

**Forum of
Regional Arts Councils
of Minnesota**

**POLICY MANUAL &
GUIDE**

February 2015

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Preface

The Purpose of this Document

This document is divided into three main sections. The title and purpose of each section is explained below:

Section I. The FRACM Policy Manual:

- Describes the current working policies of the Forum of Regional Arts Councils (referred to as FRACM, the Forum or the FRACM throughout this document).
- Helps new Regional Arts Council (RAC) staff, advisory committee members and council members understand the workings of the Forum and the relationship between the regional arts council system and the Minnesota State Arts Board (MSAB), the McKnight Foundation, and Minnesota Citizens for the Arts (MCA).
- Provides a mechanism for developing and recording new policies as needed.

Section II. Principles of Conduct for Regional Arts Councils:

- Briefly describes the minimum standards of operation for RACs in order to help new and existing Regional Arts Council staff understand the working of the Regional Arts Council system. This section references each Minnesota Rule that officially states the Regional Arts Council's responsibilities. An individual Regional Arts Council may develop additional policies for its own use.
- Provides reference lists for the current reporting expectations required of the Regional Arts Councils.

Section III. Guide for Regional Arts Councils:

- Gives examples about typical programs and services offered by regional arts councils. Briefly describes the typical role of regional arts council staff. This section can be used as a guide but individual Regional Arts Councils are encouraged to develop additional responsibilities, programs and services based on the needs of their region.
- Parts of this section provide reference lists for the current reporting expectations of regional arts councils.

How to Use this Document

This document is designed to help RAC Directors/staff become familiar with the current legislation and how it relates to your individual regions and FRACM. In some parts of Sections I and II, only the current legislation is referenced in order to partially eliminate repetitiveness. The most effective way of using this document is to continually reference the actual rules, statutes, and by-laws found in the Appendices, while reading the summary information. The summaries generally include further explains of legal requirements and Forum policy.

Section I: The FRACM Policy Manual

Part A: Purpose and Use of the FRACM Policy Manual

A1. Purpose

The purpose of the policy manual is to describe the current working policies of the Forum of Regional Arts Councils of Minnesota (FRACM, Forum, or RAC Forum), in order to help new regional arts council staff, advisory committee members and council members understand the workings of the FRACM and to provide a mechanism for developing and recording new policies as needed.

A2. Maintenance and Amendment of the FRACM Policy Manual

At each FRACM meeting, the chair will be responsible for noting which FRACM decisions are policy decisions and should be added to this manual. Such decisions will be clearly described in FRACM minutes and each regional arts council will be requested to enter such new policies in its copies of the manual.

At least every two years, a committee of FRACM members will review all new policies set since the last revision, to review existing policies, and to suggest changes. Policy changes must be adopted by super majority vote of the RAC Forum. Super majority is defined as a vote of at least eight (8) of the eleven (11) Regional Arts Council Directors.

Part B: The Forum of Regional Arts Councils

B1. Mission

The Forum of Regional Arts Councils is a consortium of the eleven Regional Arts Councils that serve all Minnesota counties, providing continuous improvement of the councils through implementation of best practices in programming, management and leadership development, and information for Minnesota artists and organizations.

B2. Vision

Through the leadership of the Forum of Regional Arts Councils in partnership with the Minnesota State Arts Board, Minnesota Citizens for the Arts, The McKnight Foundation and others:

- All Minnesota residents will have access to the arts;
- The arts will be integrated into the fabric of our communities; and
- Art will become an essential part of community building.

B3. Composition

The voting membership of FRACM consists of the primary staff person of each of the designated regional arts councils in Minnesota. If a voting member cannot attend a Forum Meeting, his/her vote will be solicited by phone on policy issues. (See By-laws; Article II)

There are 11 regional arts councils in Minnesota. These multi-county regional arts councils were established to preserve artistic freedom and encourage a diverse range of local arts development. The FRACM staff has a current listing of names, addresses and telephone numbers of the eleven regional arts council offices. This list is available by request and is also online.

Membership in the Forum is not mandatory for a regional arts council, but non-membership excludes input into the determination of the funding formula or other FRACM activities.

Members of regional arts councils are welcome as observers at all FRACM activities unless invited to participate by the president.

Guests routinely invited by staff to the FRACM meetings are the Executive Director of the Minnesota State Arts Board, the Arts Program Officer at the McKnight Foundation, and the Executive Director at Minnesota Citizens for the Arts. They are invited to give a report to the FRACM members with the preference that the report be submitted in writing before the meeting. They are invited to attend and participate in all Forum meetings in order to provide updates on their agency's programs. They are not official voting members of the FRACM. All other guests who will be presenting information at FRACM meetings must be approved before they attend. A passing motion for the guest to attend is needed at a previous Forum meeting. In limited cases, the executive committee can make the decision to have a guest attend.

Regional arts council executive directors are strongly encouraged to attend all FRACM meetings throughout the year. If a meeting is missed it is the regional arts council staff member's responsibility to contact the FRACM president and/or FRACM staff to be updated on the meeting.

B4. Governance

FRACM Officers

Below is a brief outline of duties of the FRACM officers. All the duties of the officers are completely explained in the By-laws, Article VI part 6.5. In order to avoid repetitiveness we have not completely listed them below.

The FRACM elects each June or at the last meeting of the fiscal year, a president, a vice-president, and a treasurer. New officers take office on July 1, or at the first meeting of the next fiscal year.

Major duties of the **president** include:

- presiding at FRACM meetings
- establishing meeting agendas
- serve as official spokesperson on behalf of the RAC's at statewide events such as legislative hearing, arts presentations to legislators, and Minnesota State Arts Board (MSAB) deliberations that affect RACs
- appoint ad hoc committees
- sign and deliver in the name of the corporation all contracts and other documents relating to the business of the corporation
- maintaining regular contact with the staff to supervise FRACM work program activities and responsibilities (daily supervision is the responsibility of the contracted organization's Executive Director)
- evaluating the performance of FRACM staff

- negotiating staff contract each spring based on the direction of the FRACM (in order to review or/and change the relationship between the FRACM and the contracted organization, in terms of staffing, a super majority FRACM vote is required)
- reviewing the fiscal agent's performance and making recommendations if changes need to occur, especially if current fiscal agent is no longer interested in serving
- serving as the main contact for FRACM, including attendance at MSAB meetings and acting as the liaison to the McKnight Foundation Arts Program Officer
- if the president is unable to attend a statewide meeting, they are able to appoint another Regional Art Director to attend in their place.

The **vice-president** presides at FRACM meetings in the absence of the president.

The **treasurer** oversees the following duties of the fiscal agent:

- oversees the dispersal of corporate funds and endorsement for deposit of all checks and drafts relating to the corporation;
- Submit to the Board a financial report at least annually and at additional times as requested by the Directors;
- oversees the filing of all required State and Federal Tax forms and reports including IRS 990; and
- retain the services of a certified public accountant to audit the financial records of the corporation at the end of each fiscal year, if determined necessary by the Board or required by statute or a funder;

Note: The fiscal agent or any other director can serve as treasurer. This provides the fiscal agent (if a member of FRACM) the ability to be president or vice president as well as allowing other Directors to serve on the Executive Committee. If the fiscal agent also serves as the treasurer, FRACM will appoint another board member to supervise the fiscal agent duties.

Major duties of the **secretary** are currently performed by the FRACM staff. The FRACM staff job description and responsibilities listed in the Appendix K:. If the duties of secretary are performed by a Regional Arts Council Director instead of staff that person could be an officer. A brief list of duties for the secretary includes:

- gathering and maintaining records of all FRACM activities
- sending out meeting agendas and announcements
- keeping minutes of the FRACM business meetings
- arranging for guests at meetings (as requested by FRACM members)

Board Action

FRACM decisions on policy matters must pass by a super majority vote. If all regions are members, super majority is at least eight of the eleven Directors.

FRACM decision on procedural matters will pass by simple majority vote of all Directors voting according to By-Laws at the meeting. Refer to By-laws; Article III - Meetings; 3.05 Board Action.

B5. Conflict of Interest Policy

This conflict of interest policy is designed to help directors, officers and employees of the Forum of Regional Arts Councils of Minnesota, Inc., identify situations that present potential conflicts of interest and to provide Forum of Regional Arts Councils of Minnesota, Inc., with a procedure that, if observed,

will allow a transaction to be treated as valid and binding even though a director, officer or employee has or may have a conflict of interest with respect to the transaction. The policy is intended to comply with the procedure prescribed in Minnesota Statutes, Section 317A.255, governing conflicts of interest for directors of nonprofit corporations. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in section 317A.255, the statute shall control. All capitalized terms are defined in Part 2 of this policy.

1 Conflict of Interest Defined. For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

1.1 Outside Interests.

- 1.1.1 A Contract or Transaction between Forum of Regional Arts Councils of Minnesota, Inc., and a Responsible Person or Family Member.
- 1.1.2 A Contract or Transaction between Forum of Regional Arts Councils of Minnesota, Inc., and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.

1.2 Outside Activities.

- 1.2.1 A Responsible Person competing with Forum of Regional Arts Councils of Minnesota, Inc., in the rendering of services or in any other Contract or Transaction with a third party.
- 1.2.2 Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to; an entity or individual that competes with Forum of Regional Arts Councils of Minnesota, Inc., in the provision of services or in any other Contract or Transaction with a third party.

1.3 Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment or other favors from any individual or entity that:

- 1.3.1 does or is seeking to do business with, or is a competitor of Forum of Regional Arts Councils of Minnesota, Inc.; or
- 1.3.2 has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from Forum of Regional Arts Councils of Minnesota, Inc.;
- 1.3.3 is a charitable organization operating in Minnesota;
- 1.3.4 under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of Forum of Regional Arts Councils of Minnesota, Inc.

2 Definitions.

- 2.1 A "Conflict of Interest" is any circumstance described in Part 1 of this Policy.
- 2.2 A "Responsible Person" is any person serving as an officer, employee or member of the Board of Directors of Forum of Regional Arts Councils of Minnesota, Inc.
- 2.3 A "Family Member" is a spouse, domestic partner, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
- 2.4 A "Material Financial Interest" in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to that the entity is a party. This includes all forms of compensation.

- 2.5 A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of a charitable organization by Forum of Regional Arts Councils of Minnesota, Inc. The making of a gift to Forum of Regional Arts Councils of Minnesota, Inc. is not a Contract or Transaction.

3 Procedures.

- 3.1 Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.
- 3.2 A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in that the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- 3.3 A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- 3.4 A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of Forum of Regional Arts Councils of Minnesota, Inc., has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.
- 3.5 Responsible Persons who are not members of the Board of Directors of Forum of Regional Arts Councils of Minnesota, Inc., or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect Forum of Regional Arts Councils of Minnesota, Inc.'s participation in such Contract or Transaction. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

4 Confidentiality.

- 4.1 Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of that might be adverse to the interests of Forum of Regional Arts Councils of Minnesota, Inc. Furthermore, a Responsible Person shall not disclose or use information relating to the business of Forum of Regional Arts Councils of Minnesota, Inc., for the personal profit or advantage of the Responsible Person or a Family Member.

5 Review of policy.

- 5.1 Each new Responsible Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.

