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Senate
State of Minnesota

S.F. No. 2734 - 1st Engrossment, Sales Tax Receipts Dedication for Natural and Cultural Resource Purposes

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Section 1 [Constitutional Amendment] provides the language for a constitutional amendment increasing the sales and use tax rate by 3/8 of one percent on taxable sales for 25 years beginning on July 1, 2007. The money will be appropriated by law and is dedicated as follows:

(1) 34 percent in the Heritage Enhancement Fund for improvement, enhancement, and protection of the state's fish, wildlife, habitat, and fish and wildlife tourism;

(2) 22 percent in the Parks and Trails Fund for parks, trails, and zoos;

(3) 22 percent in the Clean Water Fund for protection and restoration of lakes, rivers, streams, wetlands, and groundwater; and

(4) 22 percent in the Arts, Humanities, Museum, and Public Broadcasting Fund.

The constitutional language also creates the four funds receiving allocations; provides that the money dedicated under this section for fish and wildlife, parks and trails, zoos, clean water, and history cannot supplant traditional funding for these purposes; and specifies that any land acquired in fee title from money in the Heritage Enhancement Fund must be open to the public taking of fish and game during the open season unless otherwise provided by law.

Section 2 [Submission to the Voters] provides the language of the question to be placed on the ballot at the 2006 general election to adopt the constitutional amendment in section 1.

Section 3 [Public Official Definition] adds members of the Heritage Enhancement Council to the definition of a "public official." This makes the members of the council subject to the economic interest reporting and the gift ban prohibitions.

[Effective Date: November 15, 2006, if the constitutional amendment is approved by the voters.]

Section 4 [Parks and Trails Fund; Expenditures]

Subdivision 1 [Fund] provides that the Parks and Trails Fund is established in the Minnesota Constitution and the fund must be credited with money earned by the fund

Subdivision 2 [Expenditures] provides that the money in the fund may be spent only on parks, trails, and zoos. This section also provides for the receipts to the fund to be allocated into separate accounts. The allocations are:

- State park and recreation purposes, 38 percent;
- State trail purposes, 11 percent;
- Metropolitan regional park and trail grants, 36 percent;
- Nonmetropolitan regional parks and trails, outdoor recreation grants, natural and scenic area grants, trail connection grants, regional trail grants, and grant-in-aid trails, 12 percent; and
- The Minnesota Zoo, the Como Park Zoo and Conservatory, and the Duluth Zoo, three percent.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Section 5 [Heritage Enhancement Fund; Heritage Enhancement Council]

Subdivision 1 [Heritage Enhancement Fund] provides that the Heritage Enhancement Fund is established in the Minnesota Constitution and the fund must be credited with money earned by the fund. This subdivision also provides that at least 97 percent of the money appropriated from the Fund must be spent on specific fish, wildlife, habitat, and fish and wildlife tourism projects.

Subdivision 2 [Heritage Enhancement Council] establishes an 11 member Heritage Enhancement Council on November 15, 2006, that consists of:

(1) Two members of the Senate;

(2) Two members of the House of Representatives;

(3) Two public members representing hunting, fishing, and wildlife interests appointed by the Senate Subcommittee on Committees;

(4) Two public members representing hunting, fishing, and wildlife interests appointed by the Speaker of the House; and

(5) Three public members representing hunting, fishing, and wildlife interests appointed by the Governor.

This subdivision also specifies that the legislative members are nonvoting; one Senate member and one House of Representatives member must be from the minority caucus; that members will receive per diem plus travel expenses beginning July 1, 2007, for services to the Council; and that the terms are for two years.

Subdivision 3 [Duties of the Council] provides the duties of the Council. The Council, after consultation with statewide and local fishing, forestry, hunting, and wildlife groups, must submit a biennial budget plan for expenditures from the Heritage Enhancement Fund. The Governor must submit separate budget detail for planned expenditures from the Fund as recommended by the Council. An agency or entity receiving an appropriation from the Heritage Enhancement Fund must submit a work program and quarterly progress reports to the Council.

Subdivision 4 [Council Administration] allows the Council to employ personnel and contract with consultants as necessary to carry out its functions and duties; provides for the payment of administrative expenses from the Heritage Enhancement Fund beginning July 1, 2007; and prohibits participation of a Council member or staff where they have a potential conflict of interest.

Subdivision 5 [Council Meetings] provides that the Heritage Enhancement Council meetings must be conducted as provided in the Open Meeting Law.

[Effective Date: November 15, 2006, if the constitutional amendment is approved by the voters.]

Section 6 [Clean Water Fund]

Subdivision 1 [Fund] provides that the Clean Water Fund is established in the Minnesota Constitution and the fund must be credited with money earned by the fund

Subdivision 2 [Expenditures] provides that the money in the fund may be spent only on:

- monitoring, investigations, and analysis of water quality;
- state and local activities to protect, preserve, and improve water resources; and
- assistance to individuals and organizations for water quality improvement projects.

Subdivision 3 [Clean Water Council; Membership; Appointment] establishes a Clean Water Council of 21 members. Four of the members shall represent state agencies and are appointed by the heads of the agencies. The agencies are: the Department of Natural Resources; Department of Agriculture; Pollution Control Agency; and Board of Water and Soil Resources. The Commissioner of the Pollution Control Agency, after consultation with the other state agencies represented on the Council, shall appoint 17 public members to the Council. The members appointed shall represent:

- statewide farm organizations, two members;
- business organizations, one member;
- environmental organizations, one member;
- soil and water conservation districts, one member;
- watershed districts, one member;
- organizations focused on improving lakes and streams, one member;
- organizations of county governments, two members;
- organizations of city governments, two members;
- The Metropolitan Council, one member;
- township officers, one member;
- the house of representatives, one member;
- the senate, one member;
- the University of Minnesota, one member; and

- tribal governments, one member.

Subdivision 4 [Terms, Compensation, and Removal] provides that the terms, compensation, removal, and filling of vacancies for Clean Waters Council members is as provided under general law for advisory councils.

Subdivision 5 [Appropriation Recommendations] directs the Clean Waters Council to recommend to the Governor appropriations from the Clean Water Fund.

Subdivision 6 [Biennial Report] requires a biennial report, by December 1, of each even-numbered year, to the Legislature from the Clean Waters Council on past expenditures and recommendations for future expenditures.

Subdivision 7 [Council Meetings] provides that meetings of the Clean Waters Council must be conducted as provided in the Open Meeting Law.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Section 7 [Arts, Humanities, Museum, and Public Broadcasting Fund; Expenditures]

Subdivision 1 [Fund] provides that the arts, humanities, museum, and public broadcasting fund is created in the Minnesota Constitution and the fund must be credited with money earned by the fund.

Subdivision 2 [Expenditures] allocates the proceeds in the fund as follows:

- 43 percent to the Minnesota State Arts Board;
- 23 percent to the Minnesota Historical Society;
- 23 percent to public broadcasting;
- 4 percent to the Science Museum of Minnesota;
- 3.5 percent to the Humanities Commission;
- 2.5 percent to the Minnesota Film Board; and
- 1 percent to the Minnesota Children's Museum and the Duluth Children's Museum.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Section 8 [Sales Tax Addition; Technical] adds the constitutional tax rate to the existing sales tax rate.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Section 9 [Technical] is a technical change related to the constitutional amendment.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Section 10 [Motor Vehicle Excise Tax Rate; Technical] specifies that the motor vehicle excise tax rate does not include the increased rate from the constitutional amendment.

[Effective Date: July 1, 2007, if the constitutional amendment is approved by the voters.]

Attached is a spreadsheet from Dan Mueller, Senate Fiscal Analyst, showing the estimated revenue from the tax and the distribution of the revenue.

GK:dv

SF2734-Sams. 1st Engrossment
Estimated Revenue Allocations
(in 000's)

		FY08		FY09
Sales Tax Revenue				
SF2734-Sams: 3/8 percent		**245,450**		**276,900**
Allocation				
Heritage Enhancement Fund - Fish & Wildlife	34%	83,450		94,140
Parks and Trails Fund				
State Parks		20,520	38%	23,150
State Trails		5,940	11%	6,701
Metro Parks & Trails		19,440	36%	21,931
Non-metro Parks & Trails		6,480	12%	7,310
Zoos		1,620	3%	1,828
subtotal:	22%	54,000		60,920
Clean Water Fund	22%	54,000		60,920
Arts, Humaniites, Museums, and Public Broadcasting Fund				
State Arts Board		23,220	43.0%	26,196
MN Historical Society		12,420	23.0%	14,012
Public Broadcasting		12,420	23.0%	14,012
MN Science Museum		2,160	4.0%	2,437
MN Humanities Commission		1,890	3.5%	2,132
MN Film Board		1,350	2.5%	1,523
MN Children's & Duluth Museum		540	1.0%	609
subtotal:	22%	54,000		60,920
TOTAL ALLOCATIONS:	**100%**	**245,450**		**276,900**

Dan Mueller
Senate Fiscal Analyst

3/10/2006

A bill for an act

relating to natural and cultural resources; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural and cultural resource purposes; creating an arts, humanities, museum, and public broadcasting fund; creating a heritage enhancement fund; creating a parks and trails fund; creating a clean water fund; establishing a Heritage Enhancement Council; establishing a Clean Water Council; amending Minnesota Statutes 2004, sections 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103F; 129D.

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

Section 1. **<u>CONSTITUTIONAL AMENDMENT.</u>**

<u>An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a section will be added to article XI, to read:</u>

<u>Sec. 15. Beginning July 1, 2007, until June 30, 2032, the sales and use tax rate shall be increased by three-eighths of one percent on sales and uses taxable under the general state sales and use tax law, plus penalties and interest and reduced by any refunds. Receipts from the increase are dedicated as follows: 34 percent of the receipts shall be deposited in the heritage enhancement fund and may be spent only to improve, enhance, or protect the state's fish, wildlife, habitat, and fish and wildlife tourism; 22 percent of the receipts shall be deposited in the parks and trails fund and may be spent only on parks, trails, and zoos in the state; 22 percent of the receipts shall be deposited in the clean water fund and may be spent only on protection and restoration of the state's lakes, rivers, streams, wetlands, and groundwater; and 22 percent of the receipts shall be deposited in the arts, humanities, museum, and public broadcasting fund and may be spent only on arts, humanities, history, museums, and public broadcasting. An arts, humanities, museum,</u>

and public broadcasting fund; a heritage enhancement fund; a parks and trails fund; and a clean water fund are created in the state treasury. The money dedicated under this section shall be appropriated by law. The money dedicated under this section for fish, wildlife, habitat, fish and wildlife tourism, parks, trails, zoos, protection and restoration of waters, and history shall not be used as a substitute for traditional funding sources for the purposes specified, but the dedicated money shall supplement traditional sources of funding for those purposes. Land acquired by fee with money deposited in the heritage enhancement fund under this section must be open to public taking of fish and game during the open season unless otherwise provided by law.

Sec. 2. **SUBMISSION TO VOTERS.**

The proposed amendment shall be submitted to the people at the 2006 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to provide funding beginning July 1, 2007, to improve, enhance, or protect the state's fish, wildlife, habitat, and fish and wildlife tourism; its parks, trails, and zoos; its lakes, rivers, streams, wetlands, and groundwater; and its arts, humanities, history, museums, and public broadcasting by increasing the sales and use tax rate by three-eighths of one percent on taxable sales until the year 2032?

Yes ....

No ...."

Sec. 3. Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Minnesota Technology, Inc.; ~~or~~

(17) member of the board of directors or executive director of the Minnesota State High School League; or

(18) member of the Heritage Enhancement Council.

EFFECTIVE DATE. This section is effective November 15, 2006, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 4. **[85.0195] PARKS AND TRAILS FUND; EXPENDITURES.**

Subdivision 1. **Fund.** The parks and trails fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the parks and trails fund must be credited to the fund.

Subd. 2. **Expenditures.** Money in the parks and trails fund may be spent only on state and regional parks, trails, and zoos. Subject to the appropriation by law, receipts to the fund must be allocated in separate accounts as follows:

(1) 38 percent of the receipts may be spent only for state park and recreation area purposes;

(2) 11 percent of the receipts may be spent only for state trail purposes;

(3) 36 percent of the receipts may be spent only for metropolitan area, as defined in section 473.121, regional park and trail grants;

(4) 12 percent of the receipts may be spent only for nonmetropolitan regional parks and trails, outdoor recreation grants, natural and scenic area grants, trail connection grants, regional trail grants, and grant-in-aid trails; and

(5) three percent of the receipts may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 5. **[97A.056] HERITAGE ENHANCEMENT FUND; HERITAGE ENHANCEMENT COUNCIL.**

Subdivision 1. **Heritage enhancement fund.** The heritage enhancement fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the heritage enhancement fund must be credited to the fund. At least 97 percent of the money appropriated from the fund must be spent on specific fish, wildlife, habitat, and fish and wildlife tourism projects.

Subd. 2. **Heritage Enhancement Council.** (a) A Heritage Enhancement Council of 11 members is created, on November 15, 2006, consisting of:

(1) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) two members of the house of representatives appointed by the speaker of the house;

(3) two public members representing hunting, fishing, and wildlife interests appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(4) two public members representing hunting, fishing, and wildlife interests appointed by the speaker of the house; and

(5) three public members representing hunting, fishing, and wildlife interests appointed by the governor.

(b) Legislative members appointed under paragraph (a), clauses (1) and (2), serve as nonvoting members. One member from the senate and one member from the house of representatives must be from the minority caucus. Legislative members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the council. The removal and, beginning July 1, 2007, the compensation of public members are as provided in section 15.0575.

(c) Members shall elect a chair, vice chair, secretary, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

(d) Membership terms are two years, except that members shall serve on the council until their successors are appointed.

(e) Vacancies occurring on the council do not affect the authority of the remaining members of the council to carry out their duties. Vacancies shall be filled in the same manner as under paragraph (a).

Subd. 3. **Duties of council.** (a) The council, in consultation with statewide and local fishing, forestry, hunting, and wildlife groups, shall develop a biennial budget plan for expenditures from the heritage enhancement fund. The biennial budget plan may include grants to statewide and local fishing, forestry, hunting, and wildlife groups to improve, enhance, or protect fish and wildlife resources.

(b) In the biennial budget submitted to the legislature, the governor shall submit separate budget detail for planned expenditures from the heritage enhancement fund as recommended by the council.

(c) As a condition of acceptance of an appropriation from the heritage enhancement fund, an agency or entity receiving an appropriation shall submit a work program and quarterly progress reports for appropriations from the heritage enhancement fund to the members of the Heritage Enhancement Council in the form determined by the council.

Subd. 4. **Council administration.** (a) The council may employ personnel and contract with consultants as necessary to carry out functions and duties of the council. Permanent employees shall be in the unclassified service. The council may request staff assistance, legal opinion, and data from agencies of state government as needed for the execution of the responsibilities of the council.

(b) Beginning July 1, 2007, the administrative expenses of the council shall be paid from the heritage enhancement fund.

(c) A council member or an employee of the council may not participate in or vote on a decision of the council relating to an organization in which the member or employee has either a direct or indirect personal financial interest. While serving on or employed by the council, a person shall avoid any potential conflict of interest.

Subd. 5. **Council meetings.** Meetings of the council and other groups the council may establish must be conducted in accordance with chapter 13D. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations.

EFFECTIVE DATE. This section is effective November 15, 2006, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 6. **[103F.765] CLEAN WATER FUND; CLEAN WATER COUNCIL; EXPENDITURES.**

Subdivision 1. **Fund.** The clean water fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the clean water fund must be credited to the fund.

Subd. 2. **Expenditures.** Subject to appropriation, money in the clean water fund may be spent only on:

(1) monitoring, investigations, and analysis of the quality of Minnesota's water resources;

(2) state and local activities to protect, preserve, and improve the quality of Minnesota's water resources; and

(3) assistance to individuals and organizations for water quality improvement projects.

Subd. 3. **Clean Water Council; membership; appointment.** A Clean Water Council of 21 members is created. The members of the council shall elect a chair from the nonagency members of the council. The commissioners of natural resources, agriculture, and the Pollution Control Agency, and the executive director of the Board of Water and Soil Resources, shall appoint one person from their respective agency to serve as a member of the council. Seventeen additional nonagency members of the council shall be appointed as follows:

(1) two members representing statewide farm organizations, appointed by the governor;

(2) one member representing business organizations, appointed by the governor;

(3) one member representing environmental organizations, appointed by the governor;

(4) one member representing soil and water conservation districts, appointed by the governor;

(5) one member representing watershed districts, appointed by the governor;

(6) one member representing organizations focused on improvement of Minnesota lakes or streams, appointed by the governor;

(7) two members representing an organization of county governments, one member representing the interests of rural counties, and one member representing the interests of counties in the seven-county metropolitan area, appointed by the governor;

(8) two members representing organizations of city governments, appointed by the governor;

(9) one member representing the Metropolitan Council established under section 473.123, appointed by the governor;

(10) one township officer, appointed by the governor;

(11) one member of the house of representatives, appointed by the speaker;

(12) one member of the senate, appointed by the majority leader;

(13) one member representing the University of Minnesota or a Minnesota state university, appointed by the governor; and

(14) one member representing the interests of tribal governments, appointed by the governor.

The members of the council appointed by the governor are subject to the advice and consent of the senate. At least six of the members appointed by the governor must reside in the seven-county metropolitan area. In making appointments, the governor must attempt to provide for geographic balance.

Subd. 4. **Terms; compensation; removal.** The terms of members representing the state agencies and the Metropolitan Council are four years and are coterminous with the governor. The terms of other members of the council shall be as provided in section 15.059, subdivision 2. Members may serve until their successors are appointed and qualify. Compensation and removal of council members is as provided in section 15.059, subdivisions 3 and 4. A vacancy on the council may be filled by the appointing authorities, as provided in subdivision 3, for the remainder of the unexpired term.

Subd. 5. **Recommendations on appropriation of funds.** The Clean Water Council shall recommend to the governor the manner in which money from the clean water fund should be appropriated for the purposes identified in subdivision 2.

Subd. 6. **Biennial report to legislature.** By December 1 of each even-numbered year, the council shall submit a report to the legislature on the activities for which money from the clean water fund has been or will be spent for the current biennium, and the activities for which money from the account is recommended to be spent in the next biennium.

Subd. 7. **Council meetings.** Meetings of the council and other groups the council may establish must be conducted in accordance with chapter 13D. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations.

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 7. [129D.17] **ARTS, HUMANITIES, MUSEUM, AND PUBLIC BROADCASTING FUND; EXPENDITURES.**

Subdivision 1. **Fund.** The arts, humanities, museum, and public broadcasting fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

Subd. 2. **Expenditures.** Subject to appropriation, receipts in the fund must be allocated by the commissioner of finance as follows:

(1) 43 percent to the Minnesota State Arts Board;

(2) 23 percent to the Minnesota Historical Society;

(3) 23 percent to public broadcasting;

(4) four percent to the Science Museum of Minnesota;

(5) 3.5 percent to the Humanities Commission;

(6) 2.5 percent to the Minnesota Film Board; and

(7) one percent to the Minnesota Children's Museum and the Duluth Children's Museum.

Money allocated to the Minnesota State Arts Board may not be used for administrative purposes. If one of the above entities ceases to exist, then the appropriated money must be allocated proportionally among the remaining entities.

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 8. Minnesota Statutes 2004, section 297A.62, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) Except as otherwise provided in subdivision 2 or 3 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

(b) The increased rate required under the Minnesota Constitution, article XI, section 15, shall be added to the rate imposed under paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 9. Minnesota Statutes 2004, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section and the Minnesota Constitution, article XI, section 15, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Sec. 10. Minnesota Statutes 2004, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. **Rate.** There is imposed an excise tax at the rate provided in ~~chapter 297A~~ section 297A.62, subdivision 1, paragraph (a), on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

The excise tax is also imposed on the purchase price of motor vehicles purchased or acquired on Indian reservations when the tribal council has entered into a sales tax on motor vehicles refund agreement with the state of Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2007, if the constitutional amendment proposed in section 1 is adopted by the voters.

Adopted - Voice vote

Senator Solon............ moves to amend S.F. No. 2734 as follows:

Page 1, line 18, delete ", plus penalties and interest and reduced by any refunds"

Page 1, line 19, after "increase" insert ", plus penalties and interest and reduced by any refunds," Amended

II

ROLL CALL VOTE

Date: 3, 15, 2006

Senator Dibble requested a **Roll Call Vote** on:

1. ☐ **adoption** of _____ amendment

2. ☐ **passage** of ___. F. No. _____

3. ☐ **adoption** of _____ motion _____

SENATOR	YES	NO	PASS	ABSENT
Higgins	X			
Wiger	X			
Robling	X			
Dibble	X			
Senjem	X			
Marko	X			
Kubly	X			
Johnson	X			
Vickerman	X			
Day				X
Tomassoni	X			
Fischbach	X			
Solon	X			
Wergin	X			
TOTALS				

There being 13 ***Yes*** **votes and** 0 ***No*** **votes the Motion:**

Prevailed X

Did Not Prevail ☐

ROLL CALL VOTE I

Date: 3 , 15 , 2006

Senator Kubly requested a **Roll Call Vote** on:

1. ☐ **adoption** of _____ amendment

2. ■ **passage** of S. F. No. 2734

3. ☐ **adoption** of _____ motion _____

SENATOR	YES	NO	PASS	ABSENT
Higgins	■	☐	☐	☐
Wiger	■	☐	☐	☐
Robling	■	☐	☐	☐
Dibble	■	☐	☐	☐
Senjem	■	☐	☐	☐
Marko	☐	☐	☐	☐
Kubly	■	☐	☐	☐
Johnson	■	☐	☐	☐
Vickerman	■	☐	☐	☐
Day	☐	☐	☐	■
Tomassoni	■	☐	☐	☐
Fischbach	■	☐	☐	☐
Solon	■	☐	☐	■
Wergin	☐	☐	☐	☐
	☐	☐	☐	☐
	☐	☐	☐	☐
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	☐	☐	☐	☐
TOTALS				

There being 12 ***Yes*** **votes and** 0 ***No*** **votes the Motion:**

Prevailed ■

Did Not Prevail ☐

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State & Local Government Operations

S .F. No. 2734

______ Resolution

______ Re-referred (from another committee)

Amendments:

- A-4 Amendment
  - pg 4 lines 4.28 delete "(b) Legislative members appointed under paragraph (a), clauses (1) and (2), serve as"
  - pg 4 line 4.29 delete "nonvoting members."

Committee recommendation:

______ And when so amended the bill do pass.

______ And when so amended the bill do pass and be placed on the Consent Calendar.

X And when so amended the bill do pass and be re-referred to the Committee on Finance.

No recommendation: And when so amended the bill be
______ (re-referred to the Committee on ______)
OR _____ (reported to the Senate).

______ (date of committee recommendation)

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

S.F. No. 2734: A bill for an act relating to natural and cultural resources; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural and cultural resource purposes; creating an arts, humanities, museum, and public broadcasting fund; creating a heritage enhancement fund; creating a parks and trails fund; creating a clean water fund; establishing a Heritage Enhancement Council; establishing a Clean Water Council; amending Minnesota Statutes 2004, sections 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103F; 129D.

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

Page 1, line 18, delete ", plus penalties and interest and reduced by any refunds"

Page 1, line 19, after "increase" insert ", plus penalties and interest and reduced by any refunds,"

Page 4, line 28, delete everything after "(b) "

Page 4, line 29, delete everything before "One"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

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Director

Senate

State of Minnesota

S.F. No. 2840 - Paid Organ Donation Leave

Author: Senator Linda Scheid

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

Date: March 15, 2006

This bill requires a Minnesota public employer to grant a paid leave of absence to an employee undergoing a medical procedure to donate an organ or partial organ to another person. For purposes of the new law, "employee" is defined to mean a person who works an average of 20 or more hours per week for a public employer; the definition excludes independent contractors. The leave granted under this law is limited to 40 work hours for each donation, unless otherwise agreed to by the employer. The law contains a specific provision preventing employer retaliation against employees who request or obtain leave provided by this section.

TSB:rdr

Senators Scheid, Higgins, Wiger and Frederickson introduced–

S.F. No. 2840: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to employment; providing paid organ donation leave for certain public employees; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Section 1. **[181.9456] LEAVE FOR ORGAN DONATION.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given to them in this subdivision.

(b) "Employee" means a person who performs services for hire for a public employer, for an average of 20 or more hours per week, and includes all individuals employed at any site owned or operated by a public employer. Employee does not include an independent contractor.

(c) "Employer" means a state, county, city, town, school district, or other governmental subdivision that employs 20 or more employees.

Subd. 2. **Leave.** An employer must grant paid leaves of absence to an employee who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The combined length of the leaves shall be determined by the employee, but may not exceed 40 work hours for each donation, unless agreed to by the employer. The employer may require verification by a physician of the purpose and length of each leave requested by the employee for organ donation. If there is a medical determination that the employee does not qualify as an organ donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Subd. 3. **No employer sanctions.** An employer shall not retaliate against an employee for requesting or obtaining a leave of absence as provided by this section.

Subd. 4. **Relationship to other leave.** This section does not prevent an employer from providing leave for organ donations in addition to leave allowed under this section. This section does not affect an employee's rights with respect to any other employment benefit.

Failed on a voice vote

Senator Robling... moves to amend S.F. No. 2840 as follows:

Page 1, line 8, delete "a public" and insert "the state"

Page 1, delete line 9 and insert ", for an average of 20 or more hours per week"

Page 1, line 10, delete everything before the period

Page 1, line 12, delete everything after "means" and insert "the state"

Page 1, line 13, delete everything before the period

Amend the title accordingly

FORM 6

COMMITTEE REPORT - *NO* AMENDMENTS

Committee on State and Local Gov. Ops

______. **F. No.** 2840

______ Resolution

______ Re-referred (from another committee)

Committee recommendation:

______ do pass.

______ do pass and be placed on the Consent Calendar.

X do pass and be re-referred to the Committee on

Jobs.

No recommendation:

______(be re-referred to the Committee on ____________________)

OR ______ (be reported to the Senate) .

____________________ (date of committee recommendation)

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

S.F. No. 2840: A bill for an act relating to employment; providing paid organ donation leave for certain public employees; proposing coding for new law in Minnesota Statutes, chapter 181.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Jobs, Energy and Community Development. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

Senators Wergin and Sparks introduced–

S.F. No. 2933: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to municipal planning; providing standards for dedication of land to the public in a proposed development; amending Minnesota Statutes 2004, section 462.358, subdivision 2b.

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

Section 1. Minnesota Statutes 2004, section 462.358, subdivision 2b, is amended to read:

Subd. 2b. **Dedication.** (a) The regulations may require that a ~~reasonable~~ portion of the developable land of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, storm water drainage and holding areas or ponds and similar utilities and improvements, parks, recreational facilities as defined in section 471.191, playgrounds, trails, wetlands, or open space. The requirement must be imposed by ordinance or under the procedures established in section 462.353, subdivision 4a.

~~(b) In addition, the regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for conservation purposes or for public use as parks, recreational facilities as defined and outlined in section 471.191, playgrounds, trails, wetlands, or open space; provided that (1) the municipality may choose to accept an equivalent amount in cash from the applicant for part or all of the portion required to be dedicated to such public uses or purposes based on the fair market value of the land no later than at the time of final approval, (2) any cash payments received shall be placed in a special fund by the municipality used only for the purposes for which the money was obtained, and may not be used for ongoing operation or maintenance, (3) in establishing the reasonable portion to be dedicated, the regulations may consider the open~~

~~space, park, recreational, or common areas and facilities which the applicant proposes to reserve for the subdivision, and (4) the municipality reasonably determines that it will need to acquire that portion of land for the purposes stated in this paragraph as a result of approval of the subdivision. The basis for calculating the amount to be dedicated or preserved must be established by ordinance or pursuant to the procedures established in section 462.353, subdivision 4a.~~ (b) If a municipality adopts the ordinance or proceeds under section 462.353, subdivision 4a, as required by paragraph (a), the municipality must adopt a capital improvement program and adopt a parks and open space plan or have a parks, trails, and open space component in its comprehensive plan subject to the terms and conditions in this paragraph and paragraphs (c) to (k).

