Department of Agriculture and the Minnesota Pollution Control Agency, in addition to a member from the Metropolitan Council.
- The Metropolitan Council would provide staffing and technical support for this study. This can be provided through existing staffing and consultants.
- Funding for this study will be borne by the Metropolitan Council and can come from current reserves to the Council's housing bond credit enhancement fund. This under-utilized funding program would be abolished and the reserve funds in this account would be used to pay for the water supply study.
- A secure, stable, reliable long-term supply of high quality drinking water supply is a valuable asset for the economic growth and vitality of the Twin Cities area. Addressing this issue now is necessary so that the region can plan for the wise use of the area's water resources and the orderly development of its water supply to support future economic development and growth.
- A long-term goal of this study is to streamline the permitting process between the agencies that regulate drinking water in the seven-county metro area.