- 5.2 Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions or circumstances in that the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions or circumstances might include service as a director of or consultant to a nonprofit organization, or ownership of a business that might provide goods or services to Forum of Regional Arts Councils of Minnesota, Inc. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
- 5.3 This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

6 References.

- 6.1 Appendix M: Conflict of Interest Information Form

B6. Activities

The FRACM meets at least six times a year. FRACM activities include, but are not limited to:

- planning and preparation of joint applications to private or public funders;
- assist, in conjunction with the MN State Arts Board, the development of the biennial budget request to the Minnesota state legislature for regional arts development;
- planning regional arts participation in activities to inform the state legislature about the arts in Minnesota;
- developing and carrying out activities jointly with the Minnesota State Arts Board, the McKnight Foundation, Minnesota Citizens for the Arts, and/or others;
- developing and carrying out joint activities designed to promote regional arts development across the state, such as conferences for local arts volunteers;
- assisting individual regional arts council staff in understanding general regional arts council policies and activities, and in solving particular problems relating to them;
- and conducting joint activities to develop the skills of regional arts council staff, councils and committees.

B7. FRACM Professional Development Funds

Each year the FRACM budget has funds that its members may request for professional development for themselves and / or their employees, by submitting a statement of intent. Below are the policies relating to FRACM Professional Development funds:

- The FRACM Professional Development Committee will include with a spring meeting agenda, a listing of funding distribution for the past five years. At a spring meeting, time will be provided to give the committee feedback into who will likely be requesting funds in the next fiscal year. There is a form for the committee to send to RAC Directors for this budgeting purpose.
- Requests must be submitted in writing to all the FRACM Professional Development Committee members. Copies of Professional requests must also be sent to the FRACM members and the FRACM staff.
- A minimum of 20% of the costs should be provided by the requesting regional arts council. This is to show a region's support and commitment to the project. In cases where the regional arts council does

not provide a 20% match, the committee will review the circumstances and make a recommendation to FRACM.

- The FRACM Professional Development Committee will present the requests to the FRACM board and make a recommendation. They will use the following criteria to make the recommendation:
 - Cost of the activity versus the direct benefits
 - Number of past requests of the member
 - Results of the initial questioning, in the spring, regarding who will be applying for funding
 - The FRACM will vote on any recommendations of the committee.
- The FRACM will vote on any recommendations of the committee.
- FRACM members are required to submit a Professional Development Report, on the form provided, to all members after attending the activity.
- FRACM professional development reimbursement is initially only up to the amount requested at the time of original board approval. If there are excess professional development funds at the end of the fiscal year, and if the professional development activity went over-budget reasonably and/or unexpectedly, the recipient may receive additional reimbursement (at the original percentage agreed upon) at that time.
- The FRACM will send one member as a representative to National Arts Advocacy Day. This FRACM representative will be reimbursed 100% of their travel, registration fees and allowable meals. The FRACM President will be first considered as the designated representative. If the President does not plan to attend, then the Professional Development committee will consider requests from other FRACM members to be their appointed representative.
- Regional Arts Councils Support Staff professional development is available under the following terms:
 - RAC support staff members are eligible to request FRACM professional development funds.
 - Staff Professional Development opportunities may be at the state and/or national level.
 - Priority use of FRACM Professional Development funds are for RAC Executive Directors.
 - RAC support staff requests will only be considered if there are unused FRACM Professional Development funds available at the fiscal year end in which the request was made.
 - RAC support staff requests can be reimbursed up to 50% of the total expenditure.
 - Priority for RAC support staff funding approval is based on attendance at conferences/workshops in the past.
 - Final approval of RAC Staff Professional Development requests will be made at the end of the fiscal year. RAC's who approve staff attendance at development opportunities prior to the end of the fiscal year, should be prepared to cover the full cost of their attendance, in case FRACM reimbursement is not funded.
- Meals: Reimbursement may be claimed for the amount actually paid for a meal. The amount must be reasonable taking into consideration the area in which the meal was obtained.

B8. FRACM Committee Definitions

FRACM members must serve on at least two committees. All committees listed are standing committees elected by FRACM membership during the last meeting of every fiscal year. The FRACM President or FRACM Board can request for ad hoc committees to be formed to deal with specific issues as they develop.

Executive - FRACM President, Vice President, and Treasurer. Creates the FRACM biennial plan for the legislature in odd-numbered fiscal years. Solicits candidates for the next slate of officers in June of each year. Responsible for submission of proposals and final reports to the McKnight Foundation.

RAC/McKnight Liaison –The FRACM President serves as liaison to The McKnight Foundation. The President works with the Executive Committee, the fiscal agent, and staff to ensure completion of plans

and updates required by The McKnight Foundation annually to continue to secure funding for the FRACMs activities. Refer to Part E1 for details.

Planning Committee - Works to ensure that FRACM's strategic planning is being completed.

FRACM Policy Manual - Maintains and updates policy manual and by-laws. Update in the fall of odd number of years.

FRACM Professional Development - Handles professional development requests and joint professional development needs, support issues, and cultural diversity issues. Refer to Part B5 for more detailed information.

Funding Formula - Recommend the FRACM Funding Formula and fine tune it if necessary. Formula must be determined by May of odd-numbered fiscal years. See Appendix I: for the current formula.

Finance - Treasurer, fiscal agent, and possibly others. Budgets money from any outside funding source for FRACM development and projects. Submits financial reports to the Executive Committee and full FRACM board.

MSAB/Regional Arts Advisory - Committee of the Minnesota State Arts Board (MSAB.) Two FRACM representatives and one at-large RAC member (often a RAC board member or past RAC Director) serve to review regional arts council biennial plans, advise on designation challenges, and mediate in disputes between the MSAB and the regional arts councils or the RAC Forum. Refer to Part C5 and Rules 1900.3510.

RAC/MSAB Liaison – Committee of the Minnesota State Arts Board (MSAB.) Consists of up to three FRACM members and one RAC board member as well as MSAB Executive Director and up to three MSAB Board members. Works together with the MSAB to define and strengthen the relationship between the FRACM and the MSAB. Also handles all policy issues relating to this relationship. Refer to Part C4 for more detailed information.

Ethics Committee – Consists of three members of the Forum and one alternate Forum member who shall serve if the complainant or the subject of the complaint is a member of the committee, and the Minnesota State Arts Board shall appoint either its Executive Director or a member of the board of MSAB. All shall serve as full voting members of the committee. It is not required that the President of the Forum be a member of the committee. When handling a complaint the committee will follow the written procedures included in section C6 Ethics Committee.

Data Collection - Maintain and update the master data collection form and policies with the members of MSAB involved with data management. Update periodically or in the spring of odd-numbered fiscal years. The chair of this committee serves as the contact between the FRACM and MSAB regarding data collection issues and is usually the staff person. Refer to Part C7 and Appendix J:.

Arts in Education – Long-standing ad hoc committee that handles all Arts in Education issues and projects.

Ad Hoc Committees – Assigned by the FRACM chair to handle special projects or issues that arise during the year.

B9. Employee Compensation Policy

Employee Compensation: Annually the FRACM Executive Committee will meet and consider appropriate employee salary and benefits for the next fiscal year. Compensation will be based on data from compensation surveys/studies for similar positions in Minnesota, availability of FRACM funds and information from the employee evaluations. FRACM Board will approve employee salary and benefits.

B10. Gift Policy

The Forum as an organization, will no longer provide any gifts for retirement, illness, etc., for members or others and will instead send a card in all instances and as appropriate.

B11. Travel Equalization

Currently, travel equalization funds are a set aside by the state allocation awarded to the Regional Arts Councils by the Minnesota State Legislature.

Below is a listing of the policies concerning which travel equalization expenses qualify for reimbursement. Travel expenses are reasonable and allowable and include mileage/airfare, parking, food, and lodging.

1. Travel expenses connected to attending regular FRACM meetings.
2. Travel expenses connected to attending meetings for which you are the FRACM appointed liaison.
3. Travel expenses connected to attending FRACM committee meetings.
4. Travel expenses connected to attending professional development opportunities paid for by FRACM.
5. Travel expenses connected to giving requested legislative testimony about the RAC Forum. Testimony must be requested by Minnesota Citizens for the Arts, the FRACM Board, or approved by the FRACM Board.
6. Travel expenses connected to taking part in legislative Arts Advocacy Day.
7. Regions hosting either a FRACM regular meeting or a committee meeting may request reimbursement for any real costs connected to the meeting, such as food, beverages, and room rental.
8. When attending a conference or event paid for by FRACM, in which meals are provided, additional separate meals won't also be reimbursed by FRACM.
9. The fiscal agent will distribute Request for Reimbursement forms in May of each year. All travel equalization claims should be submitted to the RAC Forum's fiscal agent and be approved by the treasurer, in the proper form, by June 30.
10. A check will be issued by the FRACM's fiscal agent, by the end of August for either full payment, if funds are available, or for partial payment. Partial payment will usually be based upon an agreed amount of expenses deducted per meeting claim to evenly distribute the amount covered per region.

B12. Unrestricted Funds

Unrestricted Funds: The unrestricted funds consist of interest earned on the RAC Forum's McKnight allocation during the last four years. These funds may be used by the Forum in any way it sees fit.

Procedure for requesting expenditure of Unrestricted Funds:

1. The authority to expend the unrestricted funds is a power of the board of directors of the RAC Forum. A majority vote of the directors, present at a regularly scheduled meeting, can authorize the expenditure of part or all of the funds.
2. Requests must be submitted in writing to the President of the RAC Forum, with a copy also being sent to the fiscal agent.
3. Requests must be received two and a half weeks before the regularly scheduled FRACM meeting prior to the need for the funds
4. Requests will not be accepted that ask for reimbursement of expenses that have already occurred
5. If the FRACM does not meet in a timely enough fashion to accommodate an urgent request, it may be submitted to the President for action by the executive committee, at a specially called meeting
6. The Forum's fiscal agent and treasurer will monitor the committed unrestricted funds and record them on the Forum's quarterly Revenue and Expense Summary.

Who may request the Unrestricted Funds?

One regional arts council director, a consortium of regional arts council directors, or the Forum board as a whole may request the expenditure of the unrestricted funds.

How may the funds be used?

A request may be made:

1. for any activity that will have an impact on six or more regional arts councils or the Forum as a whole; and/or
2. for activities that support the components of the Forum's McKnight workplan, but that are not funded by the plan.

B13. Operating Norms

FRACM has established Operating Norms to be used during business meetings. These will be included in meeting packets and reviewed at meetings. The FRACM Operating Norms are the following:

1. Keep our purpose in front of all we do recognizing we're part of a larger system.
2. Each of us will put our ideas and perspectives on the table honestly.
3. Invite participation by everyone.
4. Respectful disagreement is expected and okay.
5. We will leave with one voice regarding FRACM decisions.
6. Clarify decision-making process prior to each decision.
7. Stay on task.
8. Identify individual RAC actions that have implications beyond the region, both positive and negative. This is the responsibility of the individual RAC or others who perceive it.

B14. Document Retention Policy

FRACM, and Regional Arts Council, fiscal records, grant contracts and related documents are to be retained for the current fiscal year plus five (5) fiscal years after [contract] end date. This includes the retention of the fully signed grant contract and other records such as application, final report, and correspondence.

1. Electronic Documents and Records.

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

2. Emergency Planning.

The Forum of Regional Arts Councils of MN's records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping FRACM operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

3. Document Destruction.

The staff or the Executive Committee is responsible for the ongoing process of identifying its records, that have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

4. Compliance.

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against FRACM and its employees and possible disciplinary action against responsible individuals. The staff or the Executive Committee will periodically review these procedures with legal counsel or Forum of Regional Arts Councils of MN's certified public accountant to ensure that they are in compliance with new or revised regulations.