(c) The municipality may choose to accept a per-lot cash fee as set by ordinance from the applicant for some or all of the new lots created in the subdivision, based on fair market value of the land, no later than at the time of final approval.

(d) In establishing the portion to be dedicated or preserved or the per-lot cash fee, the regulations must consider the open space, recreational, or common areas and facilities that the applicant proposes to reserve for the subdivision.

(e) The municipality must reasonably determine that it will need to acquire that portion of land for the purposes stated in this subdivision as a result of approval of the subdivision.

(f) The fees or dedication must be fair, reasonable, and proportionate to the need created and must be offset by an approved open space or wetland credit.

(g) Cash payments received must be placed by the municipality in a special fund to be used only for the purposes for which the money was obtained.

(h) Cash payments received must be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space. Cash payments must not be used for ongoing operation, maintenance, or redevelopment of parks, recreational facilities, playgrounds, trails, wetlands, or open space.

(i) The municipality must not deny the approval of a subdivision based on an inadequate supply of parks, open spaces, trails, or recreational facilities within the county.

(j) The municipality must not condition the approval of any subdivision or development on an agreement to waive the right to challenge the validity of a fee or dedication.

(k) Previously subdivided property from which a park dedication has been received, being resubdivided with the same number of lots, is exempt from park dedication requirements. If, as a result of resubdividing the property, the number of lots is increased, then the park dedication or per-lot cash fee must apply only to the net increase of lots.

Adopted on a voice vote

Senator Wergin moves to amend S.F. No. 2933 as follows:

Page 2, line 10, delete "(k)" and insert "(i)"

Page 2, delete lines 20 and 21

Page 2, line 22, delete "(g)" and insert "(f)"

Page 2, line 24, delete "(h)" and insert "(g)"

Page 2, line 28, delete "(i)" and insert "(h)"

Page 2, line 29, delete "county" and insert "municipality"

Page 2, delete lines 30 to 32

Page 2, line 33, delete "(k)" and insert "(i)"

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State and Local Gov. OPS

______**.F. No.** 2933
______ Resolution
______ Re-referred (<u>from</u> another committee)

Amendments: A-1 amendment

~~line 2.11 delete "per-lot"~~
~~line 2.14 delete "per-lot"~~

Pg 2 line 2.11 delete "per-lot"
Pg 2 line 2.14 delete "per-lot"

Committee recommendation:

__X__ And when so amended the bill do pass.

______ And when so amended the bill do pass and be placed on the Consent Calendar.

______ And when so amended the bill do pass and be re-referred to the Committee on

____.

No recommendation: And when so amended the bill be
______ (re-referred to the Committee on ______________________)
OR _____ (reported to the Senate).

______________________ (date of committee recommendation)

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

S.F. No. 2933: A bill for an act relating to municipal planning; providing standards for dedication of land to the public in a proposed development; amending Minnesota Statutes 2004, section 462.358, subdivision 2b.

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

Page 2, line 10, delete "(k)" and insert "(i)"

Page 2, line 11, delete "per-lot"

Page 2, line 14, delete "per-lot"

Page 2, delete lines 20 and 21

Page 2, line 22, delete "(g)" and insert "(f)"

Page 2, line 24, delete "(h)" and insert "(g)"

Page 2, line 28, delete "(i)" and insert "(h)"

Page 2, line 29, delete "county" and insert "municipality"

Page 2, delete lines 30 to 32

Page 2, line 33, delete "(k)" and insert "(i)"

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

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

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S.F. No. 2295 - State Motor Vehicles Purchase Preference

Author: Senator Gary Kubly

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

Date: March 15, 2006

This bill requires the Commissioner of Administration to award a six-percent preference on the amount bid for a state motor vehicle contract to small businesses that are located in an economically disadvantaged area. Existing law gives the commissioner discretion to award up to a six-percent preference on amounts bid by small businesses located in economically disadvantaged areas. Minnesota Statutes, section 16C.16, subdivision 7, paragraph (d), describes the criteria for determining whether businesses are located in economically disadvantaged areas. This language can be found on page 1, lines 22, through page 2, line 6, of the bill.

TSB:rdr

Senators Kubly, Sams, Langseth, Lourey and Vickerman introduced--

S.F. No. 2295: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to state procurement; providing that a preference must be awarded to certain small businesses for purchase of state vehicles; amending Minnesota Statutes 2004, section 16C.16, subdivision 7.

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

Section 1. Minnesota Statutes 2004, section 16C.16, subdivision 7, is amended to read:

Subd. 7. [ECONOMICALLY DISADVANTAGED AREAS.] (a) Except as otherwise provided in paragraph ~~(b)~~ (c), the commissioner may award up to a six percent preference in the amount bid on state procurement to small businesses located in an economically disadvantaged area.

(b) The commissioner must award a six percent preference in the amount bid on state procurement of motor vehicles to small businesses located in an economically disadvantaged area. The six percent must be based on the full purchase price of the vehicle.

(c) The commissioner may award up to a four percent preference in the amount bid on state construction to small businesses located in an economically disadvantaged area.

~~(c)~~ (d) A business is located in an economically disadvantaged area if:

(1) the owner resides in or the business is located in a county in which the median income for married couples is less

than 70 percent of the state median income for married couples;

(2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or

(3) the business is a certified rehabilitation facility or extended employment provider as described in chapter 268A.

~~(d)~~ (e) The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as enterprise zones under section 469.167 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.

~~(e)~~ (f) The Department of Revenue shall gather data necessary to make the determinations required by paragraph ~~(c)~~ (d), clause (1), and shall annually certify counties that qualify under paragraph ~~(c)~~ (d), clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the United States Department of Labor.

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S.F. No. 2648 - Municipal Tort Liability

Author: Senator Ann H. Rest

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

Date: March 14, 2006

The proposed legislation limits municipal tort liability to that of a single municipality for a claim brought against a joint venture or joint enterprise, including those operating under the joint powers statute. Under the general law municipal tort liability is limited to $300,000 for an individual claim and $1,000,000 for a number of claims arising of a single occurrence. In 2005 the 8th Circuit Court of Appeals ruled that a joint powers board under Minnesota law is not an individual entity for purposes of applying the statutory damage cap and that the individual units of government participating in the joint venture or joint enterprise would be individually liable for damages up to the amount of the cap. With this legislation, the joint venture or joint enterprise would be subject to only one damage cap regardless of the number of participating entities in the joint venture or joint enterprise.

DPM:mvm

Senators Rest, Betzold, Neuville, Hann and Higgins introduced–

S.F. No. 2648: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to local government; limiting liability on claims brought against a municipality participating in a joint venture or enterprise; amending Minnesota Statutes 2004, section 466.04, by adding a subdivision.

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

Section 1. Minnesota Statutes 2004, section 466.04, is amended by adding a subdivision to read:

Subd. 1c. **Claims arising out of cooperative activities.** The total liability of one or more municipalities on a claim brought against the municipality or municipalities or their officers or employees arising out of a joint venture or joint enterprise, including participation in a cooperative activity undertaken under section 471.59 or other law, shall not exceed the limits for a single municipality set forth in subdivision 1 regardless of whether a separate entity or organization is created.

Senator Tomassoni moves to amend S.F. No. ~~2735~~ 2648 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 471.59, is amended by adding a subdivision to read:

Subd. 1a. **Single entity for liability purposes.** Governmental units participating in a joint venture or joint enterprise, including participation in a cooperative activity undertaken pursuant to this section or other law, shall be treated as a single entity for purposes of liability arising out of the joint venture or joint enterprise. For determining total liability, the participating governmental units are considered a single governmental unit and the total liability may not exceed the caps for a single governmental unit set forth in section 3.736 or 466.04, subdivision 1."

Amend the title accordingly

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State & Local Gov Ops

S **.F. No.** 2648

______ Resolution

______ Re-referred (from another committee)

Amendments:

A-06-1195 Amendment

Committee recommendation:

______ And when so amended the bill do pass.

______ And when so amended the bill do pass and be placed on the Consent Calendar.

X And when so amended the bill do pass and be re-referred to the Committee on Judiciary.

No recommendation: And when so amended the bill be

______ (re-referred to the Committee on ______)

OR _____ (reported to the Senate).

______ (date of committee recommendation)

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

S.F. No. 2648: A bill for an act relating to local government; limiting liability on claims brought against a municipality participating in a joint venture or enterprise; amending Minnesota Statutes 2004, section 466.04, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 471.59, is amended by adding a subdivision to read:

Subd. 1a. **Single entity for liability purposes.** Governmental units participating in a joint venture or joint enterprise, including participation in a cooperative activity undertaken pursuant to this section or other law, shall be treated as a single entity for purposes of liability arising out of the joint venture or joint enterprise. For determining total liability, the participating governmental units are considered a single governmental unit and the total liability may not exceed the caps for a single governmental unit set forth in section 3.736 or 466.04, subdivision 1."

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

Senators Rest, Metzen, Kiscaden, Robling and Neuville introduced–

S.F. No. 2735: Referred to the Committee on State & Local Government Operations

A bill for an act

relating to legislature; regulating the Legislative Audit Commission; amending Minnesota Statutes 2004, sections 3.97, subdivisions 2, 3a; 3.9741, subdivision 1; 37.06; repealing Minnesota Statutes 2004, sections 3.97, subdivision 3; 3.979, subdivision 5.

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

Section 1. Minnesota Statutes 2004, section 3.97, subdivision 2, is amended to read:

Subd. 2. **Membership; terms; meetings; compensation; powers.** The Legislative Audit Commission consists of:

(1) ~~the majority leader~~ three members of the senate ~~and the president of the senate or their designees~~ appointed by the senate committee on committees;

(2) ~~the chair~~ three members of the senate ~~Committee on Governmental Operations and reform or a designee who is a member of the committee~~ appointed by the senate minority leader;

(3) ~~a chair of a senate Committee on Finance designated by the majority leader~~ three members of the house appointed by the speaker of the house; and

(4) ~~four~~ three members of the ~~senate~~ house appointed by the ~~senate~~ house minority leader~~;~~.

~~(5) the speaker of the house and the chair of the house Committee on Rules or their designees;~~

~~(6) the chair of the house Committee on Governmental Operations and Gaming or a designee who is a member of the committee;~~

~~(7) the chair of the house Ways and Means Committee or a designee who is a member of the committee; and~~

~~(8) four members of the house appointed by the house minority leader.~~

~~The appointed members of the commission shall serve for a term commencing upon appointment and expiring at the opening of the next regular session of the legislature in the odd-numbered year and until a successor is appointed. A vacancy in the membership of the commission shall be filled for the unexpired term in a manner that will preserve the representation established by this subdivision.~~ Members shall serve until replaced, or until they are not members of the legislative body from which they were appointed. Appointing authorities shall fill vacancies on the commission within 30 days of a vacancy being created.

The commission shall meet in January of each odd-numbered year to elect its chair and ~~other officers as it may determine necessary~~ vice-chair. ~~A chair~~ They shall serve ~~a two-year term, expiring on January 1 in the odd-numbered year following election, and~~ until ~~a successor is~~ successors are elected. The chair and vice-chair shall alternate biennially between the senate and the house. The commission shall meet at the call of the chair ~~or the executive secretary~~. The members shall serve without compensation but be reimbursed for their reasonable expenses as members of the legislature. The commission may exercise the powers prescribed by section 3.153.

Sec. 2. Minnesota Statutes 2004, section 3.97, subdivision 3a, is amended to read:

Subd. 3a. **Evaluation topics.** ~~(a)~~ The commission shall periodically select topics for the legislative auditor to evaluate. Topics may include any agency, program, or activity established by law to achieve a state purpose, or any topic that affects the operation of state government, but the commission shall give primary consideration to topics that are likely, upon examination, to produce recommendations for cost savings, increased productivity, or the elimination of duplication among public agencies. Legislators and legislative committees may suggest topics for evaluation, but the legislative auditor shall only conduct evaluations approved by the commission.

~~(b) The commission is requested to direct the auditor, in response to a suggestion from an individual legislator of an evaluation topic, to estimate the scope of the proposed evaluation and the time required to complete it. The estimate must be reported to the legislator who submitted the suggestion and to the commission. The commission must determine within 60 days of receiving the estimate whether to proceed with the suggested evaluation and must convey its decision to the legislator along with the reasons for its decision.~~

Sec. 3. Minnesota Statutes 2004, section 3.9741, subdivision 1, is amended to read:

Subdivision 1. **Metropolitan Commission.** Upon the audit of the financial accounts and affairs of a commission under section 473.595, 473.604, or 473.703, the affected Metropolitan Commission is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the Metropolitan Commission either monthly or at the completion of the audit. All collections received for the audits must ~~be deposited in the general fund~~ be added to the appropriation for the legislative auditor.

Sec. 4. Minnesota Statutes 2004, section 37.06, is amended to read:

37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by the legislative auditor. The cost of the examination must be paid by the society to the state and ~~credited~~ must be added to the ~~general fund~~ appropriation for the legislative auditor.

A summary of this examination, certified by the legislative auditor, must be appended to the secretary's report, along with the legislative auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

Sec. 5. **REPEALER.**

Minnesota Statutes 2004, sections 3.97, subdivision 3; and 3.979, subdivision 5, are repealed.

3.97 LEGISLATIVE AUDIT COMMISSION.

Subd. 3. **Transfer of department.** The Department of Public Examiner is transferred from the executive to the legislative branch.

3.979 DATA CLASSIFICATION AND DISCLOSURE.

Subd. 5. **Commissioner's opinion; legislative auditor access to data.** If, after the commissioner of administration issues an opinion under section 13.072 that a person requesting access to data held by a state agency is entitled to that access, the state agency continues to refuse to provide the data or the person making the request is told that the data sought does not exist, the Legislative Audit Commission may instruct the legislative auditor to review all state agency data related to the request. Following the review, the legislative auditor shall provide all public data obtained, if any, to the Legislative Audit Commission.

FORM 6A

COMMITTEE REPORT - WITH AMENDMENTS

Committee on State and Local Gov ops

____.F. No. 2735

______ Resolution

______ Re-referred (from another committee)

Amendments:

Pg 2 line 33 Deleted

Delete Sections 3 & 4

Committee recommendation:

______ And when so amended the bill do pass.

______ And when so amended the bill do pass and be placed on the Consent Calendar.

X And when so amended the bill do pass and be re-referred to the Committee on

Judiciary.

No recommendation: And when so amended the bill be

______ (re-referred to the Committee on ______________________)

OR _____ (reported to the Senate).

______________________ (date of committee recommendation)

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

S.F. No. 2735: A bill for an act relating to legislature; regulating the Legislative Audit Commission; amending Minnesota Statutes 2004, sections 3.97, subdivisions 2, 3a; 3.9741, subdivision 1; 37.06; repealing Minnesota Statutes 2004, sections 3.97, subdivision 3; 3.979, subdivision 5.

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

Page 2, delete section 3

Page 3, delete section 4

Renumber the sections in sequence

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

Senate Counsel, Research, and Fiscal Analysis

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Jo Anne Zoff Sellner
Director

Senate

State of Minnesota

S.F. No. 2616 - Emergency Medical Services Special Taxing Districts

Author: Senator Steve Murphy

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

Date: March 14, 2006

This bill would establish an alternative method for establishing an emergency medical services special taxing district by providing political subdivisions located wholly or partially within a primary service area under Minnesota Statutes, chapter 144E, and located outside the metropolitan area could establish a special taxing district for emergency medical services. A primary service area under chapter 144E is defined as "the geographic area that can reasonably be served by an ambulance service." If the governing bodies constituting over 66 percent of the previous years taxable market value of real and personal property in the primary service area establish a special taxing district the property tax levy authorized for those districts is levied on all real and personal property of the political subdivisions in the entire primary service area. The bill also provides for membership on the board of the special taxing district, increases the tax levy cap from $250,000 to $400,000, and that a political subdivision included in a special taxing district under this new language is not allowed to withdraw from that district. The bill would be effective for taxes levied in 2006 and payable in 2007.

DPM:mvm

Senators Murphy and Ruud introduced–

S.F. No. 2616: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to local government; providing an alternative method for establishing emergency medical services special taxing districts; increasing the levy authority; removing the sunset; amending Minnesota Statutes 2004, section 144F.01, subdivisions 2, 3, 4, 8; Laws 2001, First Special Session chapter 5, article 3, section 8, as amended.

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

Section 1. Minnesota Statutes 2004, section 144F.01, subdivision 2, is amended to read:

Subd. 2. **Who may establish.** An emergency medical services special taxing district may be established under either of the following procedures: (1) Two or more political subdivisions, or parts of them, may establish by resolution of their governing bodies a special taxing district for emergency medical services. The participating territory of a participating political subdivision need not abut any other participating territory to be in the special taxing district; or

(2) the political subdivisions located wholly or partially within a primary service area defined under section 144E.001, subdivision 10, and located wholly outside the metropolitan area defined in section 473.121, may establish by resolution a special taxing district for emergency medical services. If the governing bodies of the political subdivisions constituting over 66 percent of the previous year's taxable market value of real and personal property of the total primary service area establish a special taxing district for emergency medical services under this clause, the property tax levy under subdivision 4 shall be levied on all taxable real and personal property of all political subdivisions in the entire primary service area. The participating territory of a participating political subdivision need not abut any other participating territory to be in the special taxing district.

EFFECTIVE DATE. This section is effective for taxes levied in 2006, payable in 2007, and thereafter.

Sec. 2. Minnesota Statutes 2004, section 144F.01, subdivision 3, is amended to read:

Subd. 3. **Board.** The special taxing district under this section is governed by a board made up initially of representatives of each participating political subdivision in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Political subdivisions that did not pass a resolution, but are included in the special taxing district due to the 66 percent provision under subdivision 2, clause (2), must have proportional representation on the board. Each participant's representative serves at the pleasure of that participant's governing body.

EFFECTIVE DATE. This section is effective for taxes levied in 2006, payable in 2007, and thereafter.

Sec. 3. Minnesota Statutes 2004, section 144F.01, subdivision 4, is amended to read:

Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the taxable real and personal property in the district. The ad valorem tax levy may not exceed 0.048 percent of the taxable market value of the district or ~~$250,000~~ $400,000, whichever is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times as provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel shall be included in the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

EFFECTIVE DATE. This section is effective for taxes levied in 2006, payable in 2007, and thereafter.

Sec. 4. Minnesota Statutes 2004, section 144F.01, subdivision 8, is amended to read:

Subd. 8. **Additions and withdrawals.** (a) Additional eligible political subdivisions may be added to a special taxing district under this section as provided by the board of the district and agreed to in a resolution of the governing body of the political subdivision proposed to be added.

(b) A political subdivision in a special taxing district established under subdivision 2, clause (1), may withdraw from a special taxing district under this section by resolution of its governing body. The political subdivision must notify the board of the special taxing district of the withdrawal by providing a copy of the resolution at least one year in advance of the proposed withdrawal. The taxable property of the withdrawing member is subject to the property tax levy under subdivision 4 for the taxes payable year following the notice of the withdrawal, unless the board and the withdrawing member agree otherwise by action of their governing bodies. A political subdivision included in a special taxing district established under subdivision 2, clause (2), may not withdraw from that special taxing district.

(c) Notwithstanding subdivision 2, clause (1), if the district is comprised of only two political subdivisions and one of the political subdivisions withdraws, the district can continue to exist.

EFFECTIVE DATE. This section is effective for taxes levied in 2006, payable in 2007, and thereafter.

Sec. 5. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective date, as amended by Laws 2005, chapter 151, article 3, section 19, is amended to read:

EFFECTIVE DATE. This section is effective for taxes levied in 2002, payable in 2003, ~~through taxes levied in 2009, payable in 2010~~ and thereafter.

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

COMMITTEE REPORT - *NO* AMENDMENTS

Committee on <u>State and Local Government</u>

S. F. No. <u>2616</u>

☐ Resolution

☐ Re-referred (<u>from</u> another committee)

Committee recommendation:

☐ do pass.

OR

☐ do pass and be placed on the Consent Calendar.

OR

☒ do pass and be re-referred to the Committee on

<u>Taxes</u>

No recommendation:

☐ (be re-referred to the Committee on ___)

OR

☐ (be reported to the Senate) .

<u>Double click here to insert date</u> (date of committee recommendation)

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

S.F. No. 2616: A bill for an act relating to local government; providing an alternative method for establishing emergency medical services special taxing districts; increasing the levy authority; removing the sunset; amending Minnesota Statutes 2004, section 144F.01, subdivisions 2, 3, 4, 8; Laws 2001, First Special Session chapter 5, article 3, section 8, as amended.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

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Senate
State of Minnesota

S.F. No. 2805 - County Offices

Author: Senator Gary W. Kubly

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

Date: March 14, 2006

The proposed legislation would amend the general law provisions relating to optional forms of county government and provide that the provisions for the appointment of the county auditor, county treasurer, or county recorder, or the combined auditor/treasurer, may be adopted by the county board by a four-fifths vote of the board or through a reverse referendum process in which ten percent of the registered voters of the county file a petition with the county auditor. Under the current law, these provisions require a mandatory referendum in every case, and have resulted in the numerous special bills for individual counties that have been requested in the past few years. With this general law change, counties desiring this authority would not need to come to the legislature for special legislation to make the above named offices appointive.

DPM:mvm

Senators Kubly, Vickerman, Higgins, Frederickson and Senjem introduced–

S.F. No. 2805: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to counties; providing for appointment and consolidation of certain county offices, subject to notice, hearing, reverse referendum; amending Minnesota Statutes 2004, sections 375A.10, subdivision 5; 375A.12, subdivision 2, by adding a subdivision; 382.01.

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

Section 1. Minnesota Statutes 2004, section 375A.10, subdivision 5, is amended to read:

Subd. 5. **Auditor-treasurer.** In any county exercising the option provided in subdivision 2, clause (c), the office shall be known thereafter as the office of auditor-treasurer, if the office is to remain elective. If the board chooses to make the office of auditor-treasurer elective, and not require a referendum, it must act with the concurrence of 80 percent of its members.

In the exercise of this option, the county board shall direct which of the offices of auditor or treasurer shall be terminated for the purpose of providing for the election to the single office of auditor-treasurer. The duties, functions and responsibilities which have been heretofore and which shall hereafter be required by statute to be performed by the county auditor and the county treasurer shall be vested in and performed by the auditor-treasurer without diminishing, prohibiting or avoiding those specific duties required by statute to be performed by the county auditor and the county treasurer.

Nothing in this subdivision shall preclude the county from exercising the option to make the combined office of auditor-treasurer appointive as if it had been specifically enumerated in subdivision 2. If the combined office is to be appointive, a referendum under section 375A.12 shall be necessary<u>, except as provided by section 375A.12, subdivision 2a</u>.

If the combined office is to be elective, a referendum under section 375A.12 shall be necessary if:

(a) the county board requires a referendum; or

(b) a referendum is required by a petition of a number of voters equal to ten percent of those voting in the county at the last general election that is received by the county auditor within 30 days after the second publication of the board resolution that orders the combination.

The persons last elected to the positions of auditor and treasurer before adoption of the resolution shall serve in those offices and perform the duties of those offices until the completion of the terms to which they were elected.

Sec. 2. Minnesota Statutes 2004, section 375A.12, subdivision 2, is amended to read:

Subd. 2. **Form of government options.** Except as provided in subdivision 2a, the options provided in sections 375A.01 to 375A.10 shall be adopted in any county only after an affirmative vote of the voters in the county on the question of the adoption of the option. Except as provided in section 375A.01, only one such plan may be submitted at any one election.

Sec. 3. Minnesota Statutes 2004, section 375A.12, is amended by adding a subdivision to read:

Subd. 2a. **Publishing resolution; hearing; petition; referendum.** An option provided in section 375A.10, subdivision 2, clause (a), for the appointment of the county auditor, county treasurer, or county recorder; or for the appointment of the auditor-treasurer under section 375A.10, subdivision 5, may be adopted by the county board by resolution if the option is approved by at least 80 percent of the members of the county board. Before the adoption of the resolution, the county board must publish a resolution notifying the public of its intent to consider the option once each week for two consecutive weeks in the official publication of the county. Following the publication, the county board shall provide an opportunity at its next regular meeting for public comment relating to the option, prior to formally adopting the option. The resolution may be adopted and implemented without the submission of the question to the voters of the county unless, within 30 days after the second publication of the resolution, a petition requesting a referendum, signed by at least ten percent of the registered voters of the county, is filed with the county auditor. If a petition is filed, the resolution may be implemented unless disapproved by a majority of the voters of the county voting on the question at a regular or special election.

Sec. 4. Minnesota Statutes 2004, section 382.01, is amended to read:

382.01 OFFICERS ELECTED; TERMS.

In every county in this state there shall be elected at the general election in 1918 a county auditor, a county treasurer, sheriff, county recorder, county attorney, and coroner.

The terms of office of these officers shall be four years and shall begin on the first Monday in January next succeeding their election. They shall hold office until their successors are elected and qualified. Each of these offices ~~shall~~ must be filled by election every four years ~~thereafter~~ after 1918, unless an office is consolidated with another county office, or made appointive under chapter 375A or some other general or special law.

COMMITTEE REPORT - *NO* AMENDMENTS

Committee on State and Local Government

S. F. No. 2805

☐ Resolution

☐ Re-referred (from another committee)

Committee recommendation:

☒ do pass.

OR

☐ do pass and be placed on the Consent Calendar.

OR

☐ do pass and be re-referred to the Committee on

____

No recommendation:

☐ (be re-referred to the Committee on ___)

OR

☐ (be reported to the Senate) .

Double click here to insert date (date of committee recommendation)

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

S.F. No. 2805: A bill for an act relating to counties; providing for appointment and consolidation of certain county offices, subject to notice, hearing, reverse referendum; amending Minnesota Statutes 2004, sections 375A.10, subdivision 5; 375A.12, subdivision 2, by adding a subdivision; 382.01.

Reports the same back with the recommendation that the bill do pass. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

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Senate
State of Minnesota

S.F. No. 2420 - Continuing Appropriations

Author: Senator Yvonne Prettner-Solon

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

Date: March 15, 2006

This bill would extend biennial appropriations for state agencies through the month of July in odd-numbered year if the Legislature fails to enact appropriations for that agency before July 1 of that year. The amounts extended through the month of July are those sufficient to continue agency operations at the base level in effect for the fiscal year ending on June 30 of that year, as determined by the Commissioner of Finance.

TSB:rdr

Senators Solon; Higgins; Johnson, D.E. and Skoglund introduced–

S.F. No. 2420: Referred to the Committee on Finance.

A bill for an act

relating to the state budget; providing continuing appropriations for the operation of state government under certain conditions; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

Section 1. [16A.117] CONTINUING APPROPRIATIONS.

If the legislature fails to enact biennial appropriations for a state agency before July 1 of an odd-numbered year, amounts sufficient to continue operation of the agency through the month of July at the base level in effect for the fiscal year ending June 30 of that year, as determined by the commissioner of finance, are appropriated to the agency from the appropriate funds and accounts in the state treasury. The commissioner may determine the monthly amounts by prorating annual appropriations or by using another reasonable method. The commissioner must not continue under this section an appropriation for the fiscal year ending June 30 in an odd-numbered year that is designated as onetime or is onetime in nature.

Senator Solon .... moves to amend S.F. No. 2420 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[16A.117] CONTINUING APPROPRIATIONS.**

If an appropriation of a specific amount for a specific fiscal year, commonly known as a direct appropriation, is not amended, superseded, or eliminated by a law enacted by the legislature before July 1 of an odd-numbered year, the appropriation continues in the next and subsequent fiscal years until amended, superseded, or eliminated by a law enacted by the legislature. An appropriation that is designated as onetime or is onetime in nature is considered to be eliminated by law at the end of the fiscal year or biennium for which it was made."

