

Senator Murphy from the Committee on Rules and Administration, to which was re-referred

S.F. No. 856: A bill for an act relating to state government; creating the Office of the Inspector General; creating an advisory committee; requiring reports; transferring certain agency duties; appropriating money; amending Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 15A.0815, subdivision 2; 142A.03, by adding a subdivision; 142A.12, subdivision 5; 144.05, by adding a subdivision; 245.095, subdivision 5; 256.01, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 15D; repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21.

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

Page 4, line 12, after "bachelor's" insert "or higher"

Page 4, line 23, after the period, insert "A person elected to an office other than governor or legislators is not eligible until ten years after the end of service in an elected position."

Page 4, line 30, delete everything after the period, and insert "The inspector general is appointed by the governor, after consideration of recommendations from the Legislative Inspector General Advisory Commission, with confirmation by a vote of three-fifths of the senate. Section 15.066, subdivision 3, does not apply."

Page 4, delete lines 31 and 32

Page 5, line 2, delete "two" and insert "unlimited additional" and delete everything after the period

Page 5, delete lines 3 and 4

Page 5, before line 5, insert:

"Subd. 4. **Disclosure.** A candidate considered by the Legislative Inspector General Oversight Commission or selected for appointment by the governor, must disclose all political affiliations, appointments, campaign work, or partisan activities, prior to confirmation.

Subd. 5. **Nonpartisanship.** The inspector general, and all employees of the office, must perform duties of the office without regard to partisan preferences or influences. While serving, the inspector general, and all employees of the office, may not engage in partisan activities, campaign work, or public political speech, unless protected by the state or United States Constitution.

Subd. 6. **Conflict of interest; code of ethics.** The inspector general and all employees of the office are public officials for purposes of the conflict of interest and statement of economic interest requirements in chapter 10A, and are subject to the code of ethics in section 43A.38, where applicable.

2.1 Subd. 7. **Removal.** The inspector general may only be removed before the expiration
2.2 of the term for cause after a public hearing and with approval of both the senate and the
2.3 house of representatives."

2.4 Page 7, after line 13, insert:

2.5 "Sec. 8. **[15D.043] IDENTIFICATION OF FRAUD REPORTING TOOL.**

2.6 (a) The commissioner or other chief executive officer of each agency must prominently
2.7 highlight on the agency's website the fraud reporting tools administered by the Office of
2.8 the Inspector General and the Office of the Legislative Auditor under chapter 3.

2.9 (b) As part of any grant agreement between the state and a nonprofit organization, the
2.10 agreement must require the nonprofit organization to prominently highlight on the
2.11 organization's website the fraud reporting tools administered by the Office of the Inspector
2.12 General, under chapter 15, and the Office of the Legislative Auditor, under chapter 3. The
2.13 state agency administering the grant must regularly confirm and document the organization's
2.14 compliance with the requirement under this paragraph for the life of the grant agreement."

2.15 Page 8, line 21, after "completed" insert "or the time period to appeal has expired, or
2.16 the litigation"

2.17 Page 11, after line 2, insert:

2.18 "Subd. 3. **Chair.** The commission must select a chair from among its members by January
2.19 31 of each odd-numbered year. The chair shall serve until a successor is elected. The chair
2.20 must alternate biennially between the senate and the house of representatives."

2.21 Page 11, after line 16, insert:

2.22 "Sec. 14. Minnesota Statutes 2024, section 609.456, subdivision 2, is amended to read:

2.23 Subd. 2. **Legislative auditor and inspector general.** Whenever an employee or officer
2.24 of the state, University of Minnesota, or other organization listed in section 3.971, subdivision
2.25 6, discovers evidence of fraud, theft, embezzlement, or other unlawful use of public funds
2.26 or property, the employee or officer shall, ~~except when to do so would knowingly impede~~
2.27 ~~or otherwise interfere with an ongoing criminal investigation,~~ promptly report in writing to
2.28 the legislative auditor or inspector general a detailed description of the alleged incident or
2.29 incidents."

2.30 Page 13, line 10, delete "in the following divisions and teams"

2.31 Page 13, line 11, delete the colon and insert a period

3.1 Page 13, delete lines 12 to 21

3.2 Page 14, after line 18, insert:

3.3 "Subd. 3. **Chair.** The Legislative Inspector General Advisory Commission must elect
3.4 a chair from among its senate members at its first meeting. The first chair shall serve until
3.5 a successor is selected at the start of the next biennium as provided in Minnesota Statutes,
3.6 section 15D.03, subdivision 3."

3.7 Renumber the sections and subdivisions in sequence

3.8 Amend the title accordingly

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

3.10 Amendments adopted. Report adopted.

3.11 .....
3.12 (Committee Chair)

3.13 April 7, 2025.....
3.14 (Date of Committee recommendation)