B15. Whistleblower Policy

1. Purpose.

The Forum of Regional Arts Councils of MN requires board members, committee members and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, and all directors, committee members and employees to comply with all applicable laws and regulatory requirements.

2. Reporting Responsibility.

The Forum of Regional Arts Councils of MN seeks to have an "Open Door Policy" and encourages board members and employees to share their questions, concerns, suggestions, or complaints regarding the Forum of Regional Arts Councils of MN and its operations with someone who can address them properly. In most cases, a board member or committee member should present his or her concerns to the Chair of the Board. The staff or the Executive Committee is generally in the best position to address an employee's area of concern. However, if a board member is not comfortable speaking with the Board President or is not comfortable with the President's response, or if an employee is not comfortable speaking with the staff or if an employee is not satisfied with the staff's response, the board member, committee member or employee is encouraged to speak with anyone on the Board whom the employee is comfortable in approaching.

3. No Retaliation.

No board member, committee member, or employee who in good faith reports a violation of a law or regulation requirement shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable persons to raise serious concerns within the Forum of Regional Arts Councils of MN prior to seeking resolution outside Forum of Regional Arts Councils of MN.

4. Compliance Officer.

Forum of Regional Arts Councils of MN's staff, working with the President of the Board, will act as Forum of Regional Arts Councils of MN's Compliance Officer. The Compliance Officer is responsible for investigating and resolving all employee complaints and allegations concerning violations of the Principles and/or Code. The Board President or his or her designee will take on the Compliance Officer role if the complaint involves the staff. If the complaint involves both the staff and President, the Vice President will carry out the functions of the Compliance Officer.

5. Accounting and Auditing Matters.

The Executive Committee of the Board of Directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Executive Committee of any such complaint and work with the Committee until the matter is resolved.

6. Requirement of Good Faith.

Anyone filing a complaint concerning a violation or suspected violation of the law or regulation requirements must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and that prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

7. Confidentiality.

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

8. Handling of Reported Violations.

The Compliance Officer, or the person responsible for carrying out the Compliance Officer's role with respect to a reported or suspected violation, will acknowledge receipt of the reported violation or suspected violation by writing a letter (or e-mail) to the complainant within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

B16. Nonprofit Disclosure Policy

FRACM will have copies of their IRS 990 forms, application for tax exemption status and letter of determination available on their website and at the FRACM offices.

B17. Code of Conduct for RACs

Each RAC agrees to conform to the following code of conduct:

- To attend meetings of the FRACM and other meetings as deemed necessary by the Forum;
- To follow through on commitments made to particular assignments by the RAC Forum;
- To abstain from interference with one another's policies;
- To not make individual presentations or requests to the Minnesota State Legislature
- To pay Minnesota Citizens for the Arts dues

A regional arts council and its executive director shall:

- Accept RAC designation as a public trust and endeavor to be worthy of that trust by respecting and exemplifying good citizenship, high personal and organizational integrity, and by observing the letter and spirit of laws, rules, and contractual obligations required of a regional arts council;
- Promote the health and well-being of Minnesota's statewide arts community;
- Treat everyone with respect, fairness, and courtesy;
- Exercise sound judgment and operate council and Regional Arts Council Forum in the spirit of the Minnesota Open Meeting law;
- Use the power, resources and facilities of the council and of the Regional Arts Council Forum to advance the common good of the arts and insure opportunities for participation in the arts throughout Minnesota.

Part C: Relationship with the Minnesota State Arts Board (MSAB)

C1. Joint Interests

The Minnesota State Arts Board (MSAB) and the FRACM share a concern for local arts development and, whenever necessary, may discuss issues of mutual interest. However, the FRACM is independent of the MSAB.

C2. Regional Arts Council Participation in MSAB Meetings

Regional arts council directors are encouraged to attend MSAB meetings, when possible.

The president represents the regional arts councils at meetings of the MSAB and reports to the other RACs on MSAB decisions and policies via the President's report.

C3. MSAB Participation in FRACM Meetings

Regional arts council staff members are encouraged to establish and maintain a relationship with their MSAB member(s). FRACM staff will send FRACM meeting minutes to the MSAB Executive Director. The MSAB Executive Director is invited to attend all FRACM board meetings in order to provide an update on agency programs. The MSAB Executive Director is not a member of the RAC Forum.

C4. Liaison Committee

The Liaison Committee is a committee of the FRACM and the MSAB, designed to foster communication between the two organizations. The statutes, rules and fiscal agent agreement are three of the documents reviewed by this committee in the past.

Below are the policies concerning this committee:

- Liaison Committee consists of up to three appointed FRACM members. The MSAB usually is represented by their executive director and up to three board members.
- The Committee should have diversity of regional arts council membership - a member from a large regional arts council, and a member from a small regional arts council.
- This committee should meet at least once per year. One duty yearly is to review the fiscal agent agreement and meet if there are changes to negotiate. Refer to Part II.
- Terms should be staggered to maintain continuity.
- If additional members want to serve on the liaison committee other than the three FRACM members and one appointed regional arts council board member, they need to be appointed by the RAC Forum board.
- Reimbursement for committee members is outlined in Part B7.

C5. Regional Arts Advisory Committee

Following is a brief description of the Advisory Committee. For more detailed information on this committee see Rules: 1900.3510. The Regional Arts Advisory Committee serves in an advisory capacity to the MSAB on matters that affect the FRACM and the regional arts councils.

The main responsibilities for the Regional Arts Advisory Committee are listed below:

- reviewing regional arts council preliminary biennial plans
- advising the MSAB on the administration of a regional arts council in regions where there is no designated regional arts council
- assisting with any disputes between a given regional arts council or the FRACM, and the MSAB
- making recommendations to the MSAB Board about regional arts council designation

The Regional Arts Advisory Committee is comprised of members of the MSAB, the FRACM and the arts public. The MSAB appoints two of its board members, the FRACM elects two Forum members and an at-large community person. The MSAB Executive Director usually chairs the Regional Arts Advisory Committee meetings.

This is a MSAB committee and reimbursement costs are covered and based on Rules 1900.0410.4 and Minnesota statute section 15.059.sub b (neither are included in the appendices). If the FRACM requires this committee to meet the travel equalization policies from Part B7 are in effect.

C6. Ethics Committee

- 1.) Each year the FRACM President must appoint an Ethics Committee consisting of three members of the Forum and one alternate Forum member who shall serve if the complainant or the subject of the complaint is a member of the committee, and the Minnesota State Arts Board shall appoint either its Executive Director or a member of the board of MSAB. All shall serve as full voting members of the committee. It is not required that the President of the Forum be a member of the committee. When handling a complaint the committee will follow the written procedures included herein.

If the FRACM President's region is either the complainant or the region named in the complaint, then all actions described herein shall be overseen by the Forum Vice President.

- 2.) A complaint may be brought about conduct by a regional arts council, its board or one or more of its staff that violates Rules 1900, the RAC/MSAB Fiscal Agent Agreement or the RAC policy manual; that violates accepted norms of RAC behavior; that betrays the public trust; that brings the FRACM into dishonor or disrepute; or that threatens the potential health and well-being of Minnesota's arts community.
- 3.) A complaint may be brought to the Ethics Committee in one of three ways:
 - a) Complaint brought by members of the FRACM. A complaint about a conduct must present with specificity the factual evidence supporting the complaint. A complaint must be in writing and signed by the executive director and the board president of two (2) or more members of the Forum and submitted to the Forum president. Before submitting the complaint to the President, the complainants must have delivered a copy of it and any supporting materials to any member named in the complaint. Within five (5) working days of the President's receipt of a complaint the President must 1) verify the membership of the committee and make any necessary changes to committee membership and 2) refer the complaint to the Ethics Committee for processing by the committee according to the procedures outlined in this document.
 - b) Complaint brought by the Minnesota State Arts Board. A complaint about a conduct may be initiated by the Minnesota State Arts Board and must present with specificity the factual evidence supporting the complaint. A complaint must be in writing and signed by the MSAB Board Chair and Executive

Director and submitted to the Forum President. Before submitting the complaint to the President, the MSAB must have delivered a copy of it and any supporting materials to any member named in the complaint. Within five (5) working days after receiving the complaint, the Forum President must 1) verify the membership of the committee and make any necessary changes to committee membership and 2) refer the complaint to the Ethics Committee for processing.

- c) Complaint brought by one regional arts council and MSAB. A complaint about a conduct may be initiated by one FRACM member and the Minnesota State Arts Board and must present with specificity the factual evidence supporting the complaint. A complaint must be in writing and signed by the executive director and board president of the complaining RAC and the Executive Director and Board Chair of MSAB and submitted to the Forum. Before submitting the complaint to the FRACM President, the complainant must have delivered a copy of it and any supporting materials to any member named in the complaint. Within five (5) working days after receiving a complaint, the Forum President must 1) verify the membership of the committee and make any necessary changes to committee membership and 2) refer the complaint to the Ethics Committee for processing.

When the Minnesota State Arts Board is a complainant it shall not have a representative on the Ethics Committee. Instead, a designee of The McKnight Foundation shall fill the committee position.

- 4.) The existence and substance of a complaint, including any supporting materials, and all proceedings, meetings, hearings, and records of the Ethics Committee are public; except that the committee, upon a majority vote of the whole committee, may meet in executive session to consider or determine the question of probable cause, to consider a member's medical or other health records, or to protect the privacy of a victim or a third party.

The FRACM President must immediately refer a complaint of a breach of confidentiality by a Forum member or a RAC or FRACM employee to the Ethics Committee for disciplinary action. A breach of confidentiality by a member of the Ethics Committee will result in that member's dismissal from the committee.

- 5.) The committee must act in an investigatory capacity and must make recommendations regarding complaints to the FRACM President. In conducting its investigation of probable cause the committee may meet with board members, staff, or constituents of the RAC named in the complaint; the board, staff or constituents of complainant RACs; or other people or organizations that may be helpful in understanding or resolving concerns related to the complaint. With the approval of the FRACM President, the committee may retain the services, volunteer or otherwise, of an individual to advise and assist the committee as it considers necessary in the circumstances of the case, in conducting the proceedings, or in obtaining a complete and accurate understanding of the information relevant to the conduct in question.

When the Ethics Committee receives the complaint it shall have fifteen (15) working days to review the complaint and make a determination of probable cause. If, through its investigation, a majority of the committee finds facts more probably untrue than true, the committee shall dismiss the case. If, through its investigation, a majority of the committee finds facts more probably true than untrue, the committee shall provide to all interested parties a timeline for the committee's work.

The timeline from the Ethics Committee's receipt of complaint to the Committee's recommendations for action shall not be longer than thirty-five (35) working days. If, in the course of conducting its work, the committee finds that extenuating circumstances will prevent it from completing work according to the timeline, it may request an extension from the FRACM executive committee. The request for extension must include a clear explanation of why such an extension is necessary, what will be accomplished

during the extended period, and a new timeline including a firm date for delivery of its recommendation to the FRACM . The FRACM executive committee may grant the request keeping in mind that expediting ethics complaints in a timely manner is of paramount importance.

The Ethics Committee's process shall follow the Ethics Committee Rules of Procedure (section 14A-L4) and must include an opportunity for the regional arts council or individuals named in the complaint to provide testimony for the committee.

Ethics Committee recommendations for disciplinary or other action must be supported by clear and convincing evidence and must be presented to the entire FRACM for final disposition.