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State and Local Government Operations

S.F. No. 2420

☐ Resolution

☐ Re-referred (from another committee)

Amendments:

Committee recommendation:

☐ And when so amended the bill do pass. OR

☐ And when so amended the bill do pass and be placed on the Consent Calendar. OR

☒ And when so amended the bill do pass and be re-referred to the Committee on

Finance .

No recommendation: And when so amended the bill be
☐ (re-referred to the Committee on . OR

☐ (reported to the Senate).

______ , (date of committee recommendation)

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

S.F. No. 2420: A bill for an act relating to the state budget; providing continuing appropriations for the operation of state government under certain conditions; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

Delete everything after the enacting clause and insert:

"Section 1. **[16A.117] CONTINUING APPROPRIATIONS.**

If an appropriation of a specific amount for a specific fiscal year, commonly known as a direct appropriation, is not amended, superseded, or eliminated by a law enacted by the legislature before July 1 of an odd-numbered year, the appropriation continues in the next and subsequent fiscal years until amended, superseded, or eliminated by a law enacted by the legislature. An appropriation that is designated as onetime or is onetime in nature is considered to be eliminated by law at the end of the fiscal year or biennium for which it was made."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

SF 2420

MINNESOTA COUNCIL OF NONPROFITS

Testimony – Senate State & Local Government Operations
March 15, 2006
Christina Macklin
Policy Analyst, Minnesota Council of Nonprofits
cmacklin@mncn.org, 651-642-1904 x233

Good afternoon, Madam Chair and Members of the Committee. My name is Christina Macklin, policy analyst with the Minnesota Council of Nonprofits. We are a statewide membership organization representing over 1,500 nonprofits in Minnesota.

I'm here this afternoon to speak to the importance of reliability and continuity in government funding. Nonprofits are partners with government in making Minnesota arguably the best state in the country in which to live, work, and raise a family. That partnership, however, has become increasingly fragile.

Minnesota has a strong nonprofit sector. In 2004, there were over 4,800 nonprofit organizations with at least one employee. And those nonprofits employed over one-quarter of a million people – that means nearly one out of every ten workers in the state was employed by a nonprofit organization.

And nonprofits play a critical role in Minnesota's communities not just as employers, but also providing needed services and improving the quality of life. Nonprofits run the local theater, nature center, food shelf, community health care clinic, employment training program, child care center, nursing home, after school program, and the list goes on.

Nonprofits rely on a variety of funding sources to sustain these activities, including individual donations, foundation and corporate support, and fees for their services. Government grants and contracts are another major source of financial support for many nonprofit organizations.

In 2004, nonprofits in Minnesota received just over $1.3 billion in grants from federal, state, and local governments, or about 6% of total revenues for the sector. However, nonprofits more often receive funding from government in the form of contracts and fees for services, rather than traditional grants. In 2004, 78% of nonprofit revenues in Minnesota, or $18.6 billion, came from program service revenue, of which government funding is an unknown, but likely very significant, portion.

But there is not a lot of extra room in their budgets to weather any fiscal storms. In 2004, over 42% of nonprofits reported a deficit for the fiscal year.

The important role of government funding is a sign of the long-standing partnership between nonprofits and state and local governments in Minnesota to deliver programs and services at the community level. This joint venture has been key to building the infrastructure of quality services Minnesota prides itself on – with government providing the funding, coordination, and oversight, and nonprofits providing the commitment, community-specific know-how, and direct access to the people.

With that background, perhaps you can better understand why the prospect of a government shutdown is not merely an inconvenience for the nonprofit sector, but a potential crisis.

Last year, when it became evident that a shutdown was eminent, we surveyed nonprofits around the state to find out how they might be impacted. The nonprofits we heard from were responsible for crime victim services, sexual assault services, child care referrals, health care outreach, support services for new immigrants, adult day services, homeless programs, and many others.

We found two common responses.

The first was confusion. Nonprofits reported that it was difficult to get accurate and timely information from their grant or contract manager, often because their agency contact didn't know the answer themselves. At the stage we surveyed them, about two weeks before the shutdown, nonprofits had plenty of questions. Would their services be considered essential? How long would the government shutdown last? Once government started up again, how long would payments be delayed? Could they be reimbursed retroactively for services they performed during the shutdown?

The second response was concern. Naturally, organizations were concerned about their ability to weather the shutdown financially. They were calling emergency board meetings to try to decide on important issues. Did they have enough cash reserves? Would they have to temporarily lay-off their employees? Should they cut back on hours or services? How long could they last?

But nonprofit organizations were primarily concerned about what the disruption might do to their clients. Would they be able to find alternatives? What would be the lost opportunities? Might this have a long-term impact on their clients' welfare?

We do expect the legislature to complete its job in a timely way and avoid a shutdown situation. But in the rare instance where that fails to happen, it is not in the best interests of the state to create this kind of confusion and concern.

In just about every area of the budget, the state partners with nonprofits to serve the citizens of Minnesota. Many nonprofits, especially small organizations, cannot reasonably be expected to carry on delivering services at their own financial risk while politicians try to resolve their differences. Nevertheless, driven by their mission, nonprofits and their employees will go to great lengths to avoid allowing external turmoil to impact the people they serve. Our government should demonstrate the same kind of dedication to successful outcomes and make sure the people of Minnesota are not made to suffer because of a political stalemate.

Minnesota Nonprofit Economy Report

2005

MINNESOTA COUNCIL OF NONPROFITS

An annual study that describes the role and input of nonprofit organizations in Minnesota's economy, with a statewide and regional analysis.

Using this Report

Like every other industry in the United States, nonprofit organizations benefit from current economic performance information. For ten years, the *Minnesota Nonprofit Economy Report* has offered the most comprehensive and continuous set of economic information on the nonprofit sector of any state in the country. Minnesota ranks at or near the top in virtually every measure of nonprofit and philanthropic activity. This success is due to substantial donations of time and finances by the people of Minnesota, generous support from Minnesota's business community, and strong partnerships with state and local governments.

The *Minnesota Nonprofit Economy Report*, together with the *Minnesota Salary and Benefits Survey* and other reports published by the Minnesota Council of Nonprofits, have important uses for five distinct audiences:

- **Managers of nonprofit organizations:** planning budgets, strategizing revenue streams, and identifying potential partnerships
- **Nonprofit boards of directors:** developing strategic plans, conducting board trainings, and evaluating staffing and compensation plans
- **Government officials:** understanding partnership capacity and funding streams of the nonprofit sector
- **Donors to nonprofits:** understanding the sources of support and nature of expenditures of nonprofit organizations
- **Economic and community development planners:** incorporating nonprofit employment trends into economic development plans and understanding regional differences and local economies

The Minnesota Council of Nonprofits (MCN) is the statewide association of more than 1,500 Minnesota nonprofit organizations. Through its Web site, publications, workshops and events, cost-saving programs, and advocacy, MCN works to inform, promote, connect, and strengthen individual nonprofits and the nonprofit sector.

 Additional copies of this report can be downloaded from MCN's Web site at www.mncn.org.

2005 Minnesota Nonprofit Economy Report
Executive Summary

The *Minnesota Nonprofit Economy Report* is an annual study by the Minnesota Council of Nonprofits that describes the role of nonprofit organizations in Minnesota's economy by analyzing nonprofit employment, wage, and financial data. This year's report uses data from 2004, the most current information available.

Table of Contents

Nonprofit Organizations

Between 2003 and 2004, the number of nonprofits with employees in Minnesota increased by almost 80 organizations to 4,818, nearly a 2% increase. This was slightly stronger growth than the state has experienced in recent years.

A majority of nonprofit employers are located in the seven-county Twin Cities metro area. And a majority of nonprofit organizations in our state are engaged in delivering health care and human services.

There are a substantial number of nonprofits in the state, however, that operate without any paid staff. In 2004, there were over 5,900 organizations in Minnesota that reported a minimal level of financial activity, generally more than $25,000 for the year.

Nonprofit Employment

Nonprofit employment in the state has experienced strong and sustained growth since the late 1980s. Even after the 2001 recession and during the slow economic recovery that followed, nonprofit employment continued to increase, while total employment in the state actually declined.

In 2004, however, nonprofit employment in the state increased by less than 1% from the previous year, the slowest growth the sector has experienced since the mid-1980s. Nevertheless, there were still well over 250,000 nonprofit employees in the state, accounting for 9.8% of the state's total workforce in 2004.

Almost two-thirds of nonprofit employees in Minnesota work in health care. With increases of more than 3% per year for the last few years, it was growth in health care employment that helped sustain overall employment growth in the sector during difficult economic times. However, between 2003 and 2004, nonprofit employment in health care increased by less than 1%. This slowdown in health care employment is a concern for the nonprofit sector.

Nonprofit Wages

In 2004, nonprofits in the state paid $9.3 billion in wages to their employees. However, the statewide average weekly wage for nonprofit employees ($704) continued to lag behind the average wage for both government ($756) and for-profit ($790) employees. This may be due, in part, to a large number of part-time employees in the nonprofit workforce.

A closer look reveals that the median hourly wage for a full-time nonprofit employee was generally competitive with the median wage for government and for-profit employees in the same industry. Furthermore, in nearly every industry examined, the median wage for a full-time nonprofit employee was sufficient to support a family of four in that region (two adults working full-time, two children).

Nonprofit Finances

Statewide, nonprofits in Minnesota reported $23.8 billion in revenues and $22.4 billion expenditures for the most recently completed fiscal year.

However, two key sources of nonprofit revenue — charitable contributions and government funding — are under pressure. Natural disasters in our country and around the world continue to attract substantial levels of charitable contributions. And recent budget pressures have led to reductions in grants and contracts to nonprofit organizations at the local, state, and federal levels of government in some service areas.

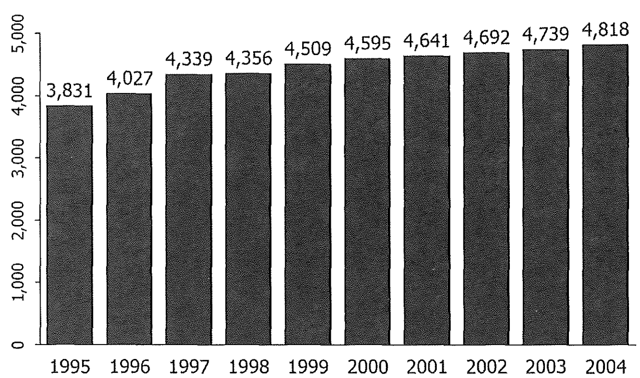
The potential vulnerability to these budget pressures varies among organizations. Smaller nonprofits are more reliant on charitable contributions, whereas larger organizations tend to rely more heavily on program service revenue, which includes government fees and contracts.

Similarly, health care and human service organizations are potentially more vulnerable to reductions in government funding. Other nonprofits —such as arts and environmental organizations — generally rely more on charitable donations, including corporate and foundation grants.

Statewide Analysis

Statewide Overview: The nonprofit sector in Minnesota continued to expand in 2004, with an increase in both the number of nonprofit employers and the size of the nonprofit workforce. However, growth in nonprofit employment, which averaged almost 4% per year for the last decade, slowed significantly in 2004. Nonprofit activity in the state is clearly centered in the seven-county Twin Cities metro area, but the counties of Olmsted (with the city of Rochester), St. Louis (Duluth), and Stearns (St. Cloud) also had a significant nonprofit presence in 2004. The majority of nonprofit employers and employees in the state were engaged in delivering health care and human services.

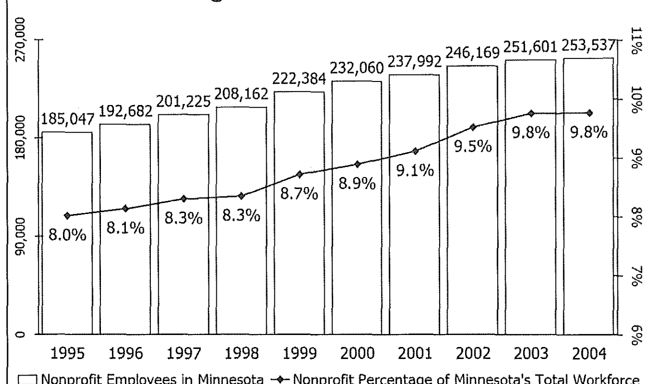
Number of Nonprofit Organizations in Minnesota (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- In 2004, there were 4,818 nonprofit organizations with at least one employee in Minnesota. This was almost a 2% increase from the previous year.
- The majority of nonprofit employers, 51%, were located in the seven-county Twin Cities metro area in 2004. Northwest Minnesota had the second largest concentration of nonprofits with employees with 13%. The remainder of nonprofit employers were spread evenly throughout the rest of the state with 9% in the Southeast, 9% in the Southwest, 8% in Central Minnesota, and 8% in the Northeast. A definition of the counties included in these regions is provided in the regional profiles that follow.
- There were only small changes in the number of nonprofit employers in the six regions of the state. The Twin Cities experienced the strongest percentage growth, with a nearly 3% increase between 2003 and 2004, while the Northeast experienced the largest percentage decrease, with a 1% decline.
- In 2004, nonprofit employees accounted for 9.8% of the state's total workforce, which was unchanged from the previous year.
- Over the last ten years, nonprofit employment in the state increased an average of nearly 4% a year, while total employment in the state increased about 2% per year. Growth in nonprofit employment leveled off in 2004, but still kept pace with the minimal percentage increase in total employment in the state.
- The distribution of nonprofit employees in the state differed slightly from the distribution of nonprofit employers. In 2004, 52% of the nonprofit workforce was located in the Twin Cities, 18% in the Southeast, 9% in the Northwest, 8% in Central Minnesota, 7% in the Northeast, and 6% in the Southwest.
- Nonprofit employment in these regions experienced only minimal growth between 2003 and 2004, with percentage increases ranging from 0.2% in the Southeast to 1.9% in the Northeast.

Number of Nonprofit Employees in Minnesota and Percentage of the State's Total Workforce



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Statewide Analysis

Nonprofit Organizations, Employers, and Employment by Activity Area in 2004

Activity Area	% of Nonprofit Organizations	% of Nonprofit Employers	% of Nonprofit Employees
Human Services	39%	42%	16%
Health	15%	25%	66%
Education	13%	9%	10%
Public, Societal Benefit	12%	10%	4%
Arts, Culture, and Humanities	11%	6%	2%
Religion-Related and Spiritual Development	4%	4%	1%
Environment and Animals	4%	2%	1%
International and Foreign Affairs	2%	1%	<1%
Mutual/Membership Benefit	1%	1%	1%

Source: Minnesota Attorney General's Office, Charities Division and the MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages.
Notes: The columns may not add up to 100% due to rounding. For the purposes of this table and the analysis on this page, nonprofit employers and employees were recategorized from the NAICS classification system to match the NTEE classification system commonly used to categorize nonprofit organizations. A description of some of the major activity areas in the NTEE classification system is included on Page 5. More information on the NTEE and NAICS classification systems is available in Appendix B.

- In 2004, the greatest percentage of nonprofit organizations in the state were involved in delivering human services, including 42% of nonprofit employers and 39% of financially active charitable organizations in the state. However, human service organizations have fewer employees on average, and so employed only 16% of the nonprofit workforce in Minnesota.

- Health care, which includes hospitals, accounted for another 15% of financially active nonprofit organizations in Minnesota and 25% of the state's nonprofit employers. Health care organizations, however, employed two out of three nonprofit employees in the state.

- Although arts, culture, and humanities organizations accounted for only about 6% of nonprofit employers and 2% of nonprofit employment in the state, this same category accounted for closer to 11% of financially active nonprofit organizations in the state, which included organizations without any paid employees.

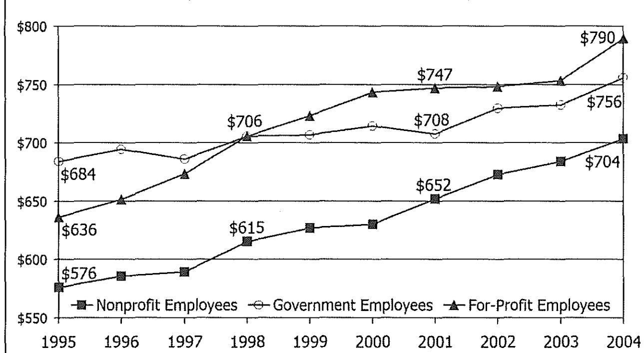
- Nonprofit employers in Minnesota paid $9.3 billion in wages to their employees in 2004. After adjusting for inflation, this represented a nearly 4% increase in the total nonprofit payroll from 2003. The nonprofit sector accounted for 9% of all wages paid in the state in 2004.

- Nonprofit average weekly wages in the state continue to lag behind both government and for-profit wages. In 2004, the average weekly wage for nonprofit employees was $704, while the average wage for government employees was $756 and $790 for for-profit employees.

- In some regions of the state, however, the average weekly wage for nonprofit employees surpassed both government and for-profit employees in 2004. This was true in both Northeast and Southeast Minnesota, two regions where the higher paying health care industry is particularly dominant.

- Nonprofit wages, however, are more competitive than the averages suggest. Across the state, the median hourly wage for a full-time nonprofit employee in a given industry often exceeded the median hourly wage for a full-time government or for-profit employee working in the same industry. In most cases, the median hourly wage for a nonprofit employee was also sufficient to support the basic needs of a family of four in that region.

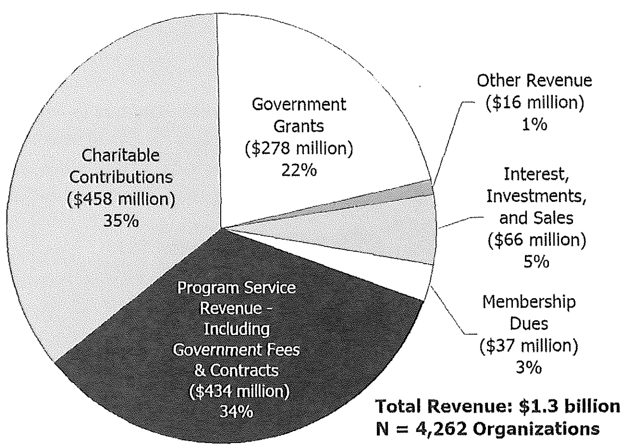
Average Weekly Wages in Minnesota by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Statewide Analysis

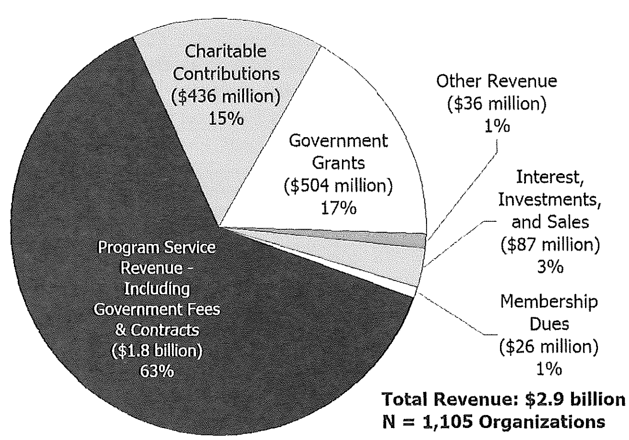
Revenue Sources for Small Nonprofits (assets under $1 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

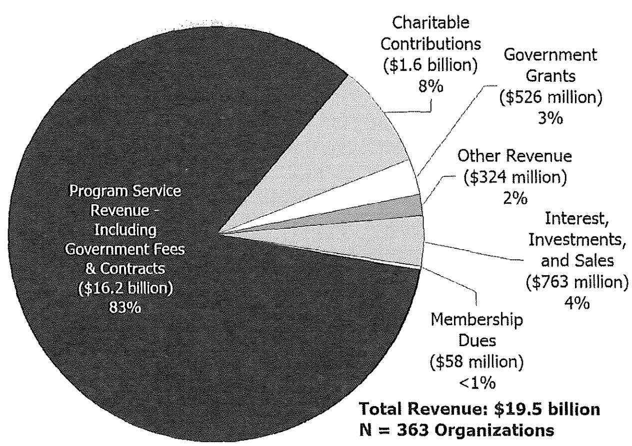
- Nonprofit organizations in Minnesota receive their revenues from four main sources: charitable contributions (which includes corporate and foundation grants), government grants, program service revenue (which includes government fees and contracts), and returns from investments, sales, and special events.
- The mix of nonprofit revenues, however, varies based on the organization's size, with small organizations more reliant on charitable contributions and government grants and larger organizations reporting a higher percentage of earned income (which includes government fees and contracts). The mix of revenues also varies depending on the organization's activity area.
- The Charities Review Council of Minnesota recommends that nonprofits spend at least 70% of their total annual expenses on programs services and no more than 30% on management and fundraising. In 2004, Minnesota nonprofits as a sector exceeded these recommendations, spending 87% of their revenues on program services and only 13% on management and fundraising. These percentages did not vary significantly by the size of the organization.

Revenue Sources for Medium-Sized Nonprofits (assets from $1 - $10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Revenue Sources for Large Nonprofits (assets over $10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Statewide Analysis

- Health organizations in Minnesota reported $16.9 billion in revenues for the most recent fiscal year: 91% from program service revenue, 4% from charitable contributions, 2% from government grants, and 2% from interest, investments, and sales. These organizations reported $16.1 billion in expenses: 87% for program services, 13% for management and general expenses, and less than 1% for fundraising.

- Human service organizations in Minnesota reported $3.1 billion in revenues: 51% from program service revenue, 21% from charitable contributions, 20% from government grants, and 4% from interest, investments, and sales. These organizations reported $3.0 billion in expenses: 87% for program services, 10% for management and general expenses, and 2% for fundraising.

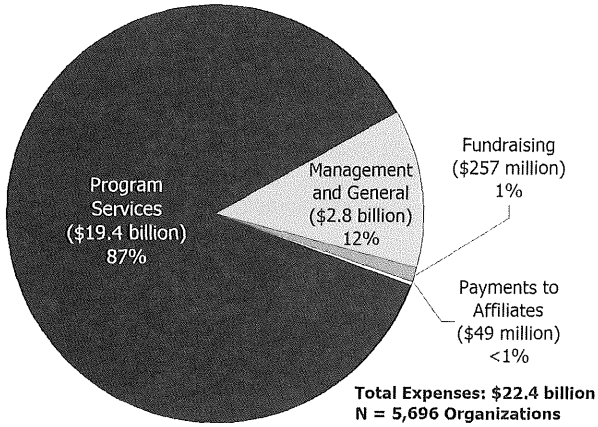
- Educational organizations in the state reported $2.4 billion in revenues: 58% from program service revenue, 21% from charitable contributions, 13% from interest, investments, and sales, and 7% from government grants. These organizations reported $2.1 billion in expenses: 85% for program services, 11% for management and general expenses, and 3% for fundraising.

- Arts, culture, and humanities organizations in Minnesota reported $558 million in revenues: 45% from charitable contributions, 30% from program service revenue, 12% from interest, investments, and sales, and 10% from government grants. These organizations reported $471 million in expenses: 80% for program services, 13% for management and general expenses, and 7% for fundraising.

- Environmental and animal-related organizations in the state reported $114 million in revenues: 41% from charitable contributions, 25% from program services, 15% from interest, investments, and sales, and 13% from government grants. These organizations reported $115 million in expenses: 84% for program services, 11% for management and general expenses, and 5% for fundraising.

- In 2004, 42% of nonprofits in the state reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues, which was down slightly from 44% reporting a deficit in 2003.

Expenditures by Nonprofit Organizations Located in Minnesota

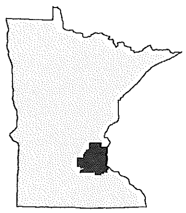


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Classifying Nonprofits by Industry or Activity Area

This report uses two methods of classifying nonprofit organizations. Nonprofit employers, employees, and wages are classified using the North American Industry Classification System (NAICS), which is described in detail in Appendix A. Nonprofit financial information is classified using the National Taxonomy of Exempt Entities (NTEE) classification system. The five main activity areas of the NTEE system used in this report are described below.

- **Health:** activities include, but are not limited to, hospitals, ambulatory health care, rehabilitative care, public health, nursing care, mental health treatment, substance abuse prevention and treatment, and medical research.
- **Human Services:** activities include, but are not limited to, crime prevention and rehabilitation, abuse prevention, legal services, vocational counseling and rehabilitation, food programs, housing and shelter, disaster preparedness and relief, recreation and sports, youth development, children and youth services, emergency assistance, and centers for specific populations.
- **Education:** activities include, but are not limited to, elementary and secondary schools, vocational and technical schools, higher education, adult education, libraries, educational services, and student services.
- **Arts, Culture, and Humanities:** activities include, but are not limited to, arts education, media and communications, visual arts, museums, performing arts, and historical preservation.
- **Environmental and Animal-Related:** activities include, but are not limited to, natural resources conservation and protection, pollution abatement and control, horticulture, animal protection and welfare, wildlife preservation, veterinary services, and zoos and aquariums.

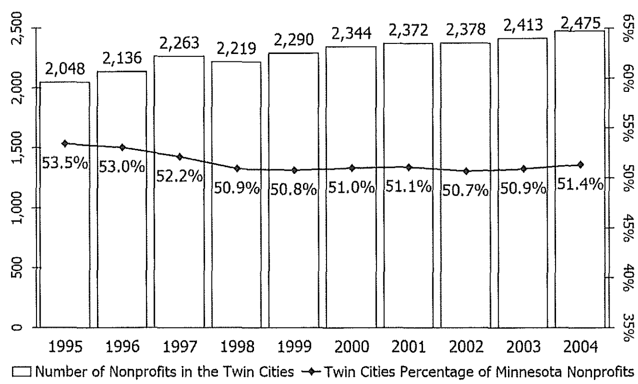


Twin Cities Metro Area Analysis

Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

Overview: With nearly 2,500 nonprofit employers and over 130,000 nonprofit employees, the seven-county Twin Cities metro was home to a majority of the state's nonprofit activity in 2004. Hennepin and Ramsey Counties alone accounted for 42% of all nonprofit employers and 44% of all nonprofit employees in the state. Nonprofit employment in the Twin Cities, however, increased by less than 1% between 2003 and 2004 after growing an average of 4% a year between 1993 and 2003. Nonprofits in the region reported significant financial activity in 2004, with $14.8 billion in revenues, $14.0 billion in expenditures, and paying $5.0 billion in wages to their employees.

Number of Nonprofit Organizations in the Twin Cities and Percentage of Nonprofits Located in the Twin Cities (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- In 2004, there were 2,475 nonprofit organizations with employees in the seven-county Twin Cities metro region, which was nearly a 3% increase from 2003. The region experienced the largest percentage increase in nonprofit employers in the state.

- Although the Twin Cities has been home to at least half of the state's nonprofit employers for the last decade, nonprofits accounted for just 3% of all employers in the region in 2004.

- With over 130,000 employees, nonprofits employed 8.4% of the region's total workforce in 2004. Nonprofit employees in the Twin Cities region accounted for 52% of the state's total nonprofit workforce.

- Between 1993 and 2004, nonprofit employment in the Twin Cities increased an average of nearly 4% each year, well ahead of the percentage increase in total employment which grew an average of 1.5% per year.

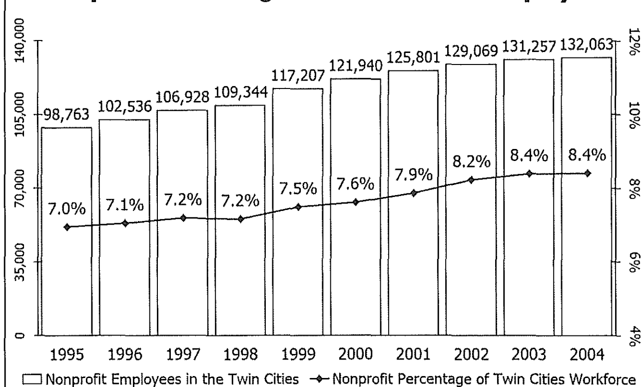
- Growth in the region's nonprofit workforce has been leveling off since 2001. Nonprofit employment in the Twin Cities increased only slightly between 2003 and 2004, but percentage growth in total employment in the region was also minimal.