- 6.) Within fifteen (15) working days of the FRACM 's receipt of the recommendations of the Ethics Committee, the President shall call a meeting of the Forum to dispose of the committee's recommendations. If the next regularly scheduled FRACM meeting is within fifteen working days of the Forum's receipt of the committee's recommendations, the President may decide to include disposition of the recommendations at that meeting, or the President may choose to call a special meeting to consider the committee's recommendation
- 7.) At the meeting called to consider the committee's recommendations the subject of the complaint shall have the opportunity to make a statement regarding the Committee's recommendations prior to the vote being taken. The member(s) who are the subject(s) of the complaint, member(s) who brought the complaint, or member(s) who have a clearly defined and documented conflict of interest are not eligible to vote and their number(s) are not used in determining what a 3/4 vote would be. RAC members who are unable to attend the meeting in person must vote but they may do so via telephone with the President using a speakerphone so that the vote may be heard and recorded by all present. RAC Forum members who are eligible to vote may not abstain from voting.

- In a case where the committee's recommendation is to remove designation there is the potential for the perception of conflict of interest because in certain circumstances funds of the region losing designation could possibly be divided by the remaining regional arts councils. This is not a sufficient enough conflict for Forum members to abstain from voting. However, because of the potential for the perception of conflict of interest, RAC members who serve on the Ethics Committee are prohibited from receiving any portion of the undesignated region's legislative allocation if such an action is taken.

When the Ethics Committee's recommendations are brought to a vote at the FRACM meeting they may be:

- a) Approved by 3/4 of all RAC members eligible to vote using a roll call vote.
- b) Referred back to the Ethics committee for additional review and/or changes in the recommendations.
- c) Defeated.

If a vote to approve the Ethics Committee's recommendations does not receive a 3/4 vote of all eligible members, and it is not referred back to the Committee, it shall be considered that the complaint is without sufficient merit and the complaint shall be dismissed.

- 8.) If the FRACM refers the matter back to committee, the committee shall have no more than five (5) working days to complete its work and bring its recommendation back to the FRACM President. At that point the President must follow procedural rule #7 and bring the matter to conclusion.
- 9.) If the complaint was brought by MSAB or MSAB and a regional arts council and the MSAB board is not satisfied with the outcome of the Ethics Committee's recommendations and/or the FRACM 's

disposition of the committee's recommendations, MSAB may bring the complaint to the FRACM one more time for reconsideration. A request to reconsider must include a letter detailing why the current resolution is unsatisfactory, what changes the MSAB would like to have considered and any new supporting material or evidence that MSAB would like to have considered. When the request to reconsider is submitted to the Forum President, the process begins again at Section 5.

If, after reconsideration of the complaint, the Committee's recommendations and the Forum vote remain the same, the matter will not be considered again.

- 10.) There is no right of appeal by a regional arts council for the recommendations of the Ethics Committee nor for the actions brought by the Forum against a member as a result of an Ethics Committee recommendation. If the recommendation of the FRACM is removal of RAC designation and that recommendation is acted upon and approved by the Minnesota State Arts Board following Rules 1900.3110,sub.2C the RAC may appeal the decision following Rules 1900.3310,sub1-3.

11.) Ethics Committee Rules of Procedure

- a) Purpose. The committee shall meet only to review complaints, review and revise ethics policies and procedures or to conduct business related to ethics matters.
- b) Complaints. The committee shall follow procedures set forth in the RAC policy manual, Fiscal Agent Agreement, and Rules 1900 when considering complaints.

If the complainants withdraw a complaint, the Committee shall immediately terminate all proceedings respecting the complaint, except, as the Committee deems necessary to determine whether the complaint is frivolous for purposes of action as defined in Rules of Procedure section 14(h).

- c) Proceedings held in public; exceptions. All proceedings, hearings, meetings and records are public, except that the committee, upon majority vote of the whole committee, may meet in executive session to consider probable cause (as defined in 11, Subsection G), or to consider a member's medical or other health records or to protect the privacy of a victim or a third party.
- d) Due process. Any member named in a complaint must be fully informed of due process rights. The member must be given a copy of the complaint and must be given timely notice of and the right to be present at all public meetings and hearings. The member has the right to respond to all charges, to be represented by counsel, to call and cross-examine witnesses, to introduce exhibits, to be furnished with exhibits, documents, and evidence in possession of the committee.
- e) Committee proceedings; records. All records of meetings and sessions are public. When the committee meets in executive session, all the evidence presented in the session and all records of the session are confidential except insofar as the committee determines, by majority vote of the whole committee, that items should be made part of the public record. Confidential records of executive sessions must be kept by the committee until the end of the fiscal year following the year in which the complaint is resolved, at that time the confidential records must be destroyed by the President of the committee or the President's designee. Notification of the destruction must be sent to all members of the FRACM .
- f) Meeting on probable cause. The committee shall, upon receipt of a complaint, hold a meeting within 15 working days to determine whether there is probable cause to support the complaint.
- g) Finding of probable cause. If the majority of the whole committee finds, based on the complaint, supporting and rebutting evidence presented by the complainants and the member or members named, and findings from any preliminary interviews or meetings with any parties of interest, sufficient

factual evidence to believe that the allegations contained in the complaint are more probably true than not true and that, if true, they tend to support disciplinary action, the committee shall inform all interested parties including the full membership of the FRACM that the proceedings shall begin and the committee will present a timeline for proceedings. If a majority of the whole committee fails to find probable cause, the complaint shall be dismissed.

- h) Frivolous complaints. If a complaint is withdrawn or dismissed, and a majority of the whole committee finds the complaint to have been frivolous, the Committee shall immediately issue a public letter of reproof to the complainants and may recommend other disciplinary action against the complainants.
- i) Minor violations, informal reconciliation. At any time during the proceedings, if a majority of the whole committee finds that a violation of a law, rule, administrative policy, or norm of behavior was inadvertent, technical, or of a de minimus nature, or may not warrant disciplinary action by the FRACM, the Committee may attempt to bring about voluntary remedial or other action by the subject of the complaint without disciplinary action.
- j) Final hearing. The hearing to make a final committee determination shall be held in public except in cases where a majority of the committee votes for executive committee session based on procedural rule #4. The purpose of the hearing shall be to receive and evaluate evidence and to make a final committee determination on the complaint. The subject of the complaint shall have the opportunity to present testimony.
- k) Committee determination. If a majority of the whole committee finds clear and convincing evidence in support of disciplinary action, the committee shall, with or without comment, make a recommendation to the full FRACM for final disposition. If a majority of the full committee fails to find clear and convincing evidence in support of disciplinary action, the complaint shall be dismissed.
- l) Direction for disciplinary action.
 - 1. Recommendation to the Minnesota State Arts Board for removal of designation as a regional arts council is the ultimate penalty available to the FRACM. It is a sanction that should be reserved for the most serious violations of law or rule, or abhorrent conduct.
Once a recommendation to remove RAC designation is received by the Minnesota State Arts Board, it shall follow Minnesota Rule 1900.3310, sub.C.
 - 2. Recommendation of censure. Censure is the strongest formal statement of disapproval of the conduct of an individual or a regional arts council without recommendation to remove RAC designation
 - 3. Recommendation of reprimand. Reprimand is the appropriate discipline for misconduct that warrants formal disapproval, but not so serious as to justify censure.
- m) Remedial or restorative action. As part of a resolution of censure or reprimand, the committee may recommend a requirement for remedial or restorative action by the council including, but not limited to, financial restitution of legislative funds or the member's or council's acceptance of professional counseling or assistance.
- n) Remedial or restorative action completed. When the member or council has met the terms of any disciplinary action or remediation recommended by the ethics committee and approved by the FRACM the committee shall send a letter to that effect with copies to all FRACM members and to the Executive Director and Board Chair of the Minnesota State Arts Board.

- o) Remedial/restorative action incomplete. If the council fails to fulfill the terms of disciplinary/remedial actions recommended by the ethics committee and approved by the FRACM the ethics committee may reconvene to consider further action including a recommendation to remove RAC designation. The ethics committee must provide the council, all members of the FRACM , and the Executive Director and Board Chair of the Minnesota State Arts Board with written notification of its intent to reconvene and consider further action a minimum of ten (10) working days prior to the date of such meeting.

C7. Minnesota Arts Database

Utilizing the RAC/MSAB Data Collection Forms for each grant project application each regional arts council will submit a successful data transfer of grantee information to MSAB by July 15 of each fiscal year. This submission constitutes the Annual Report of the RAC and includes information about applicants and grant recipients of dollars granted by the Council for the fiscal year ending June 30. Earlier transfer or submittal is encouraged. MSAB information systems administrator staff is available and very willing to help RAC's complete data transfer electronically. See Appendix J: for a copy of the master form. The master form can be changed to meet the needs of your regional arts councils programs and services, but certain standards must be upheld. These include a specific format and standardized codes.

Both the master form and the definitions are revised and sent each year to RAC Directors. For questions on these contact the Information Systems Administrator at the Minnesota State Arts Board.

Part D: Legislative Activities

D1. Participation in Biennial Legislative Budgeting Process

The state's biennial budgeting process is initiated by the state financial office that issues a biennial budget request to MSAB. In odd fiscal years, the FRACM will appoint representatives to work with the MSAB and MCA to set a total figure to be requested from the legislature for regional arts councils during the coming biennium.

A committee of regional arts council representatives will then produce a document supporting that request and send it to the MSAB to be submitted to the legislature, along with other MSAB requests. This document is usually completed in January of odd fiscal years.

Regional arts council representatives may testify before the legislature and otherwise provide information about the regional arts council's budget request, working with Minnesota Citizens for the Arts. Legislative hearings usually take place in March of odd fiscal years.

D2. Formula for Allocation of State Funds for Local Arts Development

The total allocations requested and received biennially from the state legislature for regional arts councils will be divided among the regional arts councils according to a formula devised and agreed to by the regional arts councils themselves, working through the FRACM . The current formula for the allocation of funds to the regional arts councils is found in Appendix I: of this policy manual. See Rules: 1900.3410; for exact legislation on the allocation of funds.

The formula is reviewed by the funding formula committee and presented to the FRACM by May of odd fiscal years. The allocation formula is a policy matter and requires a super majority vote to change or update it.

Formula Description: \$10,000 of the State General Fund Arts Appropriation is allocated for Travel Equalization. This amount is sent to the Forum's Fiscal Agent to be deposited into the FRACM bank account and is used to reimburse each region for a portion of allowable travel expenses for the year.

The FRACM Allocation Formula for the remainder of the State General Fund Arts Appropriation is comprised of three components. Each component is a designated percent of the Adjusted Forum State Arts Allocation (the Forum's State Arts Allocation minus the \$10,000 allocated for Travel Equalization.) The three components are a general operating allocation, a population allocation, and a land area allocation. Each component is calculated individually and then the three figures are added together to make up a Regional Arts Council's total allocation for the year. The three separate components are figured as follows:

- *The General Operating Allocation:* Each region is given a general operating allocation to enable them to open their doors and fund their programs. 28% of the Forum's Adjusted State Arts Allocation, but no less than \$550,000, is designated to this component. The General Operating Allocation is divided equally among the eleven regions. This component is a set percentage of the Forum's total adjusted arts allocation so that it would automatically adjust up or down in response to the dollars received from the State Arts Allocation.
- *Population Allocation:* This component is designated as 95% of the remaining 72% of the Forum's Adjusted State Arts Allocation, or 68.4% of the total adjusted allocation. This component is directly related to a region's population figures. The populations of the individual regions are then divided by the total population of the state to determine each region's "percent of the whole." They are assigned that percentage of the population allocation funds.