- In 2004, Hennepin County led nonprofit activity in the Twin Cities metro area with 51% of the region's nonprofit employers and 55% of nonprofit employment. Indeed, 29% of the state's total nonprofit workforce was located in this one county.

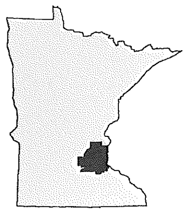
- Ramsey County was a second area of concentration, with 31% of the region's nonprofit employers and 29% of nonprofit employment. Dakota County was a distant third, with just under 7% of the region's nonprofit employers and 5% of nonprofit employees.

- While Hennepin and Ramsey dominate nonprofit activity in the Twin Cities, nonprofit employment has been growing more rapidly in the other five counties in the region.

Number of Nonprofit Employees in the Twin Cities and Nonprofit Percentage of All Twin Cities Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Twin Cities Metro Area Analysis

Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

Median Hourly Wages for Full-Time Employees in the Twin Cities

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	**For-Profit**	**Government**
Arts, Entertainment & Recreation	$19.18 (4%)	$15.72 (2%)	$20.43 (1%)
Educational Services	$19.15 (11%)	$19.51 (1%)	$21.40 (45%)
Health Care			
Ambulatory Health Care Services	$19.85 (10%)	$18.94 (3%)	$19.60 (<1%)
Hospitals	$23.44 (33%)	$20.85 (<1%)	$21.41 (6%)
Nursing & Residential Care Facilities	$14.58 (14%)	$14.00 (1%)	$18.49 (1%)
Social Assistance			
Individual & Family Services	$15.44 (6%)	$11.20 (1%)	$24.64 (1%)
Community Food, Housing, Emergency & Other Relief Services	$15.66 (1%)	$17.25 (<1%)	NA
Vocational Rehabilitation Services	$14.25 (3%)	$23.02 (<1%)	$24.80 (<1%)
Child Day Care Services	$12.55 (1%)	$11.29 (<1%)	$13.67 (<1%)
Other Services			
Religious Organizations	$17.62 (1%)	$13.13 (<1%)	NA
Grantmaking & Giving Services	$22.36 (1%)	$26.15 (<1%)	NA
Social Advocacy Organizations	$16.76 (2%)	$16.22 (<1%)	$24.58 (<1%)
Civic & Social Organizations	$14.97 (3%)	$15.00 (<1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 89% of nonprofit employment, 9% of for-profit employment, and 53% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- In 2004, 57% of nonprofit employment in the Twin Cities region was in health care, which includes ambulatory health care services, hospitals, and nursing and residential care facilities. However, the Twin Cities was the only region in the state to have less than two-thirds of its nonprofit employment in health care.

- Compared to other regions in Minnesota, the Twin Cities had a higher percentage of its nonprofit workforce employed in educational services (11% of nonprofit employment and 13% of nonprofit employers), individual and family services (6% of employment and 14% of employers), and arts, entertainment, and recreation (4% of employment and 6% of employers).

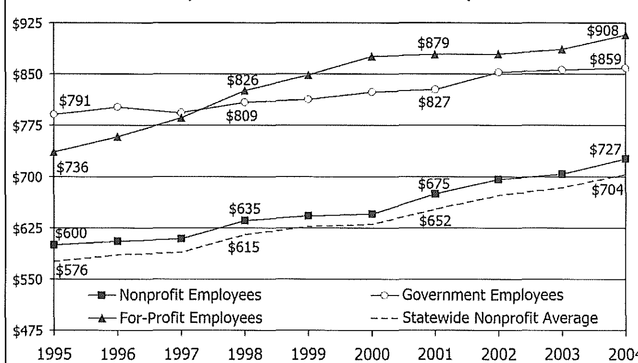
- Nonprofit organizations in the Twin Cities paid $5.0 billion in wages in 2004, or 7% of all wages paid in the region. After adjusting for inflation, total nonprofit payroll in the region increased by 4% over 2003.

- Nonprofit organizations in Hennepin and Ramsey Counties together paid $4.3 billion in wages in 2004, or 47% of all nonprofits wages paid in the state.

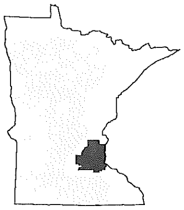
- The average weekly wage for nonprofit employees in the Twin Cities lagged well behind average weekly wages for both government and for-profit employees in the region.

- The median hourly wage for a full-time nonprofit employee in most of the industries examined, however, exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $13.05 an hour to meet these costs in the Twin Cities. The exception was child day care services.

Average Weekly Wages in the Twin Cities by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Twin Cities Metro Area Analysis

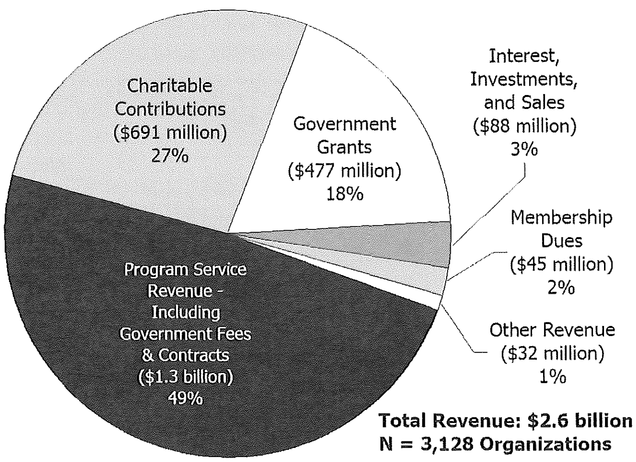
Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

- Health organizations in the Twin Cities reported $9.7 billion in revenues: 92% from program services, 3% from charitable contributions, 2% from government grants, and 1% from interest, investments, and sales. These organizations reported $9.3 billion in expenses: 84% for program services, 16% for management and general expenses, and less than 1% for fundraising.

- Human service organizations in the region reported $2.3 billion in revenues: 51% from program service revenue, 25% from charitable contributions, 16% from government grants, and 4% from interest, investments, and sales. These organizations reported $2.2 billion in expenses: 87% for program services, 11% for management and general expenses, and 2% for fundraising.

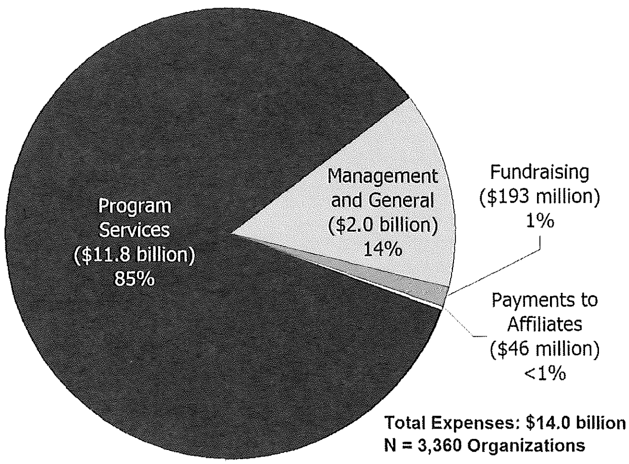
- Educational organizations in the Twin Cities reported $1.6 billion in revenues: 60% from program services, 19% from charitable contributions, 11% from interest, investments, and sales, and 8% from government grants. These organizations reported $1.4 billion in expenses: 84% for program services, 13% for management and general expenses, and 3% for fundraising.

Revenue Sources for Nonprofit Organizations Located in the Twin Cities (Organizations with assets under $10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Expenditures by Nonprofit Organizations Located in the Twin Cities (All organizations)

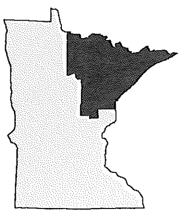


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in the Twin Cities reported $517 million in revenues: 45% from charitable contributions, 30% from program service revenue, 12% from interest, investments, and sales, and 9% from government grants. These organizations reported $433 million in expenses: 80% for program services, 13% for management and general expenses, and 7% for fundraising.

- Environmental and animal-related organizations in the region reported $93 million in revenues: 42% from charitable contributions, 22% from program services, 15% from interest, investments, and sales, and 15% from government grants. These organizations reported $95 million in expenses: 86% for program services, 8% for management and general expenses, and 6% for fundraising.

- In 2004, 44% of nonprofit organizations in the Twin Cities reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

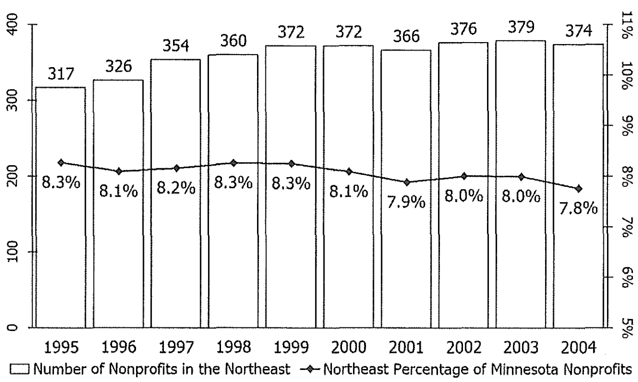


Northeast Minnesota Analysis

Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

Overview: The nonprofit sector in the seven-county Northeast region is characterized by a particularly high concentration of nonprofit activity in the health care industry, which accounted for 26% of nonprofit employers and 77% of nonprofit employees in 2004. After another year of growth, the nonprofit workforce accounted for nearly 14% of total employment in the Northeast. The strong presence of the health care and educational services industries has helped fuel the growth in nonprofit employment. These well-paying industries also contributed to the high average wage for nonprofit employees in the region. St. Louis County, with the city of Duluth, is the focus of nonprofit activity in the Northeast.

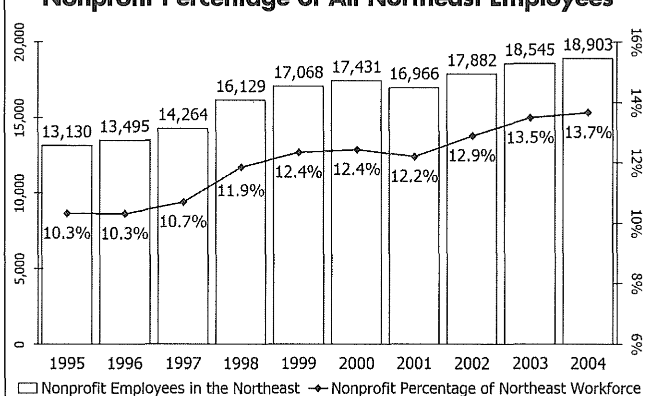
Number of Nonprofit Organizations in the Northeast and Percentage of Nonprofits Located in the Northeast (with at least one employee)



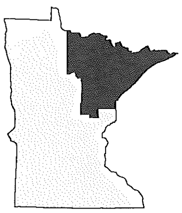
Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- With just 374 nonprofit organizations with employees in 2004, the Northeast region has the fewest nonprofit employers in the state. The region even experienced a slight decline in the number of nonprofit employers between 2003 and 2004.
- With only minimal changes in the number of nonprofits with employees, the Northeast's share of the state's nonprofit employers has remained steady at around 8% for the last decade.
- In 2004, nonprofits accounted for 4% of the region's employers and employed nearly 14% of the region's total workforce. Both of these percentages were well above the statewide average.
- Over the last decade, nonprofit employment in the Northeast has increased an average of 4% each year, substantially outpacing growth in total employment in the region, which averaged just 1% per year.
- Growth in nonprofit employment in the Northeast slowed in 2004, increasing by 2% from 2003. This was the strongest percentage increase in nonprofit employment in the state.
- In 2004, the majority of nonprofit activity in the Northeast was in St. Louis County (where the city of Duluth is located), with 60% of the region's nonprofit employers and 80% of employees.
- Itasca County, a distant second to St. Louis, was home to 15% of the region's nonprofit employers and employed nearly 9% of the region's nonprofit workforce.
- St. Louis County was also a statewide center of nonprofit activity. In 2004, St. Louis was home to 5% of the state's nonprofit employers, the highest concentration outside of the seven-county Twin Cities metro area. St. Louis County also had the second highest concentration of nonprofit employees outside of the Twin Cities, employing 6% of the state's total nonprofit workforce.

Number of Nonprofit Employees in the Northeast and Nonprofit Percentage of All Northeast Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northeast Minnesota Analysis

Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

Median Hourly Wages for Full-Time Employees in the Northeast

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	$14.49 (2%)	$11.01 (1%)	$12.51 (6%)
Educational Services	$16.67 (6%)	$14.46 (<1%)	$19.91 (37%)
Health Care			
Ambulatory Health Care Services	$15.79 (18%)	$15.30 (3%)	NA
Hospitals	$17.28 (42%)	NA	$17.54 (6%)
Nursing & Residential Care Facilities	$13.23 (18%)	$11.23 (4%)	$13.84 (3%)
Social Assistance			
Individual & Family Services	$14.86 (3%)	$12.46 (1%)	$20.80 (2%)
Community Food, Housing, Emergency & Other Relief Services	$13.09 (1%)	NA	NA
Vocational Rehabilitation Services	$11.12 (3%)	$22.96 (<1%)	NA
Child Day Care Services	$11.00 (1%)	$8.91 (<1%)	NA
Other Services			
Religious Organizations	$10.38 (<1%)	NA	NA
Grantmaking & Giving Services	$19.83 (<1%)	NA	NA
Social Advocacy Organizations	$15.60 (1%)	$12.17 (<1%)	NA
Civic & Social Organizations	$11.91 (3%)	$10.56 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 98% of nonprofit employment, 11% of for-profit employment, and 54% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- In 2004, the health care industry employed 77% of the nonprofit workforce in the Northeast. Only Southeast Minnesota, with the city of Rochester and the Mayo Clinic, had a higher percentage of its nonprofit workforce in health care.

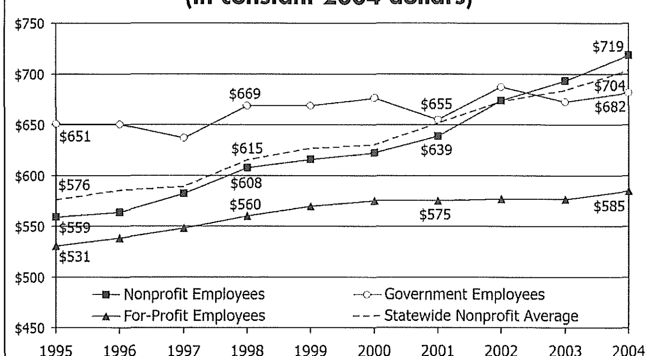
- Educational services was the second largest nonprofit employer in the Northeast after health care, accounting for 6% of nonprofit employment. Arts, entertainment, and recreation accounted for 12% of nonprofit employers in the region, but less than 2% of nonprofit employment.

- In 2004, nonprofit organizations in the Northeast paid $706 million in wages, about 16% of all wages paid in the region. After adjusting for inflation, this represented a 6% increase in the total nonprofit payroll from 2003, the strongest percentage increase in the state.

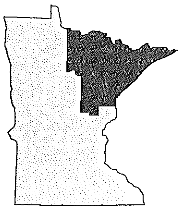
- While the average weekly wage for government and for-profit employees in the region has done little more than keep pace with inflation in recent years, the average nonprofit wage has steadily increased. Due to the high concentration of employment in the higher wage health care industry, in 2004, the nonprofit sector in the Northeast had a higher average weekly wage than both the government and for-profit sectors.

- In all of the industries examined, the median hourly wage for a full-time nonprofit employee met or exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $10.40 an hour to meet these costs in Northeast Minnesota.

Average Weekly Wages in the Northeast by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northeast Minnesota Analysis

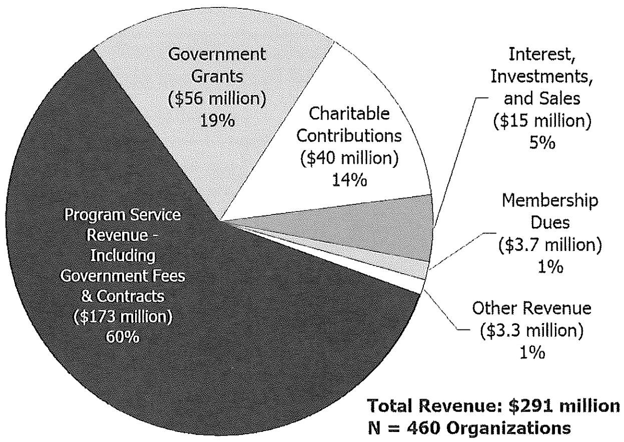
Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

- Health organizations in the Northeast reported $1.3 billion in revenues in 2004: 94% from program services, 3% from charitable contributions, 2% from interest, investments, and sales, and 1% from government grants. These organizations reported $1.3 billion in expenses: 88% for program services, 12% for management and general expenses, and less than 1% for fundraising.

- Human service organizations in the region reported $164 million in revenues: 43% from program service revenue, 34% from government grants, 14% from charitable contributions, and 5% from interest, investments, and sales. These organizations reported $159 million in expenses: 88% for program services, 10% for management and general expenses, and 1% for fundraising.

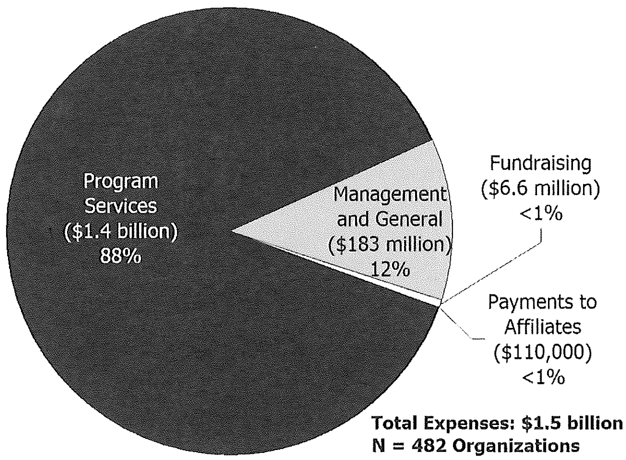
- Educational organizations in the Northeast reported $79 million in revenues: 71% from program services, 18% from government grants, 8% from charitable contributions, and 2% from interest, investments, and sales. These organizations reported $74 million in expenses: 89% for program services, 9% for management and general expenses, and 2% for fundraising.

Revenue Sources for Nonprofit Organizations Located in Northeast Minnesota (Organizations with assets under $10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Expenditures by Nonprofit Organizations Located in Northeast Minnesota (All organizations)

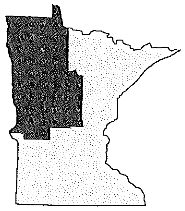


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in the Northeast reported $14 million in revenues: 40% from charitable contributions, 30% from program service revenue, 18% from government grants, and 9% from interest, investments, and sales. These organizations reported $13 million in expenses: 77% for program services, 18% for management and general expenses, and 4% for fundraising.

- Environmental and animal-related organizations in the region reported $6.0 million in revenues: 55% from program service revenue, 20% from charitable contributions, 11% from interest, investments, and sales, and 5% from government grants. These organizations reported $6.7 million in expenses: 66% for program services, 31% for management and general expenses, and 4% for fundraising.

- In 2004, 41% of nonprofit organizations in the Northeast reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

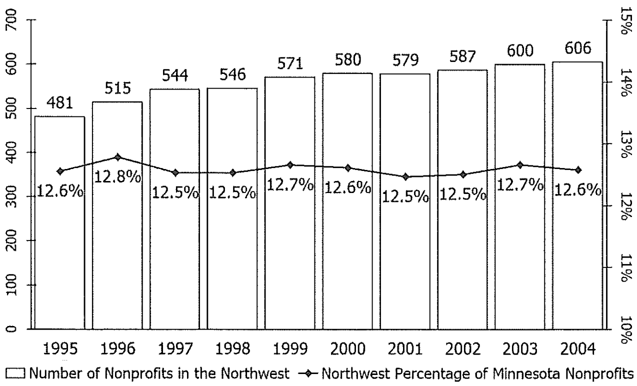


Northwest Minnesota Analysis

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

Overview: After the Twin Cities, the 26-county Northwest region has the highest concentration of nonprofit employers outside of the Twin Cities. This is likely because the Northwest has more, but smaller, population centers than other regions, each attracting its own grouping of nonprofits. As a result, no single county dominates nonprofit activity in the region. The large number of nonprofit employers in the Northwest, however, has not resulted in a disproportionate share of the state's nonprofit workforce. Nonprofits in the region average just 36 employees per organization, well below the statewide average of 53.

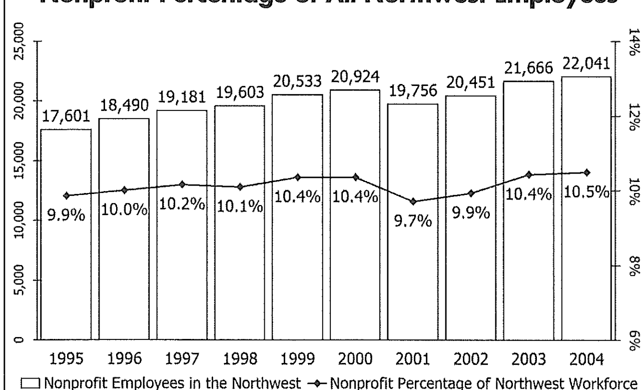
Number of Nonprofit Organizations in the Northwest and Percentage of Nonprofits Located in the Northwest (with at least one employee)



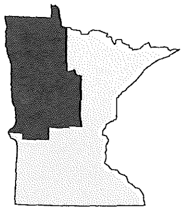
Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- In 2004, there were 606 nonprofit organizations with employees in the Northwest, accounting for nearly 4% of the region's employers.
- The Northwest region's share of the state's nonprofits with employees has held steady at about 12.5% for the last decade. The Northwest has the second largest concentration of nonprofit employers in the state.
- In 2004, 10.5% of the region's workforce was employed by nonprofits, which was slightly higher than the statewide average.
- As in all other regions of the state, growth in nonprofit employment in the Northwest slowed in 2004, increasing about 2% from 2003 after increasing by 6% the previous year. However, this still outpaced growth in total employment in the region, which increased by just 1% from 2003.
- Over the last decade, nonprofit employment in the Northwest has increased an average of 2.5% each year, which is slightly ahead of the total employment growth for the region, at just under 2% per year.
- Nonprofit organizations in the Northwest are smaller than nonprofits in other regions, averaging just 36 employees for each nonprofit employer.
- Nonprofit activity is widely dispersed in the Northwest. In 2004, 11% of nonprofit employers were located in Crow Wing County (where Brainerd is located), 10% in Otter Tail (Fergus Falls), 9% in Clay (Moorhead), 8% in Beltrami (Bemidji), and nearly 8% in Polk (Crookston and East Grand Forks).
- Nonprofit employment followed a similar pattern, with 14% of nonprofit employees in Clay County, 11% in Otter Tail, 8.5% in Crow Wing, another 8.5% in Polk, and 8% in Beltrami.

Number of Nonprofit Employees in the Northwest and Nonprofit Percentage of All Northwest Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northwest Minnesota Analysis

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

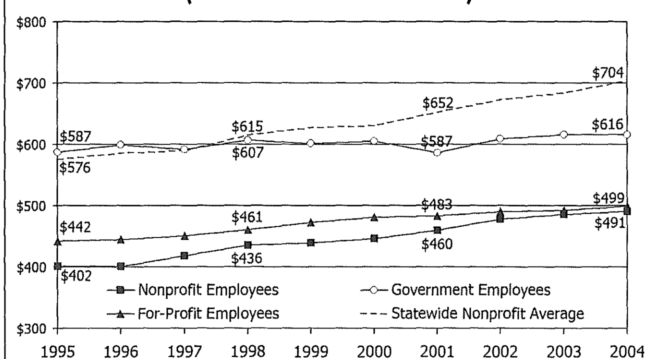
Median Hourly Wages for Full-Time Employees in the Northwest

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	**For-Profit**	**Government**
Arts, Entertainment & Recreation	$10.35 (1%)	$11.33 (1%)	$10.62 (6%)
Educational Services	$17.98 (7%)	$12.53 (<1%)	$18.56 (43%)
Health Care			
Ambulatory Health Care Services	$14.56 (6%)	$14.60 (3%)	$20.53 (1%)
Hospitals	$16.00 (31%)	NA	$17.31 (7%)
Nursing & Residential Care Facilities	$11.51 (33%)	$11.19 (2%)	$15.64 (3%)
Social Assistance			
Individual & Family Services	$12.59 (5%)	$10.40 (1%)	$16.40 (<1%)
Community Food, Housing, Emergency & Other Relief Services	$11.09 (<1%)	NA	NA
Vocational Rehabilitation Services	$12.33 (4%)	$11.58 (<1%)	NA
Child Day Care Services	$11.68 (2%)	$8.31 (<1%)	$17.10 (<1%)
Other Services			
Religious Organizations	$12.53 (1%)	NA	NA
Grantmaking & Giving Services	$17.45 (<1%)	NA	NA
Social Advocacy Organizations	$14.62 (3%)	$9.98 (<1%)	NA
Civic & Social Organizations	$10.41 (1%)	$9.95 (1%)	NA

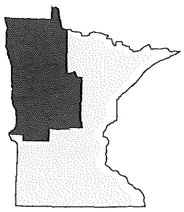
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 94% of nonprofit employment, 9% of for-profit employment, and 61% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- In 2004, 18% of nonprofit employers in the Northwest were nursing and residential care facilities. This industry was also the largest nonprofit employer, accounting for nearly one-third of the nonprofit workforce in the region.
- Hospitals were the second largest employer in the region, with another 31% of nonprofit employment, but just 3% of nonprofit employers.
- Outside of health care, the largest nonprofit industries in the Northwest were individual and family services (12% of nonprofit employers) and arts, entertainment, and recreation (10% of nonprofit employers). Together, however, these two industries only accounted for 6% of nonprofit employment in the region.
- Nonprofit organizations in the Northwest paid $563 million in wages in 2004, or 10% of all wages paid in the region. After adjusting for inflation, total nonprofit payroll increased 3% over 2003.
- In 2004, average weekly wages for nonprofit employees in this region continued to lag far behind government wages, but closed in on the average weekly wage for the for-profit sector.
- When looking at the median hourly wage for a full-time nonprofit employee, every industry examined exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $10.05 an hour to meet these costs in the Northwest.