In FY 2010 and 2011 the 2007 estimated population figures from the State Demographer's Office are used to calculate the % of the whole. This formula was approved by the FRACM at their April 9, 2009 Board meeting.

- *Land Area Allocation:* This component is designated as 5% of the remaining 72% of the Forum's Adjusted State Arts Allocation, or 3.6% of the total adjusted allocation. This component is in response to the Forum's recognition that the expenses of administering programs varies with the physical size of the region being served.

This component is directly related to the region's square miles of land area. A region's land area was determined by contacting the State for the actual figures. The land areas of the individual regions are then divided by the total land area in the state to determine each region's "percent of the whole." They are assigned that percentage of the land area allocation funds.

Arts and Cultural Heritage Funding for Regional Arts Councils

The total for the biennium FY 10-11 is \$43,300,000; 46 percent of the total that was appropriated from the arts and cultural heritage fund. The first three lines will be divided: 30 percent for regional arts councils, 70 percent for the Arts Board.

It includes the following appropriations for FY 2010 and FY 2011:		RACs 30%	MSAB 70%	Total/Year
\$16,775,000 each year for arts and arts access	\$16,775,000	\$5,032,500	\$11,742,500	\$16,775,000
\$3,245,000 each year for arts education	\$3,245,000	\$973,500	\$2,271,500	\$3,245,000
\$1,080,000 each year for arts and cultural heritage	\$1,080,000	\$324,000	\$756,000	\$1,080,000
<u>\$550 each year for fiscal oversight and accountability</u>	\$550,000	\$0	\$550,000	\$550,000
\$21,650,000 total each year	\$21,650,000	\$6,330,000	\$15,320,000	\$21,650,000

The formula for the allocation of the Arts and Cultural Heritage Funds for Regional Arts Councils is as follows:

28% is allocated for general operating base, divided equally among the eleven regions. Of the remaining balance, 5% is distributed based on the geographical area of each region and 95% is distributed based on the population of each region.

The current formula for the allocation of funds to the Regional Arts Councils is found in Appendix I: of this Policy Manual.

D3. Participation in other Legislative Activities

Through the FRACM board, regional arts councils may also work with the MSAB and Minnesota Citizens for the Arts (MCA) on other pieces of legislation affecting the arts in Minnesota. The FRACM should present a united front to the legislature and to lobbying organizations, ensuring a consistent message and purpose among regional arts councils.

Regional arts councils are also encouraged to inform state legislators from their region about arts activities in their region.

D4. Relationship with Minnesota Citizens for the Arts

Minnesota Citizens for the Arts and the FRACM share a concern for local arts development and, whenever necessary, may discuss issues of mutual interest. However, the FRACM is independent of MCA.

FRACM members are encouraged to be members of Minnesota Citizens for the Arts. Membership is determined by 0.2% of annual budget size. Minnesota Citizens for the Arts will invoice each regional arts council.

MCA annually holds at least one Arts Advocacy Day at the state capitol. The purpose of the event is to demonstrate to the state legislature that the arts community speaks with one voice. The date for Arts Advocacy Day usually occurs in the month of February. FRACM members work closely with the MCA to engage regional arts advocates to make presentations before various segments of the Legislature and to obtain appointments with individual legislators. FRACM members may be asked to make presentations before the Legislature.

MCA's by-laws require that each geographic region have at least one representative on the board of MCA to ensure that the viewpoints of all parts of the state are represented and heard. This person may or may not be designated by the RAC - but by tradition this representative is nominated by the RAC. Often, RAC directors are chosen to serve in this position. Then, the nominees are screened by MCA's nominations committee. After the screening, the committee forwards the final slate to the MCA Board for election. When the region's representative is not directly affiliated with the RAC, it is each RAC director's

responsibility to ensure that the MCA representative is kept informed of the region's activities and needs to ensure that the representative can advocate on behalf of their region's entire arts community.

Part E: Funding for FRACM Activities

E1. McKnight Funding

Currently the entire budget of the Forum is comprised of funding from a McKnight Foundation Grant except for travel equalization reimbursement funds that are funded by the state. A plan is presented to The McKnight Foundation by FRACM requesting funds for FRACM meetings, professional development and any special projects. The FRACM appoints the president as their McKnight liaison and two FRACM members with two alternates. The executive committee serves to prepare the proposal for McKnight with assistance from staff and the fiscal agent.

The committee starts planning for the next proposal in the months prior to the due date. FRACM members will need to submit ideas for possible projects to be reviewed and approved in advance of the submission date.

Duties and tips for the McKnight Liaison, for an application (for example) due in March:

- In proposal years, collect information for the first six months of activity in January. The FRACM should approve in February both activities for the final report as well as new project ideas to be submitted in the proposal due in March to The McKnight Foundation.
- In other years, collect information for the first nine months of activity in March to be approved by the FRACM in April and written in the update report to McKnight in May.
- Work with staff to write the reports for McKnight. Staff is available to assist with word processing as well as data collection from FRACM members.
- Request copies of the 501(c)3 documentation, fiscal agent contract and the staff agreement for inclusion in the report.
- Make sure that you request The McKnight Foundation to send the FRACM check to the fiscal agent. If FRACM does not receive the check inquire as to where it was sent. Write a formal letter on FRACM letterhead to McKnight acknowledging that the check was received, thanking them for their support.

E2. FRACM Fiscal Agent Reimbursement

The FRACM has an agreement with a Regional Arts Council to serve as the official Fiscal Agent of the FRACM . The President of the Forum reviews the performance of the fiscal agent biennially and makes recommendations to the FRACM if changes need to occur. If the President deems no changes are necessary, and the fiscal agent is willing to continue, the contract is submitted by the fiscal agent to the President and renewed biennially. If the fiscal agent is not willing to continue, the FRACM then will decide who the next fiscal agent will be. The contract is a part of the annual report to McKnight.

The Fiscal Agent performs the following tasks for a fee under the supervision of the treasurer (please note that if the fiscal agent also serves as the treasurer, FRACM will appoint another board member to supervise the fiscal agent duties):

- dispersing funds and endorsing deposits related to the FRACM ;
- participating in the Executive Committee (if a RAC Director), as requested if necessary;
- working with the FRACM treasurer to budget the funding;
- preparing quarterly financial reports and list of transactions for FRACM approval;
- submitting the FRACM financial reports for McKnight proposals and final reports;

- retaining a CPA audit at the end of each fiscal year (if deemed necessary);
- and filing of all required State and Federal Tax forms and reports (or assigning this task to staff.)

E3. Other Possible Sources of Funding

Throughout the years, other sources of funding have been secured for FRACM activities, or activities that involve collaborations between regional arts councils. These sources have included National Endowment for the Arts funds along with other smaller area sources of funding. Partnerships between other state organizations such as the Center for Arts in Education and the Minnesota Office of Tourism have provided interesting arts activities that reach across the boundaries of the regions.

It is the understanding of FRACM members that they will bring these collaborations to the attention of the FRACM before they begin. Some organizations and private foundations have asked that only the FRACM as a group can qualify for funding. In order to keep a positive relationship with those Foundations we need to respect their request and not individually attempt to secure funding for our region. Discussion at a FRACM meeting about upcoming projects could help think of the best source of funding and collaborations.

Some sources to keep in mind are listed in Appendix L:

Section II: Principles of Conduct for Regional Arts Councils

Part F: Purpose and Use of Section II

F1. Purpose

The purpose of this section is to briefly describe the minimum standards of operation for Regional Arts Councils (RACs), in order to help new and existing RAC staff understand the workings of the Regional Arts Council system.

F2. Use

This section provides RACs with helpful hints, requirement lists, and references to the current legislation located in the Appendix of this document. Throughout this section the State of Minnesota Rules are constantly referenced. This section provides lists and helpful tips that will make compliance with the Minnesota Rules easier.

Section II is not policy but rather a code of conduct.

Section III can be used as a guide when individual RACs are developing their own additional policies and programs. Section III also is not policy.

Part G: Role of Regional Arts Councils

G1. Purpose of Regional Arts Councils

Regional Arts Councils (RACs) in Minnesota were established to preserve artistic freedom and encourage a diverse range of local arts development activities in each region of the state. (Codified rules became law in January 1996).

The regions served by RACs correspond to state economic development regions designated by the Minnesota State Legislature. Each economic development region has its own RAC except Regions 6E, 6W and 8, that are served by one RAC.

Local arts development includes:

- the creation, improvement, refinement, expansion or enhancement of the artistic skills, ideas or capacities of artists, arts organizations or arts service organizations at the community or regional level;
- the expansion and education of arts audiences at the community or regional level;
- the improvement of planning, administrative and financial skills among artists and arts organizations in the region.

G2. Autonomy of Regional Arts Councils

Each region in the state is unique and needs in the arts variable; therefore, a regionally organized arts council, familiar with and able to respond to the needs of the artists, arts groups and audiences in its region, will serve those constituents most effectively.

Due to these unique qualities and needs of each region, each RAC has autonomous decision-making power, including the authority to determine its own programming priorities and to allocate its budget based on these priorities. Each RAC develops its own policies (see Rules; 1900.4010; for more on powers and authorities of designated RACs).

G3. Legal Structures of Regional Arts Councils

Regional Arts Councils may be nonprofit, tax-exempt 501(c)3 corporations, or an organization that conforms to the definition of a RAC but uses a fiscal agent until such time as 501(c)3 status is approved. See Rules; 1900.2510; for exact requirements.

There will be one regional arts council for each state-designated development region, with the exception of Regions 6E, 6W and 8, which are served together by the Southwest Minnesota Arts Council located in Marshall.

G4. Designation of a RAC

The Minnesota State Arts Board has the responsibility and authority to designate Regional Arts Councils and under what circumstances a Regional Arts Council's designation may be removed. For complete details see the following:

- 1900.3110 Regional Arts Council Loss of Designation
- 1900.3210 Process for an Organization to Receive Council Designation through Challenge to an Existing Council

Part H: Preparing Biennial Plans

Each RAC is required to submit a biennial work plan and budget to the Minnesota State Arts Board, prior to receiving a block grant. The process for submission, content and review of the biennial plans has been mutually conceived and agreed upon by the MSAB and FRACM. Below is information relating to the preparation of the plan including contents and structure.

H1. Contents of Biennial Plans

In an effort to facilitate an understanding of the biennial plan, below is a brief reference list in recommended order of submission. See Rules; 1900.2710; for a complete listing and explanation of items that are required by law.

The RAC mission statement

Needs assessment summary

Description of the planning process

Public Meeting

Work Plan

RAC Bylaws or Operating Procedures

List & Qualifications of RAC committee members

RAC Staff Names & Job Descriptions

RAC Program Information

Budget

Description of Grant Monitoring Process

Demographics

Description of regional arts council board nomination process, to include a description of the rotation system

Ranked list of needs to be addressed during the following two years (optional)

H2. Needs Assessments

At least once every four years, each RAC must conduct a needs assessment. The purpose of the assessment is to provide an accurate and comprehensive understanding of the characteristics of the region as they relate to the arts and to identify needs and problems that may be addressed by the RAC. The needs assessment process is intended to ensure broad input into the priority setting responsibility of the RACs.

The needs assessment may be in the form of a survey administered by mail, online, telephone or in person, in the form of a group discussion, or both. The participants may include residents of the region who are artists or members of arts organizations, who attend arts events or who are simply members of the general public.

In addition to asking participants about future arts needs in the region, the assessment may also ask them to evaluate the past activities of the RAC.

RAC needs assessments are not required to achieve scientific accuracy. However, RACs should make an effort, within their resources, to solicit opinions from a wide range of people throughout the region and to gather data that is relatively objective and comparable.

The results of the needs assessment should be reflective in a ranked list of the needs, as identified by the needs assessment participants.

H3. Budget

Each RAC should present a budget for the first fiscal year of the next biennium, showing the use of regional block grant funds.

The biennial plan must include a budget that is a total projected budget identifying all local, regional, state and federal sources of public and private support. The budget must include the amount of the legislative arts allocation that the council will receive based on the allocation formula. It is required that the RAC's use the Fundamental Issue Budget Template. (see Appendix O) See Rules; 1900.2710.

H4. Internal Consistency of Plans

Each RAC's plan should be consistent, in that the plan should state the needs of the region and how the RAC's stated goals will address those needs. In addition, the plan should be consistent with the RAC's financial and personnel resources.

Part I: Block Grant Funding Process

Each region receives its portion of state funds from the state legislature through the MSAB. The MSAB's role is to facilitate the transfer of funds from the state to the RACs. The MSAB may not determine how any RAC spends its state allocation and is not responsible to the state for the actions of any RAC. However, each RAC must spend its funds and conduct its business in a manner consistent with its own biennial work plan and with the applicable laws of the State of Minnesota. See Appendix G: for the January 1982 Mike Menning letter that established this policy.

I1. Fiscal Block Grants Regulations

Each RAC must also sign a fiscal agent agreement letter. The fiscal agent agreement is an annually negotiated agreement between the MSAB and the Regional Arts Council Forum, on behalf of the regional arts councils. This agreement includes a description of the responsibilities of the board and the RACs, and must be signed by both agencies prior to release of each biennium block grant to the RACs.

I2. Plan Review

Preliminary Plan Review - To be eligible for an allocation of state block grant funds, each RAC must prepare and submit, by May 15 of the second year of the state's budget biennium, a plan that outlines decision-making procedures, programs and services to be followed during the next biennium.

See Rules; 1900.3510; for current legislation regarding this issue of evaluating a RAC plan.

RACs may amend their plan up to three times at the suggestion of the Advisory Committee, composed of representatives of the MSAB, FRACM and arts public.

I3. Plan Submission to MSAB

After review, the RAC biennial plan must be submitted to the MSAB, to the state legislative library and to the FRACM archives by May 15.

Upon receipt of the plan, and a signed fiscal agent agreement (outlined in Part I1), and when the MSAB receives its state allocation, the MSAB will issue a check for the first year's allocation to each RAC as soon as possible, but no later than July 15. For exact information on the process for releasing a RAC block allocation to a RAC please refer to the Rules; 1900.3010.

This procedure was established in January 1982, in a letter to the chairman of the MSAB from Senator Mike Menning, then chair of the Minnesota Senate's Semi-State Subcommittee. This letter is reproduced in Appendix G: of this manual.

I4. Submission of Plans for Second Year of Biennium

RACs should submit budget and amended work plans for the second year of the biennium, on or before June 15 of the first year of the biennium. See Rules; 1900.2610.

I5. Changing a Plan During the Year

Modifications in the work plan and/or budget may be made during the course of the biennium. See Process for Amending Biennial Plan in the Rules; 1900.2910.

FRACM staff should also receive a copy of any plan changes with an explanation of why changes are being made for the FRACM archives.

I6. Carryover of Funds from One Year to Another

If necessary, RACs may carry over unused state funds from one fiscal year of a biennium to the next. RACs should inform the MSAB in writing that they will be carrying over funds by May 1 of the first year of the biennium.

I7. Carryover of Funds From One Biennium to the Next

If RACs have unspent money at the end of the second year of a biennium, and seek to carry any of this money into the first year of a new biennium, these funds must be obligated and notice of such must be sent to the MSAB by May 1 of the second year of the biennium. A RAC may not carryover unobligated funds from one biennium to the next. The MSAB will review the RAC's plan for obligating the funds to ensure that the plan is reasonable and appropriate. (See Rules; 1900.3710; 1900.3810)

Part J: Reports Required of RACs

J1. Listing of Reports

Below is a basic listing of the required reports throughout the year. Reports due to MSAB are listed in the fiscal agent agreement.

- Biennial Plan - - due May 15, second year of biennium
- Fiscal Agent Agreement - - before June 30, second year of biennium
- Unaudited Financial Statement - - within 45 days of the close of the previous fiscal year (on or before August 15)
- Annual Report - on or before July 15 an annual report that includes information about the applicants and grant recipients of dollars granted by the Council (data collection form information submission)
- Written notice on whether or not the Council intends to carry over first year of the biennium funds to second year – by May 1 of first year of the biennium
- Final Report - - by September 30 a final written report, including the Budget Template, Appendix O. (refer to J2)
- Certified Public Audit -- December 31, following the close of the fiscal year on June 30
- IRS 990 Form for the non-profits by November 15th annually
- Charitable Organization Annual Report (for the non-profits) by January 15th annually to the Attorney General's office. (New law requires this report to be submitted no later than the 15th day of the 7th month after the close of the organization's fiscal year, or December 15.)
- Nonprofit Corporation Annual Renewal (for the non-profits), filed with the Minnesota Secretary of State, must be filed by Dec. 31 each year. No fee is due.

Data that must be reported to the Legislative Coordinating Commission, to be posted on the Minnesota Legacy Web Site, must be submitted on the following schedule:

Information required

FY 2015 arts and cultural heritage funds expended by the Council, 1st tri

Must be submitted to the Board by November 1, 2014

- Date for RACs to confirm/provide edits to MSAB

January 1, 2015

FY 2015 arts and cultural heritage funds expended by the Council, 2nd tri

March 15, 2015

- Dates for RACs to confirm/provide edits to MSAB

May 1, 2015

FY 2015 arts and cultural heritage funds expended by the Council, 3rd tri

July 15, 2015

- Date for RACs to confirm/provide edits to MSAB

September 1, 2015

FY 2015 data collected through arts and cultural heritage fund grantees' final reports

September 30, 2016

- Date for RACs to confirm/provide edits to MSAB

November 1, 2016

J2. Reports to the State

Unaudited Financial Statement

Each RAC must submit an Unaudited Financial Statement to the MSAB no later than 45 days after the close of the fiscal year. This is an unaudited financial statement summarizing the total annual revenue and expenditures, including a listing of all grant awards and is due August 15. This statement is also known as an interim report.

Final Written Report

Each RAC is required to submit to the MSAB, within 90 days after the end of the fiscal year (on or before September 30), a written report describing activities relating to expenditures and management of its regional arts council block grant. (See Rules; 1900.4110) Annual reports are submitted to the MSAB, the state legislative library and the FRACM staff. This report describes activities relating to expenditures and management of the regional arts council block allocation. The Final Report must include a description of the relationship between the biennial plan and the actual grants and other forms of assistance provided during the year, a listing of the grants awarded, services provided, and programs disseminated. It is required that the RAC's use the Fundamental Issue Budget Template. (see Appendix O) See Rules; 1900.2710.

Basically, the report should include the following information:

- a. A financial statement showing the actual disbursement of state funds.
- b. A list of all grants and loans made, including recipient and dollar amount.
- c. A list of all services provided.
- d. A list of the council members, including community or county of residency, terms and officers.
- e. If applicable, a list of advisory panel members, including community or county of residence.
- f. A list of staff members, including job titles.
- g. General information about the number of people who participate in RAC programs and services.
- h. A narrative summary of council goals and objectives, based on the RAC's biennial plan then in effect and how these were met by grants, loans, direct programs and services.
- I. A narrative summary of the monitoring and evaluation of grants and loans.

RAC Annual Reports

Each RAC, on or before July 15 each year, must submit an annual report that includes information about applicants and grant recipients of dollars granted by the Council for the fiscal year just ended. The information must be conveyed in an accurate and timely manner consistent with a data management process established by, and acceptable to, both the Council and the Arts Board. This report is submitted electronically and was formerly known as the data collection form submission.

RAC Financial Reports

The required Interim Financial Report and Certified Public Audit are explained in the Rules; 1900.4110.

Each RAC is fiscally accountable for the use of its state funds and must use generally accepted accounting principles in its bookkeeping and financial reporting.

Each RAC must have an independent audit of its financial practices and records at the end of each fiscal year. Completed audit reports should be sent to the MSAB, the state legislative library and the FRACM staff.

Section III: Guide for Regional Arts Councils

Part K: Purpose and Use of Section III

K1. Purpose

The purpose of this section is to give examples of programs and services available in some of the Regional Arts Councils. This guide can be used as a reference as to the general practices of the RACs. Directors are encouraged to contact other RACs directly for specific information on board issues, staffing, program guidelines, etc. **This guide is not FRACM Policy.**

Part L: Governance of RACs

L1. Role of Councils

If a RAC is a non-profit corporation, it is governed by a board of directors, or council, that decides how to use legislative funds for local or regional arts development.

(NOTE : Throughout this manual, the term "council" will mean the governing body or board of directors of a non-profit, incorporated RAC.)

RAC councils are also responsible for developing biennial plans for submission to the state legislature. They may also plan and undertake activities designed to encourage local arts development in their regions.

A council may appoint subcommittees to review grant applications.

L2. Composition of Councils

Each council member should have expertise and/or experience in a particular area of the arts, arts support or administration. They can be selected from among artists, arts administrators, arts educators, volunteer directors of arts organizations, trustees of arts organizations and other persons with an interest in the arts.

If the council appoints a subcommittee to review grant applications, subcommittee members should be appointed based on their knowledge and/or expertise in the arts.

L3. Announcement of Vacancies on Councils

Some RACs publish vacancies in advance and seek members through an open nomination process that will ensure a regular rotation of membership.

L4. By-Laws and Operating Procedures

Every Regional Arts Council will have written by-laws. The by-laws or operating procedures should describe how business will be conducted, including:

- qualifications for membership on the RAC's council and on any sub-committees;
- the length of terms on councils and committees and the regular rotation of vacancies;
- procedures for announcing and filling vacancies on councils and committees;
- procedures for electing officers, if any, and their terms and responsibilities;
- procedures for handling conflicts of interest on the part of council or committee members;

- procedures for calling and announcing meetings in an open and public way;
- and procedures for removing members from councils and committees.

L5. Council and Committee Compensation

Members of councils may be compensated for expenses incurred to attend meetings and other approved activities. They may also be reimbursed for the expenses of attending arts events as required by their role as funding decision-makers.

L6. Open Meeting Law

Regional Arts Councils are required to adhere to the spirit of the Minnesota Open Meeting Law. See Appendix F: for detailed information.

Part M: Role of Regional Arts Council Staff

M1. Relationship to governing body

RACs are a nonprofit corporations, the primary staff person is hired by and reports to the council. Note: If there is a partnership with another agency related to staff, a formal legal document should clearly define that relationship.

M2. Staff role in grant making

RAC staff often have several responsibilities in the grant making process:

- to acquaint new members of the council with the RAC grant process;
- to publicize as widely as possible the availability of grant funds and the process of applying for them;
- to provide the maximum possible service to arts grant applicant, within available human and financial resources, by explaining the grants process and offering advice. (Applicants are responsible for the completeness and accuracy of their applications.)
- to help determine that applications are eligible;
- to develop, with council assistance, review policies and procedures;
- and to develop contracts with grant recipients, to monitor recipients' progress in conducting funded activities, and to ensure that recipients made all required reports about completed activities.