Average Weekly Wages in the Northwest by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

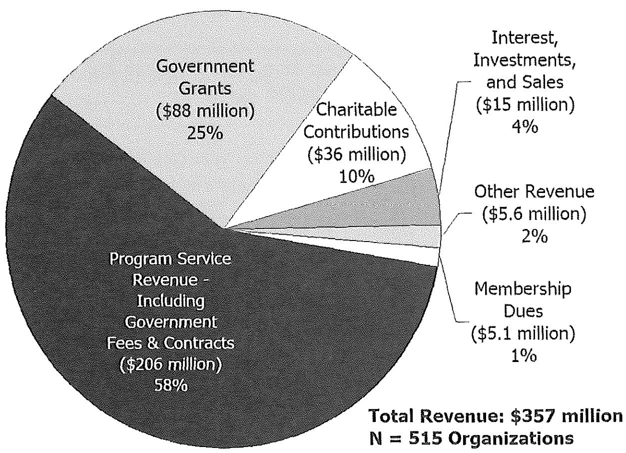


Northwest Minnesota Analysis

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

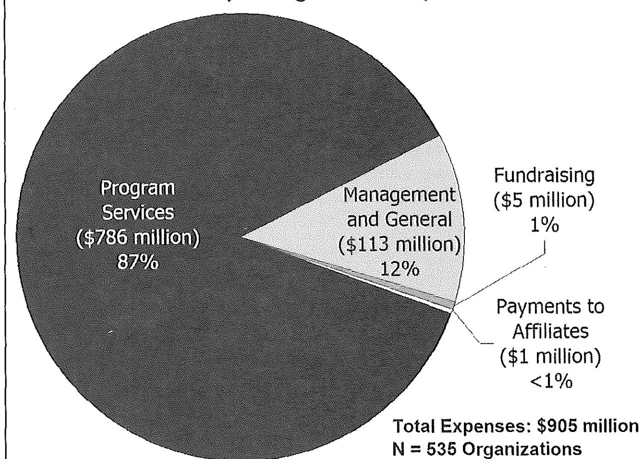
- Health organizations in the Northwest reported $679 million in revenues in 2004: 95% from program services, 2% from interest, investments, and sales, 1% from government grants, and 1% from charitable contributions. These organizations reported $649 million in expenses: 87% for program services, 12% for management and general expenses, and less than 1% for fundraising.
- Human service organizations in the region reported $176 million in revenues: 48% from program service revenue, 36% from government grants, 9% from charitable contributions, and 4% from interest, investments, and sales. These organizations reported $172 million in expenses: 89% for program services, 11% for management and general expenses, and 1% for fundraising.
- Educational organizations in the Northwest reported $23 million in revenues: 37% from government grants, 28% from charitable contributions, 12% from program services, and 12% from interest, investments, and sales. These organizations reported $19 million in expenses: 77% for program services, 20% for management and general expenses, and 2% for fundraising.

Revenue Sources for Nonprofit Organizations Located in Northwest Minnesota (Organizations with assets under $10 million)



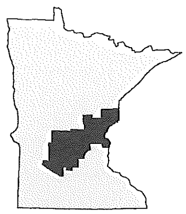
Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Expenditures by Nonprofit Organizations Located in Northwest Minnesota (All organizations)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in the Northwest reported $7.6 million in revenues: 44% from charitable contributions, 23% from program service revenue, 17% from government grants, and 11% from interest, investments, and sales. These organizations reported $7.2 million in expenses: 77% for program services, 17% for management and general expenses, and 7% for fundraising.
- Environmental and animal-related organizations in the region reported $5.5 million in revenues: 36% from charitable contributions, 32% from program service revenue, 17% from government grants, and 9% from interest, investments, and sales. These organizations reported $4.8 million in expenses: 82% for program services, 15% for management and general expenses, and 3% for fundraising.
- In 2004, 40% of nonprofit organizations in the Northwest reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

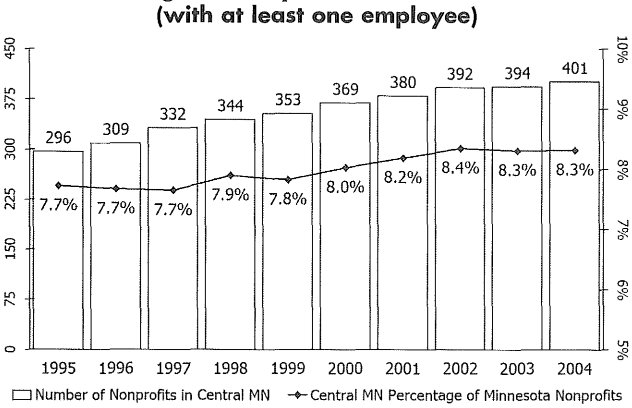


Central Minnesota Analysis

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

Overview: With its close proximity to the Twin Cities and its own major regional population center, it is surprising that there is not more nonprofit activity in the 13-county Central Minnesota region. Instead, in 2004, just 8% of the state's nonprofit employers and 8% of the state's nonprofit employees were located in Central Minnesota. In turn, these nonprofits accounted for only 2% of the total employers in the region, the lowest percentage in the state. Likewise, nonprofit employees accounted for just over 8% of the region's workforce, well below the statewide average. Nonprofit activity in the region was centered in Stearns County, where most of the city of St. Cloud is located.

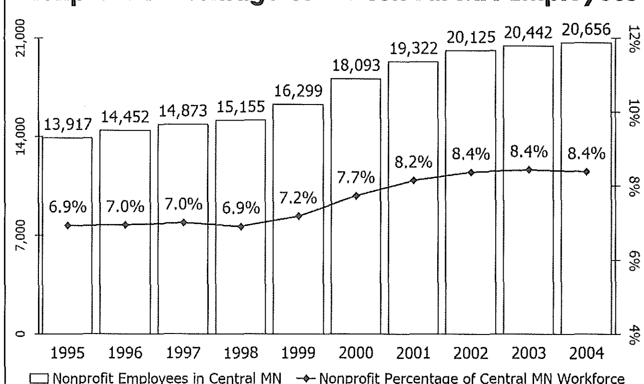
Number of Nonprofit Organizations in Central MN and Percentage of Nonprofits Located in Central MN (with at least one employee)



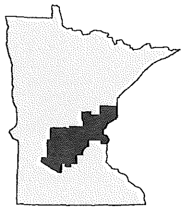
Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- In 2004, there were 401 nonprofit organizations with employees in Central Minnesota, which was about a 2% increase in nonprofit employers from the previous year.
- The Central region's share of the state's nonprofit employers has remained close to 8% for the last decade. Nonprofits, however, accounted for just 2% of the total employers in Central Minnesota, the lowest percentage in the state.
- In 2004, nonprofits employed 8.4% of the total workforce in Central Minnesota, one of the lowest percentages in the state, and well below the statewide average of 9.8%.
- Over the last decade, Central Minnesota experienced the strongest percentage growth in nonprofit employment in the state, increasing an average of 4.5% each year. This was nearly twice as fast as growth in total employment in the region.
- Between 2003 and 2004, nonprofit employment in Central Minnesota slowed substantially, increasing by just 1%. Growth in total employment in the region was closer to 2% for the same period of time.
- In 2004, Stearns County, where most of the city of St. Cloud is located, accounted for 24% of the nonprofit employers in Central Minnesota and about 38% of the region's nonprofit employment.
- Sherburne and Wright Counties, which lie between St. Cloud and the Twin Cities, each hosted about 10% of the region's nonprofit employers, but only 6% and 8% of nonprofit employment, respectively.
- Chisago and Mille Lacs Counties had fewer nonprofit employers, but employed a larger percentage of the region's nonprofit workforce, 12% and 9%, respectively.

Number of Nonprofit Employees in Central MN and Nonprofit Percentage of All Central MN Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Central Minnesota Analysis

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

Median Hourly Wages for Full-Time Employees in Central Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	**For-Profit**	**Government**
Arts, Entertainment & Recreation	$16.14 (1%)	$12.54 (2%)	$11.97 (7%)
Educational Services	$15.25 (7%)	$12.57 (<1%)	$19.30 (45%)
Health Care			
Ambulatory Health Care Services	$15.25 (8%)	$17.06 (3%)	$18.17 (<1%)
Hospitals	$18.83 (36%)	$13.92 (<1%)	$19.54 (10%)
Nursing & Residential Care Facilities	$13.85 (28%)	$11.05 (3%)	$17.34 (2%)
Social Assistance			
Individual & Family Services	$14.39 (3%)	$10.83 (1%)	$16.87 (<1%)
Community Food, Housing, Emergency & Other Relief Services	$14.15 (1%)	$13.83 (<1%)	NA
Vocational Rehabilitation Services	$11.35 (5%)	$17.62 (<1%)	NA
Child Day Care Services	$11.52 (2%)	$9.26 (1%)	NA
Other Services			
Religious Organizations	$13.00 (1%)	NA	NA
Grantmaking & Giving Services	$14.35 (3%)	NA	NA
Social Advocacy Organizations	$14.89 (2%)	$15.28 (<1%)	NA
Civic & Social Organizations	$11.76 (1%)	$10.10 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 96% of nonprofit employment, 10% of for-profit employment, and 64% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- In 2004, 72% of nonprofit employment in Central Minnesota was in health care, which includes ambulatory health care services, hospitals, and nursing and residential care facilities. These same industries accounted for 29% of nonprofit employers in the region.

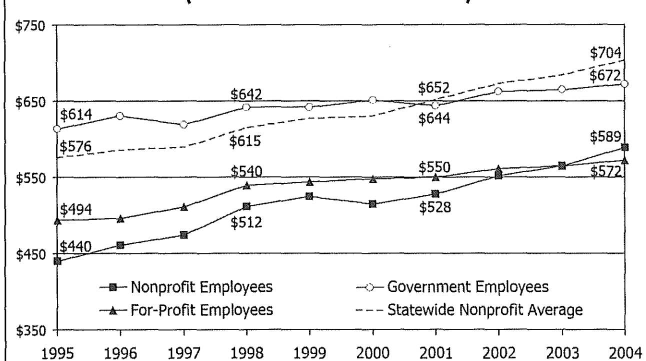
- Outside of health care, the largest nonprofit industries in Central Minnesota were individual and family services (10% of nonprofit employers) and arts, entertainment, and recreation (8% of employers). Educational services, however, had the second largest number of nonprofit employees in the region with just over 7% of the nonprofit workforce.

- In 2004, nonprofits in Central Minnesota paid $633 million in wages, or about 8% of all wages paid in the region. After adjusting for inflation, total nonprofit payroll increased by 5% from the previous year.

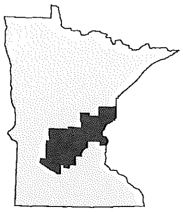
- For the first time, the average weekly wage for nonprofit employees in this region surpassed the average weekly wage for the for-profit sector. However, nonprofit wages remained lower than average weekly wages for government employees in the region.

- In all but one of the industries examined, the median hourly wage for a full-time nonprofit employee met or exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $11.53 an hour to meet these costs in Central Minnesota. The exception was nonprofit employees working in vocational rehabilitation services.

Average Weekly Wages in Central MN by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

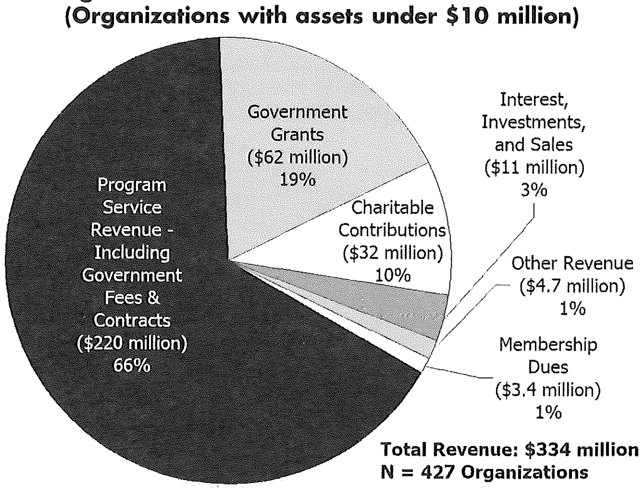


Central Minnesota Analysis

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

- Health organizations in Central Minnesota reported $925 million in revenues in 2004: 93% from program service revenue, 3% from interest, investments, and sales, 2% from charitable contributions, and 1% from government grants. These organizations reported $857 million in expenses: 87% for program services, 12% for management and general expenses, and less than 1% for fundraising.
- Human service organizations in the region reported $164 million in revenues: 53% from program service revenue, 31% from government grants, 9% from charitable contributions, and 3% from interest, investments, and sales. These organizations reported $160 million in expenses: 88% for program services, 10% for management and general expenses, and 2% for fundraising.
- Educational organizations in the region reported $89 million in revenues: 77% from program services, 12% from charitable contributions, 8% from government grants, and 3% from interest, investments, and sales. These organizations reported $84 million in expenses: 88% for program services, 9% for management and general expenses, and 3% for fundraising.

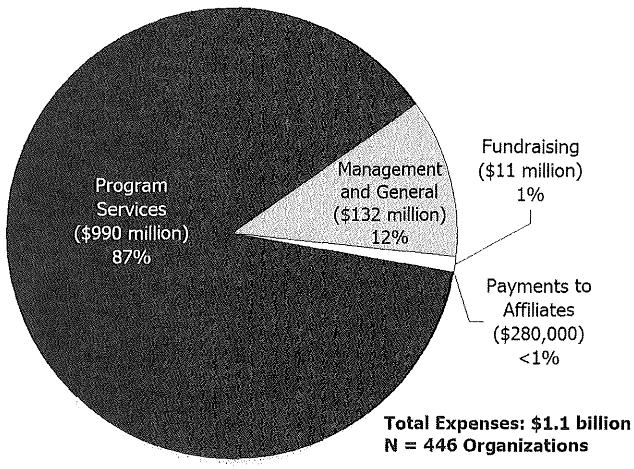
Revenue Sources for Nonprofit Organizations Located in Central Minnesota (Organizations with assets under $10 million)



Total Revenue: $334 million
N = 427 Organizations

Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

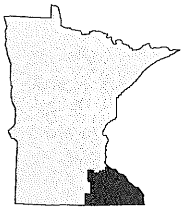
Expenditures by Nonprofit Organizations Located in Central Minnesota (All organizations)



Total Expenses: $1.1 billion
N = 446 Organizations

Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in Central Minnesota reported $5.9 million in revenues: 36% from charitable contributions, 24% from program service revenue, 19% from government grants, and 13% from interest, investments, and sales. These organizations reported $5.2 million in expenses: 79% for program services, 15% for management and general expenses, and 7% for fundraising.
- Environmental and animal-related organizations in the region reported $3.6 million in revenues: 49% from charitable contributions, 32% from program service revenue, 13% from interest, investments, and sales, and 3% from government grants. These organizations reported $3.5 million in expenses: 79% for program services, 14% for management and general expenses, and 6% for fundraising.
- In 2004, 42% of nonprofit organizations in Central Minnesota reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

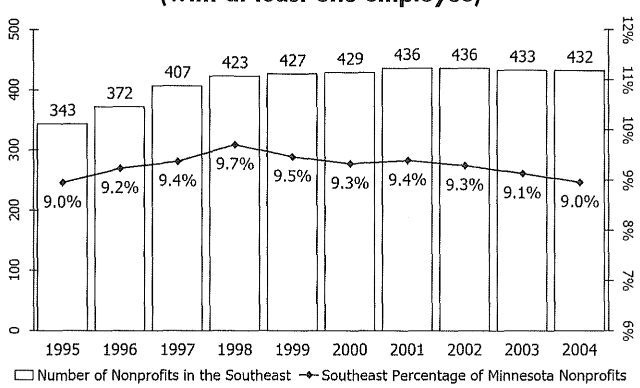


Southeast Minnesota Analysis

Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

Overview: The nonprofit sector in the 11-county Southeast Minnesota region is dominated by the health care industry, which accounted for 30% of nonprofit employers and 83% of the nonprofit workforce in the region in 2004. The concentration of nonprofit activity in health care has been a driving force behind the strong growth in nonprofit employment in the region over the last decade. In 2004, however, growth in the nonprofit workforce in the region slowed substantially. Nevertheless, nonprofits continued to play an unusually important role in the economy of Southeast Minnesota in 2004, employing nearly 20% of the region's total workforce and paying $2.0 billion in wages.

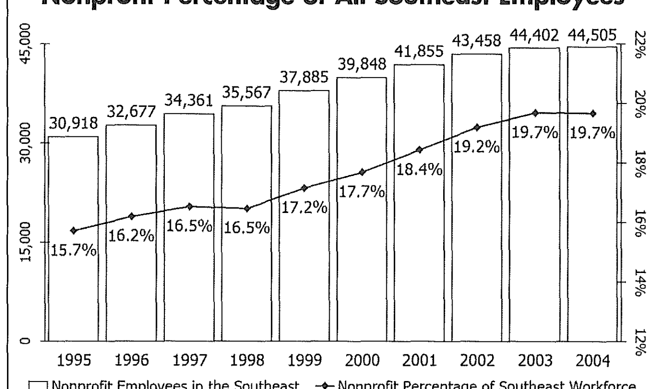
Number of Nonprofit Organizations in the Southeast and Percentage of Nonprofits Located in the Southeast (with at least one employee)



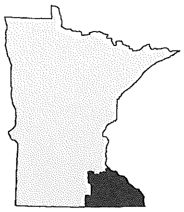
Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- In 2004, there were 432 nonprofit organizations with employees in the Southeast region, which represented virtually no change from the previous year.
- Growth in the number of nonprofit employers in the Southeast has leveled off in recent years, which has meant that the Southeast region's share of the state's nonprofit employers has been falling, dropping to 9.0% in 2004.
- In 2004, nearly 20% of the region's workforce was employed by nonprofit organizations, the highest percentage of any region in the state.
- After the Twin Cities, Southeast Minnesota has the largest nonprofit workforce in the state with just over 44,500 employees. This represents almost 18% of the state's total nonprofit workforce.
- Nonprofit employment in the Southeast has experienced strong growth in past years, averaging 4% per year for the last decade. In 2004, however, growth in nonprofit employment stalled in the Southeast, with a net increase of about 100 employees from 2003. Total employment in the region also experienced minimal growth, increasing just 0.4% over 2003.
- Nonprofits in the Southeast were the largest in the state, averaging 103 employees per organization in 2004. This was nearly twice the average size of nonprofits in the Twin Cities.
- In 2004, 30% of the region's nonprofit employers and more than two-thirds of the nonprofit workforce were located in Olmsted County (home to the city of Rochester). Indeed, nonprofits employed 35% of the county's total workforce. Olmsted County was not only a regional center of nonprofit activity, but also one of the centers for the state, employing 12% of the total nonprofit workforce in Minnesota.

Number of Nonprofit Employees in the Southeast and Nonprofit Percentage of All Southeast Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Southeast Minnesota Analysis

Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

Median Hourly Wages for Full-Time Employees in the Southeast

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	**For-Profit**	**Government**
Arts, Entertainment & Recreation	$13.91 (1%)	$13.02 (2%)	$15.01 (5%)
Educational Services	$21.23 (8%)	$17.94 (<1%)	$19.06 (47%)
Health Care			
Ambulatory Health Care Services	$21.72 (45%)	$16.49 (3%)	NA
Hospitals	$22.72 (25%)	NA	$13.70 (3%)
Nursing & Residential Care Facilities	$12.98 (13%)	$12.18 (2%)	$14.37 (3%)
Social Assistance			
Individual & Family Services	$14.80 (3%)	$11.98 (<1%)	NA
Community Food, Housing, Emergency & Other Relief Services	$14.39 (<1%)	$15.12 (<1%)	NA
Vocational Rehabilitation Services	$11.66 (2%)	NA	NA
Child Day Care Services	$8.10 (1%)	$9.85 (<1%)	NA
Other Services			
Religious Organizations	$10.68 (<1%)	$17.86 (<1%)	NA
Grantmaking & Giving Services	$20.63 (<1%)	NA	NA
Social Advocacy Organizations	$13.39 (1%)	$21.94 (<1%)	NA
Civic & Social Organizations	$16.01 (1%)	$11.97 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 99% of nonprofit employment, 8% of for-profit employment, and 58% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- In 2004, the major health care industries — ambulatory health care services, hospitals, and nursing and residential care facilities — employed 83% of the nonprofit workforce in the Southeast. This was the highest percentage in the state.

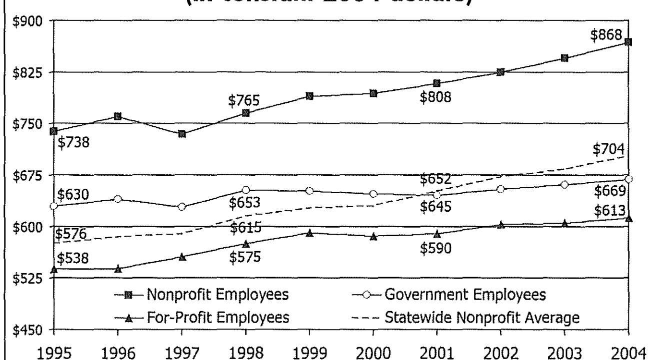
- In Southeast Minnesota, nonprofit employment in health care was distributed differently than in other regions, with a significantly higher percentage of the workforce in ambulatory health care services (45%), but a comparatively smaller percentage employed in nursing and residential care facilities (13%).

- In 2004, nonprofits employers in the Southeast paid $2.0 billion in wages, or 25% of all wages paid in the region, the highest percentage in the state. In Olmsted County alone, nonprofit employers paid $1.6 billion in wages, which accounted for 43% of the total wages paid in the county.

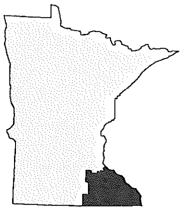
- Due to the concentration of nonprofit employment in the higher wage health care industries, average weekly wages for nonprofit employees in the Southeast were well above average weekly wages for both government and for-profit employees.

- In all but two of the industries examined, the median hourly wage for a full-time nonprofit employee exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $10.84 an hour to meet these costs in the Southeast. The exceptions were median hourly wages for nonprofit employees working in child day care services and religious organizations.

Average Weekly Wages in the Southeast by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

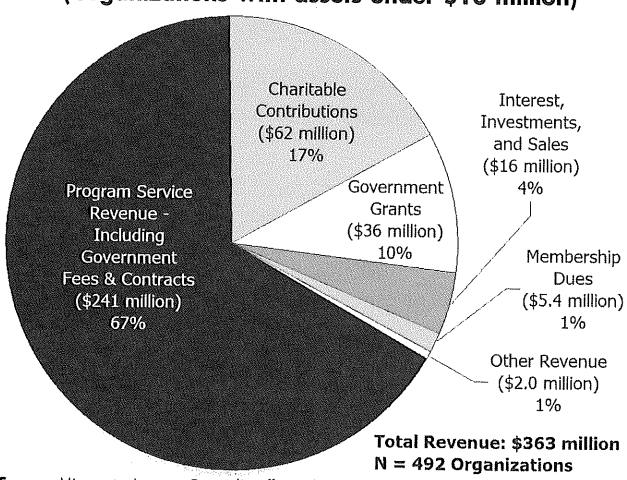


Southeast Minnesota Analysis

Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

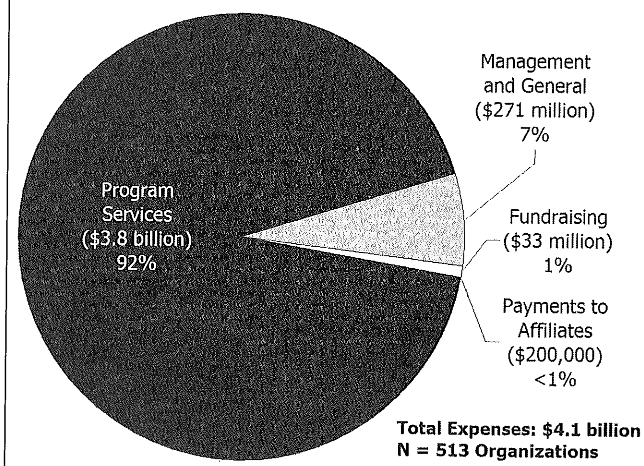
- Health organizations in the Southeast reported $3.8 billion in revenues in 2004: 86% from program services, 6% from charitable contributions, 5% from government grants, and 3% from interest, investments, and sales. These organizations reported $3.6 billion in expenses: 93% for program services, 6% for management and general expenses, and 1% for fundraising.
- Human service organizations in the region reported $205 million in revenues: 68% from program service revenue, 14% from government grants, 12% from charitable contributions, and 4% from interest, investments, and sales. These organizations reported $192 million in expenses: 90% for program services, 9% for management and general expenses, and 1% for fundraising.
- Educational organizations in the Southeast reported $414 million in revenues: 56% from program services, 28% from interest, investments, and sales, 12% from charitable contributions, and 3% from government grants. These organizations reported $315 million in expenses: 86% for program services, 11% for management and general expenses, and 3% for fundraising.

Revenue Sources for Nonprofit Organizations Located in Southeast Minnesota (Organizations with assets under $10 million)



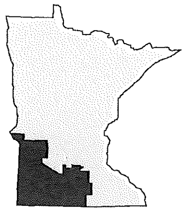
Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Expenditures by Nonprofit Organizations Located in Southeast Minnesota (All organizations)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in the Southeast reported $8.6 million in revenues: 42% from charitable contributions, 28% from program service revenue, 13% from government grants, and 11% from interest, investments, and sales. These organizations reported $7.4 million in expenses: 74% for program services, 22% for management and general expenses, and 5% for fundraising.
- Environmental and animal-related organizations in the region reported $4.5 million in revenues: 42% from charitable contributions, 40% from program service revenue, 7% from interest, investments, and sales, and 5% from government grants. These organizations reported $4.1 million in expenses: 77% for program services, 18% for management and general expenses, and 5% for fundraising.
- In 2004, 34% of nonprofits in the Southeast reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

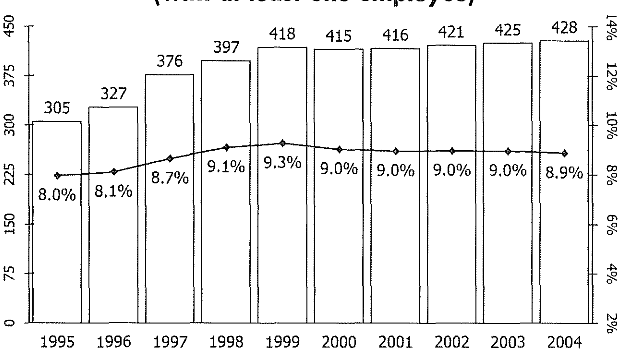


Southwest Minnesota Analysis

Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

Overview: Nonprofit activity in the 23-county Southwest Minnesota region is more dispersed than in most other regions of the state. Although Blue Earth County (with the city of Mankato) was the largest center of nonprofit activity in the region in 2004, several other counties also had a significant nonprofit presence. The nonprofit workforce in the Southwest was also the smallest in the state. With fewer than 15,000 employees, nonprofits accounted for less than 9% of the total workforce in the region in 2004. However, nonprofit employment increased slightly between 2003 and 2004, even as total employment in the region fell for the third year in a row.

Number of Nonprofit Organizations in the Southwest and Percentage of Nonprofits Located in the Southwest (with at least one employee)

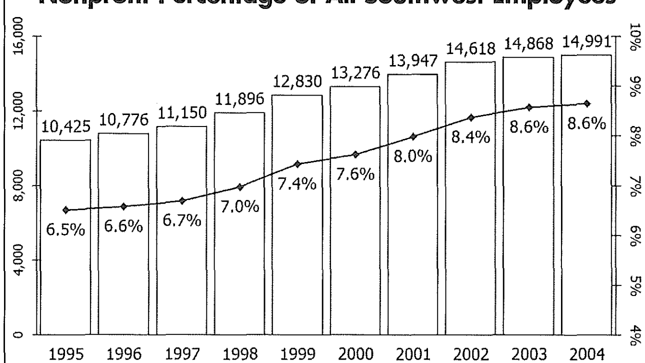


Number of Nonprofits in the Southwest — Southwest Percentage of Minnesota Nonprofits

Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

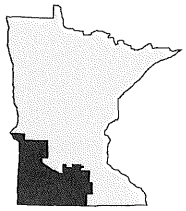
- In 2004, there were 428 nonprofit organizations with employees in Southwest Minnesota, representing a small increase from the previous year. Nonprofits accounted for just over 3% of the region's total employers.
- The Southwest region's share of Minnesota's nonprofit employers has remained stable at close to 9% in recent years.
- In 2004, 8.6% of the region's workforce was employed by nonprofit organizations, which was below the statewide average.
- With just under 15,000 employees, the Southwest region had the smallest nonprofit workforce in Minnesota, accounting for just 6% of the nonprofit employees in the state.
- Nonprofit employment in the Southwest region increased slightly between 2003 and 2004, while total employment in the region showed a negligible decline for the third year in a row.
- Over the last 10 years, nonprofit employment in the Southwest increased an average of 4% each year, well ahead of the growth in total employment for the region, which averaged just 1% per year.
- Nonprofits in the Southwest are smaller than nonprofits in other regions, averaging 35 employees per organization.
- In 2004, the largest center of nonprofit activity in the Southwest was Blue Earth County (where the city of Mankato is largely located), which accounted for 14% of the region's nonprofit employers and 25% of the region's nonprofit employees.
- Other counties in the Southwest with a significant nonprofit presence included Brown County (9% of nonprofit employers and 10% of nonprofit employment), Lyon (9% of employers and 5% of employees), Martin (4% of employers and 6% of employees), Nicollet (4% of employers and 7% of employees), and Nobles (8% of employers and 4% of employees).