M3. Staff role in planning

RAC staff have several responsibilities in the biennial planning process:

- work with council and committee members to gather and analyze information useful in planning;
- to facilitate and record planning discussing and if requested, draft planning documents based on council or committee discussion;
- after the council or committee has completed work on goals and objectives, to write action steps for the work plan;
- to develop budgets reflective of the work plan, for review and approval by the RAC;

- after completion of the plan, to facilitate its review and approval by the RAC council (if the RAC is a nonprofit corporation);
- and to advise the RAC on implementation of the plan's policies and procedures.

M4. Hiring procedures, personnel policies, job descriptions, and staff performance reviews

The council (if the RAC is a nonprofit corporation) is responsible for developing and using appropriate hiring procedures, personnel policies, job descriptions and regular staff performance reviews.

Part N: Programs

Below are examples of some of the programs that could be funded with state funds:

N1. Granting

means the process of allocating funds to nonprofit or community organizations for the purpose of funding arts projects or programs or services described in applications to the regional arts council. A RAC may allocate grant funds in the form of repayable loans for eligible art projects.

RACs may receive funds to grant from the Minnesota State Legislature, as well as from various private sources.

N2. Services

include publications, studies, staff consultation or workshops with individuals or groups who have developed, or are interested in developing, projects or programs in the arts but need advice on matters such as budgeting, administration, production and technology. Also included are information services; planning, reporting evaluation and other program development efforts; providing information such as a calendar of arts activities in a region; providing technical assistance to grant applicants; referring artists and arts organizations to other arts service and funding resources and the planning and presentation of public FRACM s or conferences.

N3. Direct Programming

includes arts production or arts sponsorship or presenting activities; special programs designed to meet the needs of communities where little or no arts programming takes place; assisting in the development of opportunities that provide exposure for local artists; and the development of regional touring to provide the public with access to the work of these artists.

A service, loan or regranting or direct program should only be undertaken by a RAC if it can demonstrate that it is the most appropriate entity to undertake it. All activities should be based on regional needs and sound planning.

Part O: Grant making using State Funds

O1. Equal Access to Grant Funds

As publicly funded programs, RACs' regranting of state funds must maintain high standards of fiscal responsibility and be conducted in an open manner without discrimination on the basis of national origin,

race, color, creed, religion, disability, gender, status with regard to public assistance, gender preference, marital status or political affiliation.

O2. Service to Applicants

Service to grant applicants should be provided, within the fiscal and human resources available to the RAC.

O3. Objectivity of Grant Making Process

A position of objectivity must be maintained to carry out grant making or loaning with fairness to all applicants. When an individual reviewing a grant application has a conflict of interest in regard to a specific applicant or project, he/she should abstain from the review of that specific application.

An individual may be considered to have a conflict of interest in regard to a specific applicant or project if he/she:

- a. would receive direct financial benefit from the applicant organization or project being reviewed;
- b. serves, or has recently served, as an employee or governing board member of an applicant organization being reviewed;
- c. served with or without payment as a consultant, assistant or advisor to an applicant on the project being reviewed;
- d. has a familial relationship with an applicant or a staff or board member of an applicant organization;
- e. recently accepted free tickets or other benefits from an applicant being reviewed.
- f. any appearance to the public of a conflict of interest
- g. known hostile relationship

RAC staff, committee and council members should take all reasonable steps to avoid the appearance to the public of a conflict of interest, even though there is no such conflict within a strict interpretation of these guidelines.

If a conflict of interest in regard to an application exists, the individual with the conflict should do the minimal items below:

- a. declare it at the review meeting and the declaration will be recorded in the meeting minutes;
- b. refrain from comment during discussion of the application;
- c. abstain from voting on and ranking the application and the abstention will be recorded in the meeting minutes.

Regional arts councils will differ slightly in procedures in regards to conflict of interest.

O4. Contents of Program Information

Each RAC should publish and make available to the public, program information describing its grant assistance and other services. Program information means any document issued describing programs and services of the RAC that includes instructions, deadlines and other aids for the applicant seeking grants or loan assistance.

This information should be complete and understandable to the public for that it is intended and should reflect a clear and equitable application review process. Program information may clarify and explain standards that are contained in the rule form, but such clarification shall not be considered standards or criteria in itself.

The program information publication could include the following:

- a. The description of the grants and other forms of assistance, including their purposes.
- b. An explanation of the methods of applying for assistance, including application deadlines.
- c. A statement of the purpose of local arts development grants.
- d. Grant review standards, including conditions that applications cannot be accepted for review.
- e. A description of the application review process, including an explanation of the conflict-of-interest policy.
- f. A summary of the terms of the grant agreement with recipients.
- g. A description of the process followed in paying grant recipients.
- h. A listing of the recipient's responsibilities.
- i. An application form, including instructions and the FRACM 's data collection form, or a comparable form eliciting the same information. (The application form may be included in the program information booklet or be available as a separate publication.)
- j. An explanation of the appeals procedure.

O5. Types of Typical Projects Eligible for State Funds

- a. Applicants usually are public or private non-parochial schools, governmental units or departments or agencies of the state, or Minnesota nonprofit, tax-exempt organizations as described in Section 501(c)(3) of the Internal Revenue Code.

An organization or group not meeting this requirement could apply to the RAC through a fiscal agent if the RAC deems this appropriate.

A fiscal agent is any Minnesota nonprofit, federally tax-exempt organization or governmental unit that applies to the RAC on behalf of an organization or group not meeting the nonprofit, tax-exempt requirements.

The fiscal agent signs the application and, if funds are received, signs the grant letter/contract. The fiscal agent is legally responsible for the completion of the project and for proper management of the grant funds. A contract or letter of agreement between the fiscal agent and the organization, clarifying the responsibilities and authority of each, is usually required.

Two or more eligible organizations or governmental units could form a partnership to present arts activities within a community or school, and many RACs allow them to submit one application.

- b. Projects should be for the creation and production of arts programs or projects that are for the development or enhancement of local or regional artists or arts organizations; or for the hosting of arts events by contracting for the services of another organization or individual to provide arts programming to the local or regional community.

O6. Types of Projects Typically not Eligible for State Funds

- Projects limited in access to, or only serving, those attending schools, including the staff.

- MSAB and a RAC for the same work or expenses incurred while carrying out the same project in a single fiscal year.
- Projects requiring artists to pay unreasonable entry or exhibition fees in order to exhibit or perform in the project.
- Funds requested to account for fund deficiencies in projects begun prior to the project starting date specified in the program information.
- Projects that are essentially for the religious socialization of the participants. In compliance with advice to MSAB from the Minnesota Attorney General's office regarding 1985 rulings of the U.S. Supreme Court, RACs will not provide grants to parochial or other religious schools serving grades K-12. It is possible that funding from sources other than the State could be used for parochial or other religious schools.

07. Other Eligibility Criteria

Each RAC may devise any additional eligibility criteria or restrictions as it sees fit.

08. Application Forms

All applications for grants are usually made on official application forms for the appropriate program available at the offices of the Regional Arts Council or can be obtained online at the RAC's website.

Questions in the application form should be directed at obtaining the information necessary to determine the eligibility of the organization or project/program, information relating to the review criteria and a budget that reflects the entire project.

Application forms must be delivered or postmarked by the deadlines set forth by the RAC in its current program information. Late applications might not be considered for review if your RAC has that policy.

Applicants most often are responsible for the quality and nature of responses in the application and the supporting materials. They are also responsible for the completeness of their applications. Incomplete applications are usually not eligible for review. A complete application could include the following:

- a. The appropriate application form with all requested information supplied, within the designated spaces in the application.
- b. The name of a project director or person designated as responsible for overseeing the implementation of the project or program for that the application is made.
- c. Authorizing signatures on the application form. An authorizing official is a person empowered to enter into contracts for, and who signs the grant application of, an eligible organization.
- d. All required resumes attached.
- e. All necessary supporting material.
- f. When applicable, a copy of the contract with the fiscal agent.

The RAC will not assume responsibility for any loss or damage to materials submitted with applications if that is their stated policy.

O9. Standards for Review of Grant Applications

All applications must be reviewed by a citizen committee according to:

- a. The artistic quality and merit of the project or program. In the case of service programs and projects, the merit and quality of the service provided to the arts will be reviewed.
- b. If the application is determined to be of sufficient artistic quality and merit to deserve further review, the following standards will then be applied:
 - i. the ability of the organization to accomplish the project or program they describe or the organizational goals as presented. This is demonstrated by providing evidence of a planning process, qualifications of the artistic and/or administrative personnel, publicity efforts and previous successful efforts.
 - ii. Applicants must demonstrate demand or need for the project or program by the organization applying or the group it serves.

O10. Decisions on Grant Applications

Advisory Committees, when reviewing applications under the standards above, could submit as recommendations:

- a. Full funding
- b. Partial funding
- c. No funding.

In the event that more applications are recommended for funding than there are funds available, the advisory committee may rate the recommended applications one by one, each on its own merits, to determine funding priorities. Such a procedure may be developed by each RAC as needed.

The council shall make all final decisions as to approval or rejection of grant applications or requests for other forms of assistance. The council shall overturn advisory committee recommendations only when due process has not been followed in reaching those recommendations.

The advisory committee, council may request comments and recommendations from the staff on all aspects of applications. The advisory committee, council may also request a revised budget and/or project description before taking final action on grant applications.

If the RAC awards a grant that is smaller than the amount requested, the applicant will be notified by mail and might be required to submit a revised budget and project description before a contract will be sent.

If a RAC has more than one application deadline annually, it may award all or most of the available funds at the first deadline of each fiscal year.

O11. Notification of Decisions

All applicants should receive a notification letter of acceptance or rejection within a reasonable amount of days (often 45 days) after final review of the application by the council, except when a revised budget and

project description is necessary. In that case, applicants will often receive a contract and notification letter within 45 days after the receipt of the revised budget and project description by the council.

O12. Appeals Process

Each RAC will develop and publish in its program information, an appeals procedure to be used in the event an applicant believes the proper process was not followed during review of an application. The program information must also include an explanation of what constitutes the basis for an appeal.

O13. Grant Contracts

A grant contract is a legally binding document signed by an authorizing official of an organization that has received a grant or loan obligating it to perform proposed activities, to fulfill the requirements in the contract and to maintain its financial records open for audit.

The grantee or authorizing official must sign and return to the RAC, (usually within 45 days from date of mailing) one copy of the contract and necessary attachments if notification is of grant approval. No action is required on notification of applications not recommended for funding.

In the event a grant is awarded to a fiscal agent, the fiscal agent should sign the contract. The fiscal agent should have a written contract with the applicant group implementing the project/program that specifies the responsibilities of each. This contract usually is submitted with the application form.

The recipient of funds must comply with all federal or state regulations specified in the contract.

A grant contract may be terminated at any time:

- a. by mutual written consent of the RAC and the recipient;
- b. upon the written request of the recipient, but such termination shall not necessarily relieve the recipient of the responsibilities as set forth in the contract;
- c. by the RAC, upon the failure of the recipient to comply with one or more of the conditions of the contract. Such termination shall be effective upon receipt of written notice by the recipient.