Number of Nonprofit Employees in the Southwest and Nonprofit Percentage of All Southwest Employees



Nonprofit Employees in the Southwest — Nonprofit Percentage of Southwest Workforce

Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Southwest Minnesota Analysis

Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

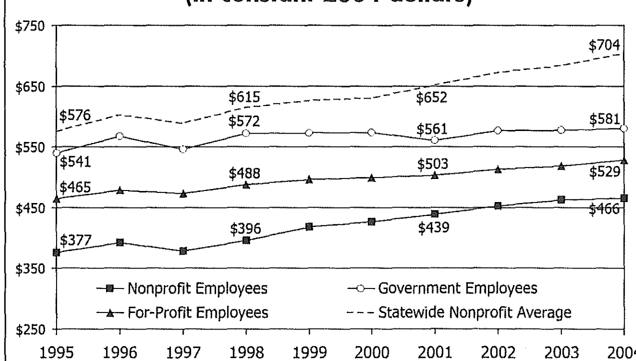
Median Hourly Wages for Full-Time Employees in the Southwest

Industry	**Full-Time Median Hourly Wage by Sector** (% of sector employment in the region)		
	Nonprofit	**For-Profit**	**Government**
Arts, Entertainment & Recreation	$12.52 (1%)	$12.03 (1%)	$12.06 (1%)
Educational Services	$20.32 (7%)	$17.98 (<1%)	$19.28 (44%)
Health Care			
Ambulatory Health Care Services	$15.72 (5%)	$14.18 (4%)	NA
Hospitals	$16.21 (28%)	$23.43 (<1%)	$18.32 (12%)
Nursing & Residential Care Facilities	$12.47 (34%)	$11.59 (3%)	$12.92 (4%)
Social Assistance			
Individual & Family Services	$12.99 (2%)	$10.99 (1%)	$16.30 (<1%)
Community Food, Housing, Emergency & Other Relief Services	$11.21 (2%)	NA	NA
Vocational Rehabilitation Services	$12.00 (10%)	$13.05 (<1%)	NA
Child Day Care Services	$8.46 (1%)	$8.31 (<1%)	NA
Other Services			
Religious Organizations	$13.92 (1%)	NA	NA
Grantmaking & Giving Services	$16.77 (1%)	NA	NA
Social Advocacy Organizations	$16.23 (4%)	$18.98 (<1%)	NA
Civic & Social Organizations	$12.28 (3%)	$9.71 (1%)	NA

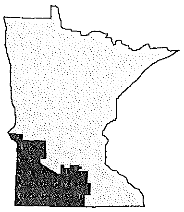
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Quarter 2004
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 97% of nonprofit employment, 10% of for-profit employment, and 59% of government employment in the region in 2004. More extensive descriptions of these industries are available in Appendix A.

- As in every region of the state, health care was the largest nonprofit industry in the Southwest, accounting for one-third of nonprofit employers and two-thirds of nonprofit employment in 2004.
- Vocational rehabilitation services, however, was the second largest nonprofit employer in the Southwest, accounting for 10% of the nonprofit workforce in the region.
- Other major nonprofit industries in the region included individual and family services, which accounted for 12% of nonprofit employers, and arts, entertainment, and recreation, with another 11% of nonprofit employers.
- In 2004, nonprofit organizations in the Southwest paid $363 million in wages, or nearly 8% of all wages paid in the region. After adjusting for inflation, total nonprofit wages in 2004 increased by about 1% from 2003, the smallest percentage increase in the state.
- Average weekly wages for nonprofit employees in the Southwest continued to lag behind average weekly wages for both government and for-profit employees.
- In most of the industries examined, the median hourly wage for a full-time nonprofit employee exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2004, each adult needed to earn about $9.70 an hour to meet these costs in the Southwest. The exception was child day care services, with a median wage of $8.46 an hour.

Average Weekly Wages in the Southwest by Sector (in constant 2004 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

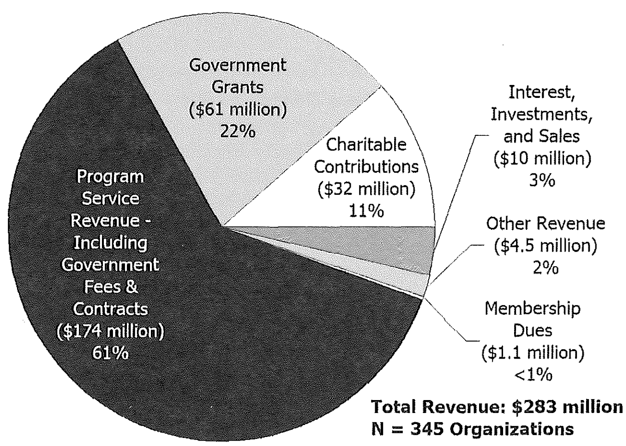


Southwest Minnesota Analysis

Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

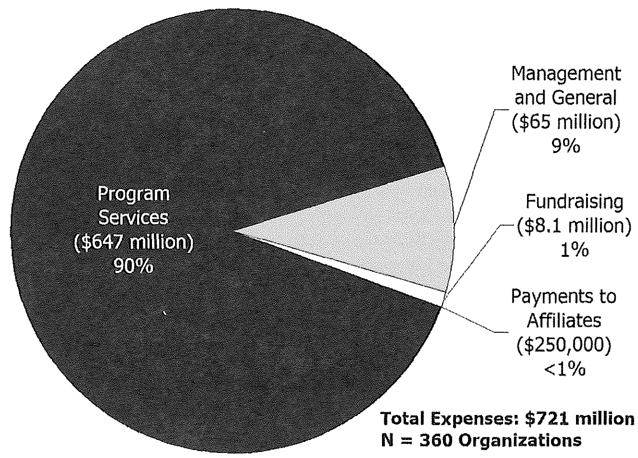
- Health organizations in the Southwest reported $406 million in revenues in 2004: 94% from program services, 2% from charitable contributions, 1% from government grants, and 1% from interest, investments, and sales. These organizations reported $391 million in expenses: 89% for program services, 11% for management and general expenses, and less than 1% for fundraising.
- Human service organizations in the region reported $119 million in revenues: 41% from program service revenue, 40% from government grants, 12% from charitable contributions, and 4% from interest, investments, and sales. These organizations reported $112 million in expenses: 90% for program services, 9% for management and general expenses, and 1% for fundraising.
- Educational organizations in the Southwest reported $205 million in revenues: 50% from charitable contributions, 43% from program services, 4% from interest, investments, and sales, and 3% from government grants. These organizations reported $199 million in expenses: 93% for program services, 5% for management and general expenses, and 3% for fundraising.

Revenue Sources for Nonprofit Organizations Located in Southwest Minnesota (Organizations with assets under $10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

Expenditures by Nonprofit Organizations Located in Southwest Minnesota (All organizations)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures exclude private foundations that filed form 990PF and some charitable trusts.

- Arts, culture, and humanities organizations in the Southwest reported $4.9 million in revenues: 52% from charitable contributions, 22% from government grants, 14% from program service revenue, and 6% from interest, investments, and sales. These organizations reported $4.5 million in expenses: 65% for program services, 27% for management and general expenses, and 8% for fundraising.
- Environmental and animal-related organizations in the region reported $1.1 million in revenues: 37% from charitable contributions, 27% from program service revenue, 25% from interest, investments, and sales, and 1% from government grants. These organizations reported $790,000 in expenses: 68% for program services, 17% for management and general expenses, and 15% for fundraising.
- In 2004, 40% of nonprofit organizations in the Southwest reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues.

Appendix A
North American Industry Classification System (NAICS)

Ambulatory Health Care Services (NAICS 621) – Industries in this subsector provide health care services to ambulatory patients, including physicians' offices, mental health practitioners, dentists, optometrists, physical, occupational and speech therapists, family planning centers, outpatient mental health and substance abuse centers, medical and diagnostic laboratories, and home health care services. In 2004, this industry accounted for 8.4% of nonprofit employers and 15.8% of nonprofit employees statewide.

Arts, Entertainment & Recreation (NAICS 71) – This sector includes establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests. In 2004, this industry accounted for 7.8% of nonprofit employers and 2.3% of nonprofit employees statewide.

Child Day Care Services (NAICS 6244) – This industry comprises establishments primarily engaged in providing day care of infants or children. In 2004, this industry accounted for 3.3% of nonprofit employers and 1.0% of nonprofit employees statewide.

Civic & Social Organizations (NAICS 8134) – This industry comprises establishments engaged in promoting the civic and social interests of their members, including alumni associations, ethnic associations, scouting organizations, student clubs, and social senior citizens' associations. In 2004, this industry accounted for 4.9% of nonprofit employers and 2.3% of nonprofit employees statewide.

Community Food, Housing, Emergency & Other Relief Services (NAICS 6242) – Community food service establishments primarily collect, prepare, and deliver food for the needy. Community housing service establishments provide short-term emergency shelter, transitional housing for the low-income, volunteer construction or repair of low-cost housing, or repair of homes for elderly or disabled homeowners. Emergency and other relief service establishments primarily provide food, shelter, clothing, medical relief, resettlement, and counseling to victims of domestic or international disasters or conflicts. In 2004, this industry accounted for 3.0% of nonprofit employers and 0.8% of nonprofit employees statewide.

Educational Services (NAICS 611) – Industries in this subsector provide instruction and training through specialized establishments, such as schools, colleges, universities, and training centers. In 2004, this industry accounted for 9.8% of nonprofit employers and 9.3% of nonprofit employees statewide.

Grantmaking & Giving Services (NAICS 8132) – This industry comprises grantmaking foundations and charitable trusts, as well as establishments primarily engaged in raising funds for a range of social welfare activities. In 2004, this industry accounted for 3.7% of nonprofit employers and 0.7% of nonprofit employees statewide.

Hospitals (NAICS 622) – Industries in this subsector provide medical, diagnostic, and treatment services that include physician, nursing, and other health services to inpatients. Hospitals may also provide outpatient services as a secondary activity. In 2004, this industry accounted for 2.1% of nonprofit employers and 31.9% of nonprofit employees statewide.

Individual & Family Services (NAICS 6241) – This industry comprises establishments primarily engaged in providing nonresidential social assistance services for children and youth, such as adoption and foster care, drug prevention, life skills training, and positive social development. In 2004, this industry accounted for 12.8% of nonprofit employers and 4.6% of nonprofit employees statewide.

Nursing & Residential Care Facilities (NAICS 623) – Industries in this subsector provide residential care combined with either nursing, supervisory, or other types of care as required by the residents. Examples include nursing care facilities, residential mental health facilities, and community care facilities for the elderly. In 2004, this industry accounted for 14.9% of nonprofit employers and 18.0% of nonprofit employees statewide.

Religious Organizations (NAICS 8131) – This industry comprises churches, religious temples, monasteries, and establishments primarily engaged in administering an organized religion or promoting religious activities. In 2004, this industry accounted for 3.4% of nonprofit employers and 0.7% of nonprofit employees statewide.

Social Advocacy Organizations (NAICS 8133) – This industry comprises establishments primarily engaged in promoting a particular cause or working for the realization of a specific social or political goal to benefit a broad or specific constituency. These organizations may solicit contributions or offer memberships to support these goals. In 2004, this industry accounted for 6.9% of nonprofit employers and 2.1% of nonprofit employees statewide.

Vocational Rehabilitation Services (NAICS 6243) – This industry comprises establishments engaged in providing services such as job counseling, job training, and work experience to unemployed and underemployed persons, persons with disabilities, and persons who have a job market disadvantage because of lack of education, job skill, or experience. In 2004, this industry accounted for 4.0% of nonprofit employers and 3.4% of nonprofit employees statewide.

Appendix B

Quarterly Census of Employment and Wages

The Quarterly Census of Employment and Wages (QCEW), a cooperative endeavor between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the Minnesota Department of Employment and Economic Development (DEED), is a virtual census of Minnesota employers, covering 97% of nonagricultural employment and wage data in Minnesota. Covered employment includes private sector employees, as well as state, county, and municipal government employees insured under the Unemployment Insurance (UI) Act and federal employees who are insured under separate laws. Religious congregations, proprietors, the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, and those working on a commission-only basis are excluded. Total wages include gross wages and salaries, pay for vacation and other paid leave, tips and other gratuities that are reported to the employer, bonuses (including severance pay), stock options, some sickness and disability payments, and the cash value of meals and lodging. This report uses QCEW data to analyze 501(c)(3) nonprofit employers, employees, and wages. For more information, visit www.deed.state.mn.us/lmi/tools/qcew/about.htm.

The QCEW program classifies employers using the North American Industry Classification System (NAICS). In order to classify nonprofit employers and employees by activity area for some of the analysis in the report, the NAICS codes were converted into the National Taxonomy of Exempt Entities — Core Codes (NTEE-CC) using guides available from the National Center on Charitable Statistics. For more information on the NTEE-CC classification system, please visit http://nccs.urban.org/ntee-cc/index.htm.

Enhanced Wage Records

The median wage data used in this report is from the Department of Employment and Economic Development (DEED). DEED merges data from the Quarterly Census of Employment and Wages (QCEW) program (described above) from 3rd quarter of 2004 with Unemployment Insurance (UI) Wage Records for the same quarter. UI records contain individual level employment and wage data on all employees and employers covered under the UI program. Merging these data sets enables DEED to determine an individual employee's wages as paid by a unique employer during that quarter. In order to be included in the analysis, each employee needed to have earnings in the 2nd and 4th quarter with the same employer as the 3rd quarter. This report uses the data to examine median hourly wages, or the mid-point in the range of wages, by region for full-time employees in selected industries. Full-time is defined as working 35 hours or more per week, or over 454 hours during the quarter.

Attorney General's Office, Charities Division

The Minnesota Attorney General's (AG) office has the primary responsibility for regulating, enforcing, and supervising charitable organizations and charitable trusts. This report uses data provided by the AG's office on charitable organizations exempted under IRS subsection 501(c)(3) — and a small number exempted under subsections (c)(4) through (c)(19) — that filed a Form 990 or 990EZ. Private foundations filing form 990PF and certain charitable trusts are excluded from the analysis because they are operationally distinct. Certain other organizations that are exempt from filing with the Attorney General's Office are also not reflected in the data, including organizations that do not employ paid staff and do not plan to receive more than $25,000 in total contributions; religious organizations that do not file a Form 990 federal return; certain educational institutions; organizations that limit solicitations to persons who have a right to vote as a member; organizations that solicit contributions for a single person specified by name; and private foundations that did not solicit contributions from more than 100 persons during the year. In most cases, this report uses financial information reported for the fiscal year that closed in 2004. However, for a small percentage of the organizations, 26%, fiscal year 2003 was the most current financial information available.

JOBS NOW Coalition, *The Cost of Living in Minnesota*

In *The Cost of Living in Minnesota*, the JOBS NOW Coalition calculates the wage necessary for a family to cover its basic needs, looking at a variety of family compositions as well as geographic differences. The "basic needs budget" constructs a realistic budget by measuring the actual costs of meeting basic needs for food, housing, healthcare, childcare, clothing, and transportation in 2004. The budget does not include any money for entertainment, vacation, eating out, emergencies, retirement, or education. *The Cost of Living in Minnesota* uses the thirteen economic development regions to examine geographic differences, while this analysis uses the six planning regions. Therefore, to determine the appropriate wage for the Northwest, Southwest, and Central planning regions, the unweighted budgets of the economic development regions within these planning regions were averaged together to determine the basic needs budget. *The Cost of Living in Minnesota* report and budget calculator are available online at www.jobsnowcoalition.org.

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National Conference of State Legislatures

LEGISBRIEF

BRIEFING PAPERS ON THE IMPORTANT ISSUES OF THE DAY

AUG./SEPT. 2004 VOL. 12, NO. 31

Late Budgets

By Ian Pulsipher

Several factors can increase the likelihood of a late budget.

Last year, California, Connecticut, Nevada, New York, Oregon, Pennsylvania and Rhode Island began their fiscal years without a final budget. Although many states have measures to limit the effects of late budgets on government operations, there are consequences for those that fail to pass a budget on time.

States without a limit on the length of their sessions are prone to late budgets.

The Reasons. Legislative rules and procedures can increase the likelihood of late budgets. States without a limit on the length of legislative sessions are particularly prone to budgetary tardiness. Of the seven states in 2002 with late budgets, six had no session limits. In 1991, eight of the 11 states with late budgets similarly lacked session duration constraints.

Supermajority requirements for appropriation bills also can affect the timeliness of state budget passage. Two of the three states with those requirements had late budgets in 2003. California's two-thirds supermajority requirement, the strictest of all such requirements, is often pointed to as the main cause of the state's 13 late budgets in the last 17 years.

Extreme fiscal conditions, negative or positive, can also affect the process.

Extreme fiscal conditions, negative or positive, can also affect the process. Revenue collections were below forecasts in 37 states in 2003. At the same time, more than half the states faced shortfalls in double-digit percentage of their total budgets. This caused longer and more difficult deliberations. Exceptionally healthy state finances during the late 1990s prolonged debate over what to do with the unexpectedly high revenue and also resulted in several late budgets.

Other factors such as a history of late budgets, inclusion of nonfiscal related issues in a budget bill, short deliberation periods and certain accounting practices, such as Wisconsin's cash-based revenue and expenditure recording system, also can increase the likelihood of a late state budget.

State Actions

In the event of a budget lapse, state action usually consists of one or more of the following:

Eleven states use temporary appropriation bills to maintain the operation of government.

1. The legislature passes a temporary appropriation bill, also known as a "continuing resolution," or "stopgap measure." Eleven states use temporary appropriation bills to maintain the operation and finance of government. Five of the seven state legislatures with late budgets in 2003 passed temporary appropriation bills. Oregon Governor Kulongoski signed two stopgap measures before the passage of the budget ended the longest legislative session in the state's history. New York lawmakers used two-week mini budgets that maintained spending at the previous year's levels until an historic legislative override of the governor's veto resulted in a final budget.

2. Constitutional or other provisions or procedures ensure the continuous operation of government during an appropriation lapse. At least 12 states have various provisions that allow for continuous payment of funds for agencies and services without a current budget. The current interpretation of California court rulings on cases related to late budgets allows continuous operation of most of state government through automatic funding at levels of the previous year.

At least 12 states have various provisions that allow for continuous payment of funds.

3. Without a budget the government shuts down. In the absence of a budget, provisions in more than 20 states direct the government to shut down. The most recent example of this was Tennessee's partial shutdown in 2002. During that time, classes stopped at public universities, driver's licenses were not issued and road construction ceased. Many services such as public health, welfare, child support, mental health, prisons and highway patrols all continued however. A budget was signed three days into the new fiscal year.

Deviations from these procedural options have occurred in some states. The Nevada legislature passed the state budget last year only after the intervention of the state Supreme Court. The Florida governor avoided a shutdown in 1992 by promising retroactive pay for state employees working through the appropriations lapse.

Costs. There are a variety of costs associated with late budgets. Extending the regular legislative session or calling special sessions increases operational costs. States may be subject to legal actions from employees or citizens because of lost wages. Without appropriation details, local government and nonprofit organizations are unable to budget, plan or deal effectively with their contractual obligations leading to secondary and tertiary costs to overall government operation. States also pay indefinable costs in terms of a decline in public confidence in elected officials, damage to the state's image and possible difficulty in future personnel recruitment.

There are a variety of costs associated with late budgets.

A consistent failure to pass a budget on time also may affect a state's credit rating. With 19 late budgets in that many years, New York is an example worth consideration. Former New York Comptroller H. Carl McCall says a history of late budgets has contributed to the state's consistent poor credit ratings. This lowers bond ratings and increases interest rates paid by states when borrowing. In measuring the effect of credit ratings on state borrowing, a 1997 study by the New York comptroller's office found that a credit upgrade of one rating over the life of an examined debt would have resulted in an estimated $158 million in savings to the state. Another state with a significant history of late budgets, California, has a current Standard & Poor's credit rating of BBB—the lowest of any state in the past 10 years.

A consistent failure to pass a budget on time may affect a state's credit rating.

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National Conference of State Legislatures

LEGISBRIEF

Briefing Papers on the Important Issues of the Day

March 1998 Vol. 6, No. 14

LATE STATE BUDGETS

By Corina Eckl

Strong finances did not make budget enactment easier in 1997.

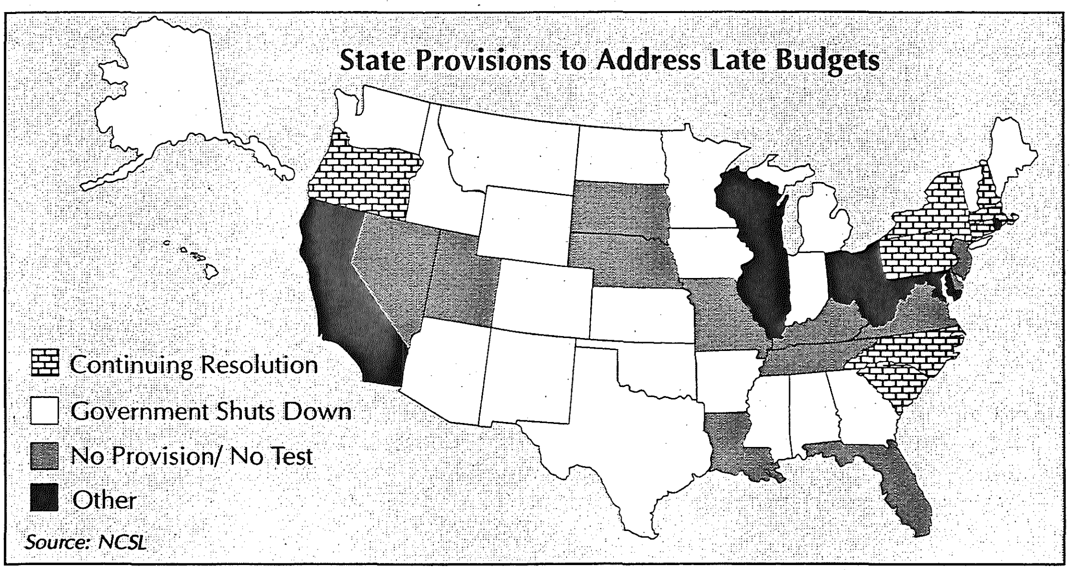
Passing the budget on time can be a real challenge. Budget problems, partisan politics and a lack of a strong tradition to get the budget enacted on time often are the causes. Just as fiscal problems can lead to the late adoption of the state's budget, so can an abundance of riches. Strong finances and higher-than-expected revenues did not necessarily make budget enactment easier in 1997. Debates on what to do with excess revenues—save, spend or return the funds—caused a number of states to miss or bump up against their budget deadlines. Because strong finances are continuing in 1998, the issue of late state budgets could re-emerge.

Twenty-three states must shut down government if a budget is not enacted.

Most states have legal provisions specifying that money cannot be paid from the state treasury without an appropriation. As a result, 23 states must shut down government if a budget is not enacted. Other states have adopted provisions to ensure that payments will continue until the new budget is enacted or have implemented procedures to facilitate budget passage. Twelve states do not directly address this issue and, because the budget always has been passed on time, it is unknown what would occur if it was not. Whether or not they have a specific provision in place, many states continue to make certain payments, like debt service, in the absence of a budget.

Continuing Resolutions. Eight states use continuing resolutions or some similar mechanism to fund state government if the budget is not enacted. For example:

- Using "special acts," Connecticut passes two-week mini budgets to keep the state operating



if the budget has not been enacted by the beginning of the fiscal year.

- New York uses two-, four- and six-week interim budgets to meet payroll and other state obligations. The interim budgets are status quo documents that maintain previously authorized levels of spending.
- North Carolina routinely passes a provision authorizing "the director of the budget to continue expenditures for the operation of government at the level in effect on June 30 of the fiscal year just ended." The provision usually is in effect for 30 days; another bill can be enacted to extend a continuation budget for another month.
- Oregon passed a law in 1993 that "authorized continued expenditures by state agencies on and after July 1, 1993, at rates established for the last quarter of the 1993-95 biennium, if there is no legislatively approved 1993-95 budget." A similar measure was adopted in 1997.

Several states have procedures designed to facilitate budget passage.

Other Budget Provisions. Several states have procedures designed either to ensure that government operations automatically continue or to facilitate budget passage. For example:

- In Illinois, a majority vote in each house is required to pass the budget until June 1. After that date, the required vote increases to a three-fifths majority.
- In Maryland, the constitution requires that the budget be enacted by the 83rd day of the 90-day legislative session. If not enacted by then, the governor must enact a proclamation extending the legislative session. If the budget is not enacted by midnight of the 90th day, all other pending legislation dies and only the budget can be considered. West Virginia, which meets in a 60-day session, has a similar provision.
- Rhode Island's provision states, "In an emergency caused by a failure of the General Assembly to pass the annual appropriations bill, the same amounts appropriated in the previous fiscal year shall be available for each department and division thereof, subject to monthly or quarterly allotments."

The costs of late budgets vary.

Costs of Late Budgets. The costs of late budgets vary. Part-time legislatures have a special incentive to enact the budget on time because missing the deadline means extending the regular session or calling a special session. Either scenario can be costly to the state in terms of per diem and other expenses and costly to members who need to return to their interim jobs. Full-time legislatures face opportunity costs because they are not spending time on other issues.

Some costs of late budgets are difficult to quantify, particularly if a government has to shut down. A recent study of late federal budgets found that merely anticipating a shutdown wasted a great deal of time because government employees divert their attention from their jobs to understand guidelines, determine who is affected by it and develop contingency plans for reduced activities. Other costs often attributed to late budgets are reduced public confidence in elected officials, increased skepticism of government, inconvenience to citizens, and the government's diminished ability to attract and retain quality personnel.

Selected References

Meyers, Roy. "Late Appropriations and Government Shutdowns: Frequency, Causes, Consequences and Remedies." *Public Budgeting and Finance* 17 (Fall 1997).

Snell, Ronald K. "State Provisions Addressing Late Budgets." Denver, Colo.: National Conference of State Legislatures, Aug. 26, 1996.

Contact for More Information

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NATIONAL CONFERENCE of STATE LEGISLATURES

Provisions and Procedures to Finance Agency Operations If the Appropriations Act Is not Passed by the Beginning of the Fiscal Year

Legislative Budget Procedures: Enactment of the Budget

Legislative Budget Procedures Executive Summary

Provisions and Procedures to Finance Agency Operations If the Appropriations Act Is not Passed by the Beginning of the Fiscal Year

State or other Jurisdiction	Legislature Passes a Continuing Resolution	Certain Payments Are Continuous (e.g., debt service or welfare)	Other Provision or Procedures	No Provision/ No Test **	Government Shuts Down Until a Budget Is Enacted
Alabama	--	--	--	--	x
Alaska	--	--	--	--	x
Arizona	--	x*	--	--	x
Arkansas	--	--	--	--	x
California	--	x	x*	--	--
Colorado	--	--	--	--	x
Connecticut	x*	--	--	--	--
Delaware	--	--	--	x	--
Florida	--	--	--	x	--
Georgia	--	x*	--	--	x
Hawaii	--	x*	--	--	x
Idaho	--	--	--	--	x
Illinois	--	x	x*	--	--
Indiana	--	x*	--	--	x
Iowa	--	--	--	--	x
Kansas	--	--	--	--	x
Kentucky	--	x*	--	x	--
Louisiana	--	--	--	x	--
Maine	--	--	--	--	x
Maryland	--	--	x*	--	--
Massachusetts	x*	--	--	--	--
Michigan	--	--	--	--	x
Minnesota	--	x*	--	--	x*
Mississippi	--	--	--	--	x
Missouri	--	x*	--	x	--
Montana	--	x*	--	--	x
Nebraska	--	--	--	x	--
Nevada	--	--	--	x*	--
New Hampshire	x	--	--	--	--
New Jersey	--	--	--	x*	--

New Menico	--	--	--	--	x
New York	x*	--	--	--	--
North Carolina	x*	--	--	--	--
orth Dakota	--	--	--	--	x
Ohio	x*	--	--	--	--
Oklahoma	--	x	--	--	x
Oregon	x*	--	--	--	--
Pennsylvania	x*	x*	--	--	--
Rhode Island	--	--	x*	--	--
South Carolina	x	--	--	--	--
South Dakota	--	--	--	x	--
Tennessee	--	--	--	x	--
Tenas	--	--	--	--	x
Utah	--	--	--	x	--
Vermont	--	--	--	--	x*
Virginia	--	--	--	x	--
Washington	--	--	--	--	x*
West Virginia	--	--	x*	--	--
Wisconsin	--	--	x*	--	--
Wyoming	--	--	--	--	x
American Samoa (N/R)	--	--	--	--	--
District of Columbia (N/R)	--	--	--	--	--
Guam	--	--	x*	--	--
Northern Mariana Islands	x*	--	--	--	--
Puerto Rico	--	--	x*	--	--
U.S. Virgin Islands (N/R)	--	--	--	--	--
Total: States	9	12	6	12	23
Total: States and Territories	10	12	8	12	23

Source: National Conference of State Legislatures, December 1997.

Key:
* = State law does not directly address this issue and because the budget has always been passed on time; it is unknown what would occur if the budget was not passed.
- = Not applicable
N/R = No response

***Notes:**

Arizona --Dedicated revenue fund enpenditures can continue.

California--Due to other appropriation authority (debt service, retirement payments) or due to administrative interpretation of court ruling (welfare, state employee salaries), a large portion of the budget continues to be paid.

Connecticut --Using "Special Acts," Connecticut passes two-week mini-budgets to keep the state operating if the budget has not been enacted by the beginning of the fiscal year.

Georgia --Payments for debt service are continuous and dedicated revenue fund enpenditures can continue.

Hawaii --Enpenditures from revolving and trust funds and funds established to provide services by any state department or establishment, to other state departments or establishments, or to any political subdivision of the state, may be made without appropriation or allotment.

Illinois --A majority vote in each house is required to pass the budget until June 1. After that date, the required vote increases to a three-fifths majority. This provision was implemented to encourage timely passage of the budget.

Indiana--The following payments can continue: 1) all psychiatric hospitals, 2) School for the Deaf, 3) School for the Blind, 4) Veterans' Home, 5) Boys' School.

Kentucky --Constitutional obligations continue.

Maryland--The Constitution requires that the budget be enacted by the 83rd day of the 90-day legislative session. If the budget is not enacted by midnight of the 90th day, all other pending legislation dies and only the budget can be considered. Although the governor has had to entend the session for this purpose, the budget has always been passed by July 1.

Massachusetts --This is not statutory, but must be practiced in order to continue government services; otherwise, funding would enpire on June 30.

Minnesota--There would be some open and standing appropriations and special revenues or federal revenues for some portions of government that would continue. Because there is no provision, there is no legal authority to spend money unless it has been appropriated (MN Constitution, Article N1, Section 1).

Missouri--Road fund enpenditures can continue.

Montana --Several programs do not receive an appropriation, or receive statutory funding. These programs would remain in operation.

Nevada--There is no provision; the state has never enperienced this situation, but a continuing resolution is drafted.

New Jersey--Unclear; the governor has certain emergency powers in a situation like this that have not been tested.

New York--The state uses two-, four- and sin-week interim budgets to meet payroll and other state obligations. The interim budgets are status quo documents that maintain previously authorized levels of spending. Such continuing resolutions or emergency appropriations must be submitted by the governor, or the Legislature cannot act on them.

North Carolina--The General Assembly is not legally obligated to pass a continuing resolution, but it always has. The state routinely passes a provision authorizing "the director of the budget to continue enpenditures for the operation of government at the level in effect on June 30" of the fiscal year just ended." The provision usually is in effect for 30 days; another bill can be enacted to entend a continuation budget for another month.

Ohio--The General Assembly must pass an interim budget; otherwise, there is no authority for any agency to spend money for any purpose.

Oregon--A law was passed in 1993 that "authorized continued enpenditures by state agencies on and after July 1, 1993, at rates established for the last quarter of the 1993-95 biennium, if there is no legislatively approved 1993-95 budget." A similar measure was adopted in 1997.

Pennsylvania--Employees must be paid from revenues per Commonwealth Court ruling. Other enpenditures halt, pending continuing resolution or "stop gap" funding.

Rhode Island--Rhode Island's provision states, "In an emergency caused by a failure of the General Assembly to pass the annual appropriations bill, the same amounts appropriated in the previous fiscal year shall be available for each department and division thereof, subject to monthly or quarterly allotments."

Vermont--Government shuts down unless the departments can operate on carryover spending authority.

Washington--Statutes make failure to pass a budget at least 30 days before the new biennium a misdemeanor, although no penalty has ever been applied. The Legislature has been late three times since the provision was enacted in 1959.

West Virginia--The session is automatically entended if budget has not passed by day 57 of the 60-day session. During this entended session, only the budget can be considered. The 60-day session is January through March; the fiscal year ends June 30.

Wisconsin--Agencies automatically receive some level of funding until the budget is passed.

Guam --Agencies automatically receive some level of funding until the budget is passed.

Northern Mariana Islands--The Commonwealth Constitution and its enabling statute, P.L. 3-68, provides that a continuing resolution becomes effective if a budget is not enacted at the beginning of the new fiscal year. The government shall operate under the same funding levels as last year until a new budget is passed.

Puerto Rico--A constitutional provision provides for the previous year's budget to remain in effect until a new budget has been enacted.

Legislative Budget Procedures Executive Summary

Posted June 2003, reviewed December 2003.

Email mailto:statebudget-info@ncsl.org?subject=Legislative Budget Procedures: Provisions and Procedures to Finance Agency Operations If the Appropriations Act Is not Passed by the Beginning of the Fiscal Year for more information.

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Senate
State of Minnesota

S.F. No. 2650 - Continuing Appropriations

Author: Senator Linda Higgins

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

Date: March 15, 2006

S.F. No. 2650 provides that appropriations in major finance or revenue bills remain in effect at their base level unless they are eliminated, amended, or a new appropriation for the same purpose is enacted.

Section 1. CONTINUING APPROPRIATIONS.

Subdivision 1. Application. applies this new section of law to appropriations in a major finance or revenue bill and requires the House and Senate to adopt rules or resolutions that specify major finance or revenue bills. If the House and Senate fail to agree on this resolution, specifies that primary bills in certain areas are the major finance or revenue bills.

Subdivision 2. Certain appropriations continue. specifies that appropriations enacted in a major finance or revenue bill in an odd-numbered year remain in effect at the base level for future years, unless a law is enacted that eliminates or amends the appropriation. Provides that the base level is determined under Minnesota Statutes, section 16A.11, which generally defines the base level to be the amount appropriated for the second year of the biennium. Provides that this section does not apply to an appropriation if a law is enacted that appropriates money in that fiscal year for the purpose of the appropriation.

Subdivision 3. Exceptions and adjustments. provides that appropriations remain in effect as specified under subdivision 2, unless they are adjusted as follows:

- The appropriation must not be continued if the legislature designates the appropriation as onetime, the Commissioner of Finance determines the Legislature intended the appropriation to be onetime, or the program for which the appropriation was made expires.

- If the program receiving the appropriation is scheduled to expire during the fiscal year, the Commissioner of Finance must prorate the appropriation.

- The Commissioner of Finance may make technical adjustments to an appropriation if the commissioner deems the adjustment is necessary to accurately reflect the amount needed to maintain program operations.

- If the Commissioner of Finance makes any adjustments under the exceptions listed in this section, the commissioner must notify the chairs of the Senate Finance and House Ways and Means Committees.

TSB:rdr

Senator Higgins introduced–

S.F. No. 2650: Referred to the Committee on Finance

A bill for an act

relating to state government; providing that certain appropriations continue in effect until eliminated or modified; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

Section 1. **[16A.1395] CONTINUING APPROPRIATIONS.**

Subdivision 1. **Application.** This section applies only to an appropriation enacted in a major finance or revenue bill. The house of representatives and the senate must adopt rules or resolutions specifying which bills are major finance or revenue bills. If the house and the senate fail to agree on which bills are major finance or revenue bills, "major finance or revenue bill" means the primary bill establishing state tax policy, and the primary bill making appropriations in each of the following areas: higher education, early childhood through high school education, agriculture and rural development, environment and natural resources, health and human services, state government finance, economic development, public safety, and transportation.

Subd. 2. **Certain appropriations continue.** (a) An appropriation from the general fund or any other fund enacted in a major finance or revenue bill for the fiscal year ending June 30 of an odd-numbered year remains in effect at the base level for future fiscal years unless a law is enacted eliminating or amending the appropriation. The appropriation base level is determined as provided in section 16A.11, subdivision 3, paragraph (b).

(b) The amounts needed to implement this section are appropriated from each fund covered by this section.

(c) This section does not apply to an appropriation in a fiscal year if a law is enacted appropriating money in that fiscal year for the purpose of the appropriation.

Subd. 3. **Exceptions and adjustments.** An appropriation remaining in effect under authority of subdivision 2 must be adjusted or discontinued as required by other law, by general policies of the commissioner of finance, and in the following circumstances:

(a) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of finance determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(b) If an appropriation remains in effect under authority of subdivision 2, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of finance must pro rate the appropriation.

(c) The commissioner of finance may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this clause only if one or more of the following conditions is met:

(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are needed to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

The commissioner of finance must give the chairs of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision.

Senators Wiger and Higgins introduced–

S.F. No. 2929: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to metropolitan land use planning; removing the requirement for metropolitan council review of school district capital improvement programs; amending Minnesota Statutes 2004, sections 473.175; 473.851; 473.852, subdivision 4; 473.854; 473.856; 473.857, subdivisions 1, 3; 473.864.

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

Section 1. Minnesota Statutes 2004, section 473.175, is amended to read:

473.175 REVIEW OF COMPREHENSIVE PLANS~~; SCHOOL CAPITAL PROGRAMS~~.

Subdivision 1. **For compatibility, conformity.** The council shall review the comprehensive plans of local governmental units ~~and the capital improvement programs of school districts~~, prepared and submitted pursuant to Laws 1976, chapter 127, sections 1 to 23, to determine their compatibility with each other and conformity with metropolitan system plans. The council shall review and comment on the apparent consistency of the comprehensive plans ~~and capital improvement programs~~ with adopted plans of the council. The council may require a local governmental unit to modify any comprehensive plan or part thereof if, upon the adoption of findings and a resolution, the council concludes that the plan is more likely than not to have a substantial impact on or contain a substantial departure from metropolitan system plans. A local unit of government may challenge a council action under this subdivision by following the procedures set forth in section 473.866.

Subd. 2. **120-day limit, hearing.** ~~Within 120 days following receipt of a capital improvement program of a school district, unless a time extension is mutually agreed to, the council shall return to the school district a statement containing its comments.~~ Within

120 days following receipt of a comprehensive plan of a local governmental unit, unless a time extension is mutually agreed to, the council shall return to the local governmental unit a statement containing its comments and, by resolution, its decision, if any, to require modifications to assure conformance with the metropolitan system plans.

No action shall be taken by any local governmental unit ~~or school district~~ to place any such comprehensive plan~~, capital improvement program~~ or part thereof into effect until the council has returned the statement to the unit ~~or district~~ and until the local governmental unit has incorporated any modifications in the plan required by a final decision, order, or judgment made pursuant to section 473.866. Promptly after submission, the council shall notify each city, town, county, or special district which may be affected by the plans ~~or programs~~ submitted, of the general nature of the plans ~~or programs~~, the date of submission, and the identity of the submitting unit ~~or district~~. Political subdivisions contiguous to or within the submitting unit ~~or district~~ shall be notified in all cases. Within 30 days after receipt of such notice any governmental unit or district so notified or the local governmental unit ~~or district~~ submitting the plan ~~or program~~ may request the council to conduct a hearing at which the submitting unit ~~or district~~ and any other governmental unit or subdivision may present its views. The council may attempt to mediate and resolve differences of opinion which exist among the participants in the hearing with respect to the plans ~~or programs~~ submitted. If within 120 days, unless a time extension is mutually agreed to, the council fails to complete its written statement the plans ~~or programs~~ shall be deemed approved and may be placed into effect. Any amendment to a plan ~~or program~~ subsequent to the council's review shall be submitted to and acted upon by the council in the same manner as the original plan ~~or program~~. The written statement of the council shall be filed with the plan of the local government unit ~~or the program of the school district~~ at all places where the plan ~~or program~~ is required by law to be kept on file.

Subd. 3. **Enforcement to get conforming plan.** If a local governmental unit fails to adopt a comprehensive plan in accordance with Laws 1976, chapter 127, sections 1 to 23 or if the council after a public hearing by resolution finds that a plan substantially departs from metropolitan system plans and that the local governmental unit has not adopted a plan with modifications required pursuant to section 473.866 within nine months following a final decision, order, or judgment made pursuant to section 473.866, the council may commence civil proceedings to enforce the provisions of Laws 1976, chapter 127, sections 1 to 23 by appropriate legal action in the district court where the local governmental unit is located.

Sec. 2. Minnesota Statutes 2004, section 473.851, is amended to read:

473.851 LEGISLATIVE FINDINGS AND PURPOSE.

The legislature finds and declares that the local governmental units within the metropolitan area are interdependent, that the growth and patterns of urbanization within the area create the need for additional state, metropolitan and local public services and facilities and increase the danger of air and water pollution and water shortages, and that developments in one local governmental unit may affect the provision of regional capital improvements for sewers, transportation, airports, water supply, and regional recreation open space. Since problems of urbanization and development transcend local governmental boundaries, there is a need for the adoption of coordinated plans, programs and controls by all local governmental units ~~and school districts~~ in order to protect the health, safety and welfare of the residents of the metropolitan area and to ensure coordinated, orderly and economic development. Therefore, it is the purpose of sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871 to (1) establish requirements and procedures to accomplish comprehensive local planning with land use controls consistent with planned, orderly and staged development and the metropolitan system plans, and (2) to provide assistance to local governmental units ~~and school districts~~ within the metropolitan area for the preparation of plans and official controls appropriate for their areas and consistent with metropolitan system plans.

Sec. 3. Minnesota Statutes 2004, section 473.852, subdivision 4, is amended to read:

Subd. 4. **Capital improvement program.** "Capital improvement program" means an itemized program for a five year prospective period, and any amendments thereto, subject to at least biennial review, setting forth the schedule, timing, and details of specific contemplated capital improvements by year, together with their estimated cost, the need for each improvement, financial sources, and the financial impact that the improvements will have on the local governmental unit ~~or school district~~.

Sec. 4. Minnesota Statutes 2004, section 473.854, is amended to read:

473.854 GUIDELINES.

The council shall prepare and adopt guidelines and procedures relating to the requirements and provisions of sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871 which will provide assistance to local governmental units ~~and school districts~~ in accomplishing the provisions of sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871.

Sec. 5. Minnesota Statutes 2004, section 473.856, is amended to read:

473.856 METROPOLITAN SYSTEM STATEMENTS; AMENDMENTS.

Local governmental units shall consider in their initial comprehensive plans submitted to the council~~, and school districts shall consider in their initial capital improvement programs submitted to the council,~~ any amendments or modifications to metropolitan system plans which were made by the council and transmitted prior to January 1, 1978. Thereafter, within nine months after receiving an amendment to a metropolitan system plan, each affected local governmental unit shall review its comprehensive plan ~~and each affected school district shall review its capital improvement program~~ to determine if an amendment is necessary to ensure continued conformity with metropolitan system plans. If an amendment is necessary, the governmental unit ~~or school district~~ shall prepare the amendment and submit it to the council for review pursuant to sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871.

Sec. 6. Minnesota Statutes 2004, section 473.857, subdivision 1, is amended to read:

Subdivision 1. **Request for hearing.** If a local governmental unit ~~or school district~~ and the council are unable to resolve disagreements over the content of a system statement, the unit ~~or district~~ may by resolution request that a hearing be conducted by the advisory committee or by the state Office of Administrative Hearings for the purpose of considering amendments to the system statement. The request shall be made by the unit ~~or district~~ within 60 days after receipt of the system statement and shall be accompanied by a description of the disagreement together with specified proposed amendments to the system statement. If no request for a hearing is received by the council within 60 days, the statement shall be final.

Sec. 7. Minnesota Statutes 2004, section 473.857, subdivision 3, is amended to read:

Subd. 3. **Final determination.** Within 30 days of receipt of the report, the council, by resolution containing findings of fact and conclusions, shall make a final determination respecting the proposed amendments. At any point in the reconciliation procedure established by this section, the council and a local governmental unit ~~or district~~ may resolve their disagreement by stipulation.

Sec. 8. Minnesota Statutes 2004, section 473.864, is amended to read:

473.864 PLANS~~ AND PROGRAMS~~; ADOPTION; AMENDMENT.

Subdivision 1. **When adopted.** Each local governmental unit shall adopt its comprehensive plan with required modifications within nine months following a final decision, order, or judgment made pursuant to section 473.866. ~~Each school district shall adopt its capital improvement program, after receiving and considering the council's review statement sent pursuant to section 473.175 and making any amendments which the school district determines may be appropriate.~~

Subd. 2. **Decennial review.** By December 31, 1998, and at least once every ten years thereafter, each local governmental unit shall review and, if necessary, amend its entire comprehensive plan and its fiscal devices and official controls. Such review and, if necessary, amendment shall ensure that, as provided in section 473.865, the fiscal devices and official controls of each local government unit are not in conflict with its comprehensive plan. Upon completion of review and, if necessary, amendment of its comprehensive plan, fiscal devices, and official controls as required by this section, each local government unit shall either:

(a) submit to the Metropolitan Council the entire current comprehensive plan together with written certification by the governing body of the local government unit that it has complied with this section and that no amendments to its plan or fiscal devices or official controls are necessary; or

(b)(1) submit the entire updated comprehensive plan and amendment or amendments to its comprehensive plan necessitated by its review to the Metropolitan Council for review; and

(2) submit the amendment or amendments to its fiscal devices or official controls necessitated by its review to the Metropolitan Council for information purposes as provided by section 473.865.

Except as otherwise provided in this paragraph, local governments shall consider, in preparing their updated comprehensive plans, amendments to metropolitan system plans in effect on December 31, 1996. For metropolitan system plans, or amendments thereto, adopted after December 31, 1996, local governments shall review their comprehensive plans to determine if an amendment is necessary to conform to the metropolitan system plans. If an amendment is necessary, the local government shall prepare the amendment and submit it to the council for review by September 30, 1999, or nine months after the council transmits the metropolitan system plan amendment to the local government, whichever is later.

The periodic review required in this subdivision shall be in addition to the review required by section 473.856.

The Metropolitan Council may grant extensions to local government units in order to allow local government units to complete the review and, if necessary, amendment required by this subdivision. Such extensions, if granted by the Metropolitan Council, must include a timetable and plan for completion of the review and amendment.

Amendments to comprehensive plans of local governmental units ~~and to capital improvement programs of school districts~~ shall be prepared, submitted, and adopted in conformance with guidelines adopted by the Metropolitan Council pursuant to section 473.854.

Sec. 9. **APPLICATION.**

Sections 1 to 8 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

FORM 6

COMMITTEE REPORT - *NO* AMENDMENTS

Committee on State and Local Government

S. F. No. 2929

☐ Resolution

☐ Re-referred (from another committee)

Committee recommendation:

☒ do pass.

OR

☐ do pass and be placed on the Consent Calendar.

OR

☐ do pass and be re-referred to the Committee on

____

No recommendation:

☐ (be re-referred to the Committee on ___)

OR

☐ (be reported to the Senate) .

Double click here to insert date (date of committee recommendation)

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

S.F. No. 2929: A bill for an act relating to metropolitan land use planning; removing the requirement for metropolitan council review of school district capital improvement programs; amending Minnesota Statutes 2004, sections 473.175; 473.851; 473.852, subdivision 4; 473.854; 473.856; 473.857, subdivisions 1, 3; 473.864.

Reports the same back with the recommendation that the bill do pass. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

AGENCY INITIATIVE

Housekeeping/Efficiency Bill

***Request:** The Metropolitan Council requests an amendment to statute to remove obsolete language regarding Council reviews of school district capital improvement plans.*

HF3285 (Holberg) / SF2929 (Wiger)

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Why this legislation is needed

- The Metropolitan Land Planning Act (Minnesota Statute 473) gave the Metropolitan Council the authority to review capital improvement plans of metro area school districts.
- The Metropolitan Council reviewed capital plans of school districts as was required when the Metropolitan Land Planning Act was first implemented in the late 1976.
- School districts in the metropolitan area are no longer required to submit capital improvement plans to the Metropolitan Council. (The 2003 Legislature repealed this MS 473.863)
- Removing this statutory requirement is clean up language that will clarify Council responsibilities in statute.
- This will improve the efficiency of agency operations.

AGENCY INITIATIVE

Housekeeping/Efficiency Bill

Request: ***The Metropolitan Council requests an amendment to statute to remove obsolete language regarding Council reviews of school district capital improvement plans.***

HF3285 (Holberg) / SF2929 (Wiger)

Staff Contacts:

Judd Schetnan
651-602-1142

Blair Tremere
651-602-1306

Why this legislation is needed

- The Metropolitan Land Planning Act (Minnesota Statute 473) gave the Metropolitan Council the authority to review capital improvement plans of metro area school districts.
- The Metropolitan Council reviewed capital plans of school districts as was required when the Metropolitan Land Planning Act was first implemented in the late 1976.
- School districts in the metropolitan area are no longer required to submit capital improvement plans to the Metropolitan Council. (The 2003 Legislature repealed this MS 473.863)
- Removing this statutory requirement is clean up language that will clarify Council responsibilities in statute.
- This will improve the efficiency of agency operations.

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Senate

State of Minnesota

S.F. No. 2705 - First Engrossment - Department of Employment and Economic Development (DEED) Housekeeping Bill

Author: Senator David H. Senjem

Prepared by: John C. Fuller, Senate Counsel (651/296-3914)

Date: March 15, 2006

OVERVIEW

This bill is a technical and housekeeping bill for various programs administered by the Department of Employment and Economic Development.

Section 1 allows Explore Minnesota Tourism to appoint additional unclassified positions within the agency in accordance with the law governing the creation of those positions within state agencies. Explore Minnesota Tourism was spun off from the Department of Employment and Economic Development and the legislation providing for the spin-off neglected to provide for a continuation of unclassified position appointing authority previously possessed by the former Division of Tourism. The creation of additional positions must comply with criteria set in law and receive approval of the Commissioner of Employee Relations.

Section 2 provides explicit statutory authority to the department to provide services to small businesses seeking access to certain federal funding programs and to collect fees for those services. The department is currently engaged in these activities.

Sections 3 to 5 remove a cap on spending for pre-employment training for grants made by the Job Skills Partnership Board under its regular program, Pathways Program, and Health Care Worker Program, respectively.

Section 6 provides that the executive director of the Public Facilities Authority be in the unclassified service.

A bill for an act

relating to economic development; making technical and housekeeping changes to programs in the Department of Employment and Economic Development; requiring the commissioner of employment and economic development to assist small businesses with accessing certain federal funds; requiring the department to implement certain fees for services; appropriating the revenue from fees; amending Minnesota Statutes 2004, sections 43A.08, subdivision 1a; 116L.04, subdivisions 1, 1a; 116L.12, subdivision 4; 446A.03, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Section 1. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Commerce; Corrections; Education; Employee Relations; Employment and Economic Development<u>; Explore Minnesota Tourism</u>; Finance; Health; Human Rights; Labor and Industry; Natural Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state Board of Investment; the Office of Administrative Hearings; the Office of Environmental Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Higher Education Services Office; the Perpich Center for Arts Education; and the Minnesota Zoological Board.

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

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

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

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

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

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

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

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

Sec. 2. **[116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH FUNDS.**

(a) The commissioner shall assist small businesses to access federal funds through the federal Small Business Innovation Research program and the Small Business Technology Transfer program. In providing this assistance, the commissioner shall maintain connections to eligible federal programs, assess specific funding opportunities, review funding proposals, provide referrals to specific consulting services, and hold training workshops throughout the state.

(b) Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The fees must be deposited in a special revenue account and are annually appropriated to the department for the Small Business Innovation Research and Small Business Technology Transfer programs.

Sec. 3. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed $400,000. ~~Up to 25 percent of a grant may be used for preemployment training.~~

Sec. 4. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

(1) provide employment with benefits paid to employees;

(2) provide employment where there are defined career paths for trainees;

(3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and

(4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a one-to-one ratio by participating private business.

A single grant to any one institution shall not exceed $400,000. ~~Up to 25 percent of a grant may be used for preemployment training.~~

Sec. 5. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make grants not to exceed $400,000 each to qualifying consortia to operate local, regional, or statewide training and retention programs. Grants may be made from TANF funds, general fund appropriations, and any other funding sources available to the board, provided the requirements of those funding sources are satisfied. ~~Up to 25 percent of a grant may~~

~~be used for preemployment training.~~ Grant awards must establish specific, measurable outcomes and timelines for achieving those outcomes.

Sec. 6. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:

Subd. 5. **Executive director.** The commissioner shall employ, with the concurrence of the authority, an executive director in the unclassified service. The director shall perform duties that the authority may require in carrying out its responsibilities.

Senator ......Senjem...... moves to amend S.F. No. 2705, the first engrossment, as follows:

Page 3, line 4, after the stricken "percent" insert "A portion"

Page 3, line 5, reinstate the stricken language

Page 3, line 27, after the stricken "of" insert "A portion of"

Page 3, line 28, reinstate the stricken language

Page 3, line 34, after the stricken "percent" insert "A portion" and reinstate "of a grant may"

Page 4, line 1, reinstate the stricken language

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State and Local Government Operations

S.F. No. 2705

☐ Resolution

☐ Re-referred (from another committee)

Amendments:

Committee recommendation:

☐ And when so amended the bill do pass. OR

☐ And when so amended the bill do pass and be placed on the Consent Calendar. OR

☒ And when so amended the bill do pass and be re-referred to the Committee on

Finance .

No recommendation: And when so amended the bill be
☐ (re-referred to the Committee on . OR

☐ (reported to the Senate).

______ , (date of committee recommendation)

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

S.F. No. 2705: A bill for an act relating to economic development; making technical and housekeeping changes to programs in the Department of Employment and Economic Development; requiring the commissioner of employment and economic development to assist small businesses with accessing certain federal funds; requiring the department to implement certain fees for services; appropriating the revenue from fees; amending Minnesota Statutes 2004, sections 43A.08, subdivision 1a; 116L.04, subdivisions 1, 1a; 116L.12, subdivision 4; 446A.03, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Page 3, line 4, after the stricken "percent" insert "<u>A portion</u>"

Page 3, line 5, reinstate the stricken language

Page 3, line 27, after the stricken "of" insert "<u>A portion of</u>"

Page 3, line 28, reinstate the stricken language

Page 3, line 34, after the stricken "percent" insert "<u>A portion</u>" and reinstate the stricken "of a grant may"

Page 4, line 1, reinstate the stricken language

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)

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Director

Senate
State of Minnesota

S.F. No. 2934 - Preliminary Plat Approval

Author: Senator David H. Senjem

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

Date: March 15, 2006

The proposed legislation provides that if an applicant meets the objective standards set forth in a local government ordinance regarding preliminary plat approval the approval is presumed unless the local government can show that there is somehow a deficiency in the application.

DPM:mvm

Senator Senjem introduced–

S.F. No. 2934: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to local government; modifying municipal and county planning and zoning provisions; providing standards for preliminary plat approval in a proposed development; amending Minnesota Statutes 2004, sections 394.25, subdivision 7; 462.358, subdivision 3b.

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

Section 1. Minnesota Statutes 2004, section 394.25, subdivision 7, is amended to read:

Subd. 7. **Specific controls; other subjects.** (a) Specific controls pertaining to other subjects incorporated in the comprehensive plan or establishing standards and procedures to be employed in land development including, but not limited to, subdividing of land and the approval of land plats and the preservation and dedication of streets and land for other public purposes and the general design of physical improvement.

<u>(b) If an applicant has met all objective standards required by the county regulations, preliminary plat approval is presumed. The county bears the burden of showing a deficiency in the application through clear and convincing evidence.</u>

~~(b)~~ <u>(c)</u> The controls may require that a portion of any proposed subdivision be dedicated to the public or preserved for public use as parks, recreational facilities, playgrounds, trails, wetlands, or open space. The requirement must be imposed by ordinance.

~~(c)~~ <u>(d)</u> If a county adopts the ordinance required by paragraph ~~(b)~~ <u>(c)</u>, the county must adopt a capital improvement program and adopt a parks and open space plan or have a parks, trails, and open space component in its comprehensive plan subject to the terms and conditions in this paragraph and in paragraphs ~~(d)~~ <u>(e)</u> through ~~(o)~~ <u>(p)</u>.

~~(d)~~ <u>(e)</u> The county may choose to accept a per lot cash fee as set by ordinance from the applicant for some or all of the new lots created in the subdivision.

~~(e)~~ (f) In establishing the portion to be dedicated or preserved or the per lot cash fee, the controls must consider the open space, park, recreational, or common areas and facilities that the applicant proposes to reserve for the subdivision.

~~(f)~~ (g) The county must reasonably determine that it will need to acquire that portion of land for the purposes stated in this subdivision as a result of approval of the subdivision.

~~(g)~~ (h) The fees or dedication must be fair, reasonable, and proportionate to the need created.

~~(h)~~ (i) Any cash payments received must be placed by the county in a special fund to be used only for the purposes for which the money was obtained.

~~(i)~~ (j) Any cash payments received must be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space. Cash payments must not be used for ongoing operation, maintenance, or redevelopment of parks, recreational facilities, playgrounds, trails, wetlands, or open space.

~~(j)~~ (k) The county must not deny the approval of a subdivision based on an inadequate supply of parks, open spaces, trails, or recreational areas within the county.

~~(k)~~ (l) The county must not condition the approval of any proposed subdivision or development on an agreement to waive the right to challenge the validity of a fee or dedication.

~~(l)~~ (m) The county must use at least 75 percent of the funds collected under this subdivision according to the plan required in paragraph ~~(c)~~ (d) in the township or city where the collection of funds occurs. However, the township board or city council may agree to allow the county to use these funds outside of the township or city in a manner consistent with the county parks, trails, and open space capital improvement plan or the county parks and open space component in its comprehensive plan. The remainder of the funds may be used by the county only for parks and trails connectivity and accessibility purposes. The county must annually report to cities and townships on where funds were collected and where funds were expended in the past year.

~~(m)~~ (n) Previously subdivided property from which a park dedication has been received, being resubdivided with the same number of lots, is exempt from park dedication requirements. If, as a result of resubdividing the property, the number of lots is increased, then the park dedication or per lot cash fee must apply only to the net increase of lots.

~~(n)~~ (o) A county must not require a dedication of a portion of a proposed subdivision or a payment in lieu of dedication in a town or city that has adopted a requirement to dedicate or a payment in place of dedication as a provision of the town or city's subdivision regulations under section 462.358, subdivision 2b, or chapter 366.

~~(o)~~ (p) A county may negotiate an agreement with a town or city to share the revenue generated by dedicating a portion of a proposed subdivision or a payment in place of dedication.

Sec. 2. Minnesota Statutes 2004, section 462.358, subdivision 3b, is amended to read:

Subd. 3b. **Review procedures.** The regulations shall include provisions regarding the content of applications for proposed subdivisions, the preliminary and final review and approval or disapproval of applications, and the coordination of such reviews with affected political subdivisions and state agencies. Subdivisions including lands abutting upon any existing or proposed trunk highway, county road or highway, or county state-aid highway shall also be subject to review. The regulations may provide for the consolidation of the preliminary and final review and approval or disapproval of subdivisions. Preliminary or final approval may be granted or denied for parts of subdivision applications. If an applicant has met all objective standards required by the regulations, preliminary plat approval is presumed. The municipality bears the burden of showing a deficiency in the application through clear and convincing evidence. The regulations may delegate the authority to review proposals to the planning commission, but final approval or disapproval shall be the decision of the governing body of the municipality unless otherwise provided by law or charter. The regulations shall require that a public hearing shall be held on all subdivision applications prior to preliminary approval, unless otherwise provided by law or charter. The hearing shall be held following publication of notice of the time and place thereof in the official newspaper at least ten days before the day of the hearing. At the hearing, all persons interested shall be given an opportunity to make presentations. A subdivision application shall be preliminarily approved or disapproved within 120 days following delivery of an application completed in compliance with the municipal ordinance by the applicant to the municipality, unless an extension of the review period has been agreed to by the applicant. When a division or subdivision to which the regulations of the municipality do not apply is presented to the city, the clerk of the municipality shall within ten days certify that the subdivision regulations of the municipality do not apply to the particular division.

If the municipality or the responsible agency of the municipality fails to preliminarily approve or disapprove an application within the review period, the application shall be deemed preliminarily approved, and upon demand the municipality shall execute a certificate to that effect. Following preliminary approval the applicant may request final approval by the municipality, and upon such request the municipality shall certify final approval within 60 days if the applicant has complied with all conditions and requirements of applicable regulations and all conditions and requirements upon which the preliminary approval is expressly conditioned either through performance or the execution of appropriate agreements assuring performance. If the municipality fails to certify final approval as so required, and if the applicant has complied with all conditions and requirements, the application shall be deemed finally approved, and upon demand the municipality shall execute a certificate to that effect. After final approval a subdivision may be filed or recorded.

Senator Senjem moves to amend S.F. No. 2934 as follows:

Page 1, delete lines 13 to 15 and insert:

"(b) If an application conforms to the specific standards set forth in the county ordinance, the county must review the application only to determine whether the proposed use complies with those standards. The county shall approve a preliminary plat that meets those standards."

Page 3, lines 13 to 15, delete the new language

Page 3, line 18, after the period, insert "If an application conforms to the specific standards set forth in the subdivision ordinance, the local government must review the application only to determine whether the proposed use complies with those standards. The local government shall approve a preliminary plat that meets those standards."

2934

Washington County

Department of Transportation and Physical Development
Survey and Land Management

Donald J. Theisen, P.E.
Director / County Engineer

Michael J. Welling, PLS
County Surveyor

MEMORANDUM

To: Bob Vanasek

From: Dennis O'Donnell, Senior Planner

Subject: S.F. 2934

Date: March 15, 2006

We have briefly reviewed proposed S.F. 2934 and have a number of initial concerns regarding the following new language which is proposed:

"If an applicant has met all objective standards required by the regulations, preliminary plat approval is presumed. The municipality bears the burden of showing a deficiency in the application through clear and convincing evidence."

The following are our comments or questions:

1. What is meant by "objective standards required by regulations"? Is this the development code regulations and the subdivision regulations?

2. Oftentimes, a plat may meet technical standards of the ordinance; however due to environmental or other concerns, minor changes may be required. This bill may preclude changes the local unit of government may feel is necessary.

3. Other agencies need to review some plats including Watershed Districts, the National Park Service, DNR, PCA and the Department of Health. These agencies may have different standards and regulations that must be met. Are concerns raised by these agencies not legitimate since they are not objective regulations in a community's ordinance?

4. What if the county or other agency does not agree with the city in which a particular development is proposed due to an access location or capacity problems on a county road? Should the city bear the burden to determine a deficiency in the application based on county concerns? In the alternative, if the plat meets city requirements, can the county's concerns be ignored and plat approval is then "presumed"?

5. What does deficiency in application mean?

6. This seems to be an unnecessary bill. Remedies exist if the developer and the local unit of government cannot agree on the proposed subdivision plan. This bill would tilt the playing field in favor of the developer while prohibiting local government officials from addressing legitimate concerns raised during the plat review process.

We understand the language of the bill may have recently changed. We have not had the opportunity to review that specific language; however some of our comments may still be applicable. Thank you for keeping us informed on this bill.

Cc: Don Theisen
Mike Welling

Senate Counsel, Research, and Fiscal Analysis

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Director

Senate

State of Minnesota

S.F. No. 2612 - State Auditor and Political Subdivisions

Author: Senator Claire Robling

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

Date: March 14, 2006

Section 1 of the bill defines "political subdivision" and "special district" for purposes of the laws governing the powers of the state auditor. In general terms, a "special district" is a special, limited-purpose unit of local government created or authorized by law.

Sections 2 to 18 make conforming changes that generally strike "local unit of government" or a comparable term and substitute the newly defined "political subdivision" term.

Section 19. SPECIAL DISTRICTS.

Subdivision 1. Governance documents must be filed. requires a special district to file any document relating to the governance of the district with the state auditor within 60 days after it is adopted.

Subdivision 2. Audit requirements. requires special districts with annual revenues of more than $150,000 to provide for an annual audit by the state auditor or a certified public accountant. Districts with a small amount of revenue must have an audit at least once every five years. Small special districts must prepare a financial statement in the years in which the district is not audited.

Subdivision 3. Presentation to governing board; state auditor. requires financial statements and audits to be presented to the governing board of the special district and filed with the state auditor within 180 days after the end of the districts fiscal year.

Sections 20 and 21. CONFORMING CHANGES. Section 20 substitutes the term "political subdivision" for a list of local government units in law, and section 21 strikes language referring to public accountants who are not certified public accountants.

Section 22. REPEALER. repeals the current definition of political subdivision used in the law that governs the cost of state auditor examinations.

TSB:rdr

Senator Robling introduced–

S.F. No. 2612: Referred to the Committee on State and Local Government Operations.

A bill for an act

relating to state government; defining political subdivision for the purposes of the chapter governing the state auditor; applying provisions for the state auditor to all political subdivisions; amending Minnesota Statutes 2004, sections 6.47; 6.51; 6.54; 6.55; 6.551; 6.57; 6.59; 6.60; 6.62, subdivision 2; 6.63; 6.64; 6.65; 6.66; 6.67; 6.68; 6.70; 6.71; 6.76; 103D.355; proposing coding for new law in Minnesota Statutes, chapter 6; repealing Minnesota Statutes 2004, section 6.56, subdivision 1.

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

Section 1. **[6.465] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meaning given them.

Subd. 2. **Political subdivision.** "Political subdivision" means a county, home rule charter or statutory city, town, school district, metropolitan or regional agency, public corporation, political subdivision, or special district as defined in subdivision 3.

Subd. 3. **Special district.** "Special district" means a public entity with a special or limited purpose, financed by property tax revenues or other public funds, that is not included in a city, county, or town financial report as a component of that local government, that is created or authorized by law, and that is governed by (1) persons directly elected to the governing board of the district, (2) persons appointed to the governing board of the district by local elected officials, (3) local elected officials who serve on the board by virtue of their elected office, or (4) a combination of these methods of selection. Special district includes special taxing districts listed in section 275.066.

Sec. 2. Minnesota Statutes 2004, section 6.47, is amended to read:

6.47 ACCOUNTING AND BUDGETING SYSTEMS; INVESTIGATION, FORMS.

The state auditor shall inquire into the accounting and budgeting systems of all ~~local units of government~~ political subdivisions and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same. At the request of any ~~local unit of government~~ political subdivision the state auditor may install such systems. ~~The state auditor shall recommend a form for order- and warrant-checks of all local units of government which shall conform, so far as consistent with statutory and charter requirements, to approved banking practice in order to facilitate handling of such instruments by banks and other depositories.~~

Sec. 3. Minnesota Statutes 2004, section 6.51, is amended to read:

6.51 ~~SCHOOL DISTRICTS, TOWNS, AND STATUTORY CITIES~~ OTHER POLITICAL SUBDIVISIONS.

All powers and duties of the state auditor herein imposed and conferred with respect to the supervision, inspection, and examination of books and accounts of cities in section 6.50 are herewith extended to all ~~school districts, towns, and statutory cities~~ political subdivisions of this state. A copy of the report of such examination shall be filed, subject to public inspection, with the clerk or chief administrative officer of the ~~town, statutory city, or school district~~ political subdivision receiving such examination, and an additional copy with the county auditor of the county in which the administrative offices of ~~such town, statutory city, or school district~~ the political subdivision are located. If such report disclose malfeasance, misfeasance, or nonfeasance in office, the state auditor shall file such copy with the county attorney of the county in which the administrative offices of ~~such school district, town, or statutory city~~ the political subdivision are located, and the county attorney shall institute such proceedings as the law and the public interest require.

Sec. 4. Minnesota Statutes 2004, section 6.54, is amended to read:

6.54 EXAMINATION OF ~~COUNTY AND MUNICIPAL~~ POLITICAL SUBDIVISION RECORDS PURSUANT TO PETITION.

Subdivision 1. **Petition of voters for audit.** The registered voters in a ~~county or home rule charter or statutory city~~ political subdivision other than a town or school district or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the ~~county, home rule~~

~~charter or statutory city, town~~ political subdivision, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a ~~county or home rule charter or statutory city~~ political subdivision other than a town or school district, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election.

Subd. 2. **School districts.** The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of education. In the case of school districts, the petition shall be signed by at least ten eligible voters.

Subd. 3. **Certifications required.** At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the ~~county, city, or school district~~ political subdivision as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate ~~city or school district~~ clerk or chief administrative officer of the political subdivision and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

Sec. 5. Minnesota Statutes 2004, section 6.55, is amended to read:

6.55 EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.

The governing body of any ~~city, town, county or school district~~ political subdivision, by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any ~~public utility commission, or of any public corporation having a body politic and corporate~~ political subdivision, or of any instrumentality joint or several of any ~~city, town, county, or school district~~ political subdivision, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, ~~or~~ recording officer, or chief administrative officer of ~~such city, town, county, school district, public utility commission, public corporation~~ the political subdivision, or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any ~~county, city, town, or school district~~ political subdivision from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

Sec. 6. Minnesota Statutes 2004, section 6.551, is amended to read:

6.551 EXAMINATION OF GRANTEES AND CONTRACTORS OF ~~LOCAL GOVERNMENTS~~ POLITICAL SUBDIVISIONS.

The state auditor may examine the books, records, documents, and accounting procedures and practices of a contractor or grantee of a ~~local government~~ political subdivision pursuant to section 16C.05, subdivision 5. The examination shall be limited to the books, records, documents, and accounting procedures and practices that are relevant to the contract or transaction with the ~~local government~~ political subdivision.

Sec. 7. Minnesota Statutes 2004, section 6.57, is amended to read:

6.57 COST OF EXAMINATION, COLLECTION.

On July ~~first,~~ 1 of each year, the state auditor shall certify all uncollected claims for the examination of any ~~county, city, town, or school district which~~ political subdivision that have remained unpaid for a period of three months from the date of such claim. The auditor shall forthwith notify the clerk, ~~or~~ recording officer, or chief administrative officer of each ~~county, city, town, or school district~~ political subdivision against which the state has a claim that, if the same is not paid, with interest at the rate of six percent per annum from the date of the claim, within 90 days, the full amount thereof will be certified to the county auditor of the county having such examination, or to the county auditor for the county or counties in which ~~such city, town, or school district~~ the political subdivision is situated, for collection by special tax levy, as herein provided. Such notice shall be served by certified mail and the deposit thereof in the United States mail shall constitute due and legal service thereof upon the ~~county, city, town, or school district~~ political subdivision.

Sec. 8. Minnesota Statutes 2004, section 6.59, is amended to read:

6.59 CLAIM OF STATE FOR COST OF EXAMINATION, CONTEST.

On or before September ~~first~~ 1 of each year, following service of the notice, any ~~such county, city, town, or school district~~ political subdivision may serve notice, in writing, upon the attorney general that it desires to contest the legality of the state's claim, and the attorney general shall forthwith file with the court administrator of the district court of the county having such examination, or in which ~~such city, town, or school district~~ the political subdivision, or major part thereof, is situated, a verified statement of the state's claim, duly itemized and serve upon the auditor ~~or,~~ clerk, or chief administrative officer of ~~such county, city, town, or school district~~ the political subdivision, by certified mail, a copy of such statement. ~~Such county, city, town, or school district~~ The political subdivision may file with the court administrator of such district court, within ten days after the service of such statement upon it, verified objections to the state's claim, and such district court shall thereupon summarily, in or out of term, hear and determine the amount due the state, if any, for such examination, at a time and place fixed by the court therefor. The court administrator of court shall certify to the county auditor of the county having such examination, or to the county auditor of the county or counties in which ~~such city, town, or school district~~ the political subdivision is situated, the amount so determined by the court to be due to the state, if any.

Sec. 9. Minnesota Statutes 2004, section 6.60, is amended to read:

6.60 STATE AUDITOR, CERTIFICATION OF AMOUNTS DUE.

On October ~~first,~~ 1 of each year, the state auditor shall certify the respective amounts due the state from the various ~~counties, cities, towns, and school districts~~ political subdivisions, including interest computed to July first, following, to the county auditor of the county having such examination, or to the county auditor of the county in which any ~~such city, town, or school district~~ political subdivision is, in whole or in part, situated. The county auditor, upon receiving a certificate from the state auditor, or a certificate from the court administrator, as provided in section 6.59, shall include the amount of the state's claim, with 25 percent added, in the tax levy for general revenue purposes of the ~~county or municipality~~ political subdivision liable therefor, and such additional levy shall not be within any limitation imposed by law upon the amount of taxes which may be levied for revenue purposes. Upon completion of the June tax settlement following such levy the county treasurer shall deduct from the amount apportioned to the ~~county or municipality~~ political subdivision for general revenue purposes, the amount due the state, including interest, and remit the same to the commissioner of finance.

Sec. 10. Minnesota Statutes 2004, section 6.62, subdivision 2, is amended to read:

Subd. 2. **Cost of postaudit.** The amount of said levy shall be the amount of the claim or claims submitted by the state auditor for such services or the auditor's estimate of the entire cost, and said amount shall be certified by the governing body, after the request or petition for the audit has been filed, to the county auditor, along with amounts requested for other governmental purposes. If such levy has been made in excess of statutory limitations, and if the request or petition is withdrawn after the amount of the levy has been certified but the levy cannot be canceled because it has been spread on the tax lists, the governing body shall cause the proceeds of such levy to be transferred to the general fund and reduce the succeeding year's levy for general purposes accordingly. Provided, however, ~~counties, cities, and other governmental units~~ political subdivisions whose financial affairs are required by statute or charter to be audited at regular intervals may levy annually or biennially in anticipation of the audit expense, without the presentment of such claim or estimate by the state auditor.

Sec. 11. Minnesota Statutes 2004, section 6.63, is amended to read:

6.63 APPLICATION.

The units of government set forth in sections 6.465, 6.56, 6.57, 6.59, 6.60, and 6.62 shall be construed, where applicable, to include, in addition to those therein specifically named, public utility commissions, public corporations, and instrumentalities.

Sec. 12. Minnesota Statutes 2004, section 6.64, is amended to read:

6.64 COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for ~~counties, cities, towns, school districts, and other public corporations~~ political subdivisions. For the purposes of sections 6.64 to 6.71 the term public accountant shall have the meaning ascribed to it in section 412.222.

Sec. 13. Minnesota Statutes 2004, section 6.65, is amended to read:

6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of ~~counties and local governments~~ political subdivisions in Minnesota. The minimum scope for audits of all ~~local governments~~ political subdivisions must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 14. Minnesota Statutes 2004, section 6.66, is amended to read:

6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.

Any public accountant may engage in the practice of auditing the books, records, accounts, and affairs of ~~counties, cities, towns, school districts, and other public corporations which~~ political subdivisions that are not otherwise required by law to be audited exclusively by the state auditor.

Sec. 15. Minnesota Statutes 2004, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a ~~county, city, town, school district, or other public corporations~~ political subdivision, shall discover evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the ~~governmental unit~~ political subdivision is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 16. Minnesota Statutes 2004, section 6.68, is amended to read:

6.68 STATE AUDITOR MAY ASSIST PUBLIC ACCOUNTANT IN AUDIT.

Subdivision 1. **Request to governing body.** If in an audit of a ~~county, city, town, school district, or other public corporation~~ political subdivision, a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the ~~governmental unit~~ political subdivision being examined to request the state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

Subd. 2. **Auditor's report; payment.** The state auditor shall work in close cooperation with the public accountant in rendering the services so requested and the state auditor shall make such report of findings to the county attorney as is required by law to be made of nonfeasance, misfeasance, and malfeasance discovered by the state auditor. The ~~governmental unit~~ political subdivision shall be liable for the payment of such services so performed by the state auditor in the same manner as if it had requested the services pursuant to section 6.55.

Sec. 17. Minnesota Statutes 2004, section 6.70, is amended to read:

6.70 ACCESS TO REPORTS.

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of ~~counties, cities, towns, school districts, and other public corporations~~ political subdivisions.

Sec. 18. Minnesota Statutes 2004, section 6.71, is amended to read:

6.71 SCOPE OF AUDITOR'S INVESTIGATION.

Whenever the governing body of a ~~county, city, town, or school district~~ political subdivision shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

Sec. 19. **[6.756] SPECIAL DISTRICTS; INFORMATION REQUIRED TO BE FILED WITH STATE AUDITOR; AUDITS.**

Subdivision 1. **Governance documents must be filed.** Each special district must file with the state auditor, within 60 days of adoption, any document relating to the governance of the district, including articles of incorporation, bylaws, or agreements, and any amendment to these documents.

Subd. 2. **Audit requirements.** (a) A special district with total annual revenue greater than the amount in paragraph (c) must provide for an annual audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum auditing procedures prescribed by the state auditor.

(b) A special district with total annual revenue that is equal to or less than the amount in paragraph (c) must provide for an audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years. The audit must be for a one-year period to be determined at random by the person conducting the audit. The audited financial statement must be prepared in a form prescribed by the state auditor similar to the reporting requirements for cities under 2,500 in population. For any year in which a special district is not audited, the district must prepare a financial statement in a form prescribed by the state auditor similar to the reporting requirements for cities reporting on a cash basis and file that statement with the state auditor.

(c) For the purposes of paragraphs (a) and (b), the amount in 2007 is $150,000 and in 2008 and after, $150,000 adjusted for inflation using the annual implicit price deflator for government expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year.

(d) This subdivision does not apply to a special district subject to financial auditing and reporting requirements under other law.

Subd. 3. **Presentation to governing board; filing with state auditor.** Except as provided by other law, financial statements and audits must be completed, presented to the district's governing board, and filed with the state auditor within 180 days after the end of the district's fiscal year.

Sec. 20. Minnesota Statutes 2004, section 6.76, is amended to read:

6.76 ~~LOCAL GOVERNMENTAL~~ POLITICAL SUBDIVISION EXPENDITURES FOR LOBBYISTS.

(a) On or before January 31 of each year, all ~~counties, cities, school districts, metropolitan agencies, regional railroad authorities, and the Metropolitan Council~~ political subdivisions shall report to the state auditor, on forms prescribed by the auditor, their estimated expenditures paid for the previous calendar year to a lobbyist as defined in section 10A.01, subdivision 21, except payments to associations of ~~local governments~~ political subdivisions that are reported under paragraph (b), and to any staff person not registered as a lobbyist, over 25 percent of whose time is spent during the legislative session on legislative matters.

(b) Associations of ~~local governments~~ political subdivisions subject to this section shall report annually, on or before January 31, to the state auditor and the association's members the proportionate amount of each member's dues spent for lobbying purposes.

Sec. 21. Minnesota Statutes 2004, section 103D.355, is amended to read:

103D.355 ANNUAL AUDIT.

Subdivision 1. **Requirement.** The managers must have an annual audit completed of the books and accounts of the watershed district. The annual audit may be made by a private certified public accountant or by the state auditor. ~~The annual audit must be made by a certified public accountant or the state auditor at least once every five years, or when cumulative district revenues or expenditures exceed an amount established by the board in consultation with the state auditor.~~

Subd. 2. **Audit by state auditor.** (a) ~~If the annual~~ An audit ~~is to be made~~ by the state auditor~~, the audit must~~ may be initiated by a petition of the resident owners of the watershed district or resolution of the managers of the watershed district. The petition must request an annual audit pursuant to the authority granted municipalities under sections 6.54 and 6.55. The state auditor may conduct such examinations of accounts and records as the state auditor may deem the public interest to demand.

(b) If the audit or examination is made by the state auditor, the watershed district receiving the examination must pay the state the total cost and expenses of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The general fund must be credited with all collections made for examinations under this subdivision.

Subd. 3. **Reports for state auditor.** The managers must make and submit reports demanded by the state auditor.

Sec. 22. **REPEALER.**

Minnesota Statutes 2004, section 6.56, subdivision 1, is repealed.

6.56 COST OF EXAMINATION, PAYMENT.

Subdivision 1. **Definition.** As used in this section, "political subdivision" means any county, home rule charter or statutory city, town, school district, metropolitan or regional agency, or other special purpose district of the state of Minnesota.

Senator Robling moves to amend S.F. No. 2612 as follows:

Page 1, line 15, after the period, insert ""Political subdivision" does not include a metropolitan or regional agency or a public corporation audited by the legislative auditor."

Page 10, after line 11, insert:

"(c) For purposes of this section, "political subdivision" has the meaning given in section 6.465, but also includes a metropolitan or regional agency or a public corporation audited by the legislative auditor."

FORM 6A

COMMITTEE REPORT - *WITH* AMENDMENTS

Committee on State and Local Government Operations

S.F. No. 2612

☐ Resolution

☐ Re-referred (<u>from</u> another committee)

Amendments:

Committee recommendation:

☒ And when so amended the bill do pass. OR

☐ And when so amended the bill do pass and be placed on the Consent Calendar. OR

☐ And when so amended the bill do pass and be re-referred to the Committee on

____________ .

No recommendation: And when so amended the bill be

☐ (re-referred to the Committee on . OR

☐ (reported to the Senate).

______ , (date of committee recommendation)

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

S.F. No. 2612: A bill for an act relating to state government; defining political subdivision for the purposes of the chapter governing the state auditor; applying provisions for the state auditor to all political subdivisions; amending Minnesota Statutes 2004, sections 6.47; 6.51; 6.54; 6.55; 6.551; 6.57; 6.59; 6.60; 6.62, subdivision 2; 6.63; 6.64; 6.65; 6.66; 6.67; 6.68; 6.70; 6.71; 6.76; 103D.355; proposing coding for new law in Minnesota Statutes, chapter 6; repealing Minnesota Statutes 2004, section 6.56, subdivision 1.

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

Page 1, line 15, after the period, insert ""Political subdivision" does not include a metropolitan or regional agency or a public corporation audited by the legislative auditor."

Page 10, after line 11, insert:

"(c) For purposes of this section, "political subdivision" has the meaning given in section 6.465, but also includes a metropolitan or regional agency or a public corporation audited by the legislative auditor."

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

....
(Committee Chair)

March 15, 2006 ....
(Date of Committee recommendation)