A commitment of funds to a recipient may be rescinded by the RAC if one of the following conditions exists:

- a. The recipient does not return the signed contract and/or attachments within a stated amount of time (usually 45 days) of the date specified by the notification letter or in program information.
- b. The recipient does not return a revised budget and project description within a stated amount of time (usually 30 days) of the date of notification of RAC action by letter.
- c. The recipient does not request the grant or loan amount within a stated amount of time (usually 45 days) of the date of the contract.

O14. Acknowledgment of RAC Assistance

The recipient organization must acknowledge RAC assistance wherever possible on written materials relating to the funded project, such as programs, news releases and posters. Recipients must use the acknowledgment statement as found in the contract.

O15. Recipient Organization Reporting Requirements

Recipient organizations may be required to submit a final report within a stated amount of time (usually 60 days) of the date stated in the application as the end of the project or program. This report is to be completed by the recipient in the requested format provided by the RAC. Failure to submit any final reports could adversely affect the recipient's eligibility for future funds.

The recipient may be required to submit a certified audit report of the organization or a project funded by the RAC.

The recipient should notify the RAC in writing at any point if the program or project is changed from the description in the application. This notification letter will then be reviewed by the staff or RAC to ensure that the change does not make a project or program ineligible for support. The recipient will be notified of the approval or non-approval of the program or project changes.

The RAC may institute systems of payments in that such payments are contingent upon the receipt of final reports and/or council evaluation of the recipient organization.

For purposes of evaluation, recipients must permit the RAC reasonable access to all activities supported by legislative funds.

Part P: Definitions Regarding Duplicate Funding

Partners: A relationship in that each party has equal status and independence, but also spoken, and/or written obligation to the other partners.

Project: A plan or proposal that identifies certain time limited activities, and the means necessary to implement those activities.

State Funds and Defined by the Minnesota State Arts Board: The monies appropriated and distributed to the Minnesota State Arts Board by the Minnesota State Legislature and/or other sources of private, public, or federal monies.

Part Q: Grant making using Funds other than State Funds

RACs may seek regranting or loan funds from nongovernment sources, including private and corporate foundations.

The process for allocating such funds is not necessarily governed by the same rules that govern the allocation of state funds. Whenever private funds are available for grants a process for doing so should be agreed upon by the RAC and the source of the private funds.

However, the allocation of all funds, regardless of their source, should be governed by the following principles:

- openness and objectivity of application submission, review and appeals process, including established review criteria;
- appropriate assistance to applicants;

- application review by people with artistic and other appropriate expertise;
- and documented accountability of recipients for responsible use of funds.

APPENDICES

Appendix A: FRACM By-Laws

By-Laws for The FORUM of Regional Arts Councils of Minnesota, INC.

ARTICLE I. MISSION AND AREA SERVED

The mission of the FSSenorum of Regional Arts Councils (RACs) of Minnesota, Inc. is to secure resources, address common issues and provide mutual support among RACs in order to develop and promote the arts in Minnesota. The area served shall be the entire state of Minnesota.

ARTICLE II. BOARD OF DIRECTORS

- 2.1 **Makeup:** The Board of Directors will consist of the primary staff person of each of the eleven designated RACs in Minnesota.
- 2.2 **Voting:** Each Director shall have a single vote on any issue. No proxies shall be permitted. If a voting Director cannot attend a Forum meeting, his/her vote may be cast by telephone or electronic means, or through a written document.
- 2.3 **Designating Alternates:** A Director may designate an alternate for any meeting that the regular Director cannot attend. The designated alternate shall convey the views of the regular Director to the Forum for their consideration and may vote on behalf of the absent Director.
- 2.4 **Length of Term:** Each Director shall serve for a term of one year. There is no limitation on the number of terms a Director may serve.
- 2.5 **Acts not Void or Voidable:** The expiration of a Director's term with or without the election of a qualified successor does not make prior or later acts of the officers or the Board void or voidable.
- 2.6 **Compensation:** Directors shall serve without compensation. The Board of Directors of this corporation may at any time, provide for the payment of reimbursement of expenses incurred by, any Director, office, agent or employee of this corporation on behalf of the corporation, but only if and to the extent that the incurred of such expenses is directly in furtherance of the charitable purposes of this corporation and the amount paid or reimbursed as the case may be is reasonable and not excessive.
- 2.7 **Resignation:** A Director may resign at any time by giving written notice on the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective date is specified in the notice.
- 2.8 **Removal of Directors:** A Director can be removed at any time only by action of his/her individual RAC Board. The new primary staff person for the RAC will automatically replace the removed Director.
- 2.9 **Vacancies:** In the event of a vacancy, an appointee of the affected RAC will fill the Director position, with all normal powers, until a new primary staff person of the RAC is selected.

ARTICLE III. MEETINGS

-
- 2.10 **Schedule:** The Board shall meet at least six times per year and at such additional times as it deems appropriate. At the beginning of his/her term, the president shall present a schedule of time and place for each meeting, to be approved by the Board.
- 2.11 **Electronic Communication:** A conference among Directors by any means of communication through which the Directors may simultaneously hear each other during the conference is a Board meeting, if the same notice is given of the conference as would be required for a meeting, and if the number of Directors participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.
- 2.12 **Calling Meetings (Notice):** the president may call a Board meeting by giving 14 days notice to all Directors of the date, time and place of the meeting. The notice need not state the purpose of the meeting. Notice of the meeting called with less than 14 days notice may be waived in writing before, after or at the meeting by persons entitled to such notice.
- 2.13 **Quorum:** A total of six Directors must be present to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Directors present may adjourn a meeting until a quorum is present. If a quorum is present when a duly called or scheduled meeting is convened, the Directors present may continue to transact business until adjournment, even though the withdrawal of Directors originally present leaves less than the number otherwise required for a quorum.
- 2.14 **Board Action:**
 - 2.14.1. Policy matters must pass by a super majority vote. Super majority is at least eight of the eleven Directors.
 - 2.14.2. Non-policy matters require a simple majority vote of all Directors present at the meeting.

- 2.14.3. If a Director cannot attend a Board meeting, his/her vote may be solicited by phone or other electronic means.
- 2.14.4. Board action may be taken by written action signed by the number of Directors that would be required to take the same action at a Board meeting at which all Directors were present. Any Directors not signing such written action should be notified immediately of its text and effective date. Failure to provide the notice does not invalidate the written action. A Director who does not sign or consent to the written action is not liable for the action.

ARTICLE IV – COMMITTEES

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- 2.15 **Establishment:** The Board of Directors may establish such committees as it sees fit to advance the business of the Forum. Committees are subject at all times to the direction and control of the Board of Directors.
- 2.16 **Membership:** A committee may consist of one or more persons, who need not be Directors, appointed by the Board.
- 2.17 **Standard of Conduct:** Committee members must observe the same standards of conduct and conflict of interest guidelines as do Directors.

ARTICLE V-STANDARD OF CONDUCT

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- 2.18 **Liability:** A Director shall discharge his/her duties in good faith, in a manner the Director reasonably believes to be in the best interests of the corporation. A person who so performs those duties is not liable by reason of being or having been a Director of the corporation.
- 2.19 **Presumption of Assent or Dissent:** A Director present at a meeting of the Board when an action is approved by the Board is presumed to have assented to the action unless the Director:
 - 2.19.1. objects at the beginning of the meeting because the meeting is not lawfully convened, in which case the Director is not considered present at the meeting; or
 - 2.19.2. votes against the action at the meeting; or
 - 2.19.3. is prohibited from voting on the action as a result of a conflict of interest; or
 - 2.19.4. abstains from the vote.
- 2.20 **Conflict of Interest:** In matters of contracts or other transactions, the Directors will abide by Minnesota Statutes 317A.255 that regulate non-profit corporations.

ARTICLE VI-OFFICERS

-
- 2.21 **Officers Required:** The corporation shall have a president, a vice-president, and a treasurer.
- 2.22 **Nominations:** The president shall appoint a nominating committee at the April or May meeting each year to present a slate of candidates for the positions of presidents, vice president and treasurer.
- 2.23 **Election:** Each June or the last meeting of the fiscal year, the nominating committee will present the slate. Nominations can also be offered from the floor. Each candidate must be a Director of the Board. The Forum of Regional Arts Councils of Minnesota, Inc. may assign the duties of the secretary/archivist to a staff person who has no vote on the Board.
- 2.24 **Terms:** New officers will take office at the first meeting of the Board following the June meeting, and will serve for one year. Officers may be reelected for successive terms.
- 2.25 **Duties of Officers:** Major duties of the **president** include:
 - presiding at FRACM meetings
 - establishing meeting agendas
 - Serve as official spokesperson on behalf of the RAC's at statewide events such as legislative hearing, arts presentations to legislators, and Minnesota State Arts (MSAB) deliberations that affect RACs
 - appoint ad hoc committees
 - sign and deliver in the name of the corporation all contracts and other documents relating to the business of the corporation
 - maintaining regular contact with the staff to supervise FRACM work program activities and responsibilities (daily supervision is the responsibility of the contracted organization's Executive Director)
 - evaluating the performance of FRACM staff
 - negotiating staff contract each spring based on the direction of the FRACM (in order to review or/and change

the relationship between the FRACM and the contracted organization, in terms of staffing, a super majority FRACM vote is required)

- reviewing the fiscal agent's performance and making recommendations if changes need to occur, especially if current fiscal agent is no longer interested in serving
- serving as the main contact for FRACM, including attendance at MSAB meetings and acting as the liaison to the McKnight Foundation Arts Program Officer

The **vice-president** presides at FRACM meetings in the absence of the president.

The **treasurer** oversees the following duties of the fiscal agent:

- oversees the dispersal of funds and endorsement for deposit of all checks and drafts relating to the FRACM;
- Submit to the Board a financial report at least annually and at additional times as requested by the Directors;
- oversees the filing of all required State and Federal Tax forms and reports including IRS 990; and
- retain the services of a certified public accountant to audit the financial records of the corporation at the end of each fiscal year, if determined necessary by the Board or required by statute or a funder;

Note: The fiscal agent or any other director can serve as treasurer. This provides the fiscal agent (if a member of FRACM) the ability to be president or vice president as well as allowing other Directors to serve on the Executive Committee. If the fiscal agent also serves as the treasurer, FRACM will appoint another board member to supervise the fiscal agent duties.

Major duties of the **secretary** are currently performed by the FRACM staff. The FRACM staff job description and responsibilities listed in Appendix K:. If the duties of secretary are performed by a Regional Arts Council Director instead of staff that person could be an officer. A brief list of duties for the secretary includes:

- gathering and maintaining records of all FRACM activities
 - sending out meeting agendas and announcements
 - keeping minutes of the FRACM business meetings
 - arranging for guests at meetings (as requested by FRACM members)
1. **Resignation:** An officer may resign by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective date is specified in the notice.
 2. **Removal:** Except as otherwise provided in the article of incorporation or by-laws, an officer may be removed, with or without cause, by a resolution adopted by a super-majority of the Board. The removal is without prejudice to contractual rights of the officer.
 3. **Vacancy:** A vacancy in an office because of death, resignation, removal, disqualification, or other cause may, or in the case of a vacancy in the office of president or treasurer must, be filled for the unexpired part of the term in the manner provided in the by-laws, or as determined by the Board under Minnesota Statutes 317A.321.

ARTICLE VII-POLICY MAKING

- 7.1 The Board of Director shall be responsible for devising and implementing guidelines for policy.
- 7.2 No member, organization, or individual may use the name of this organization when applying for outside grants without prior approval of the grant by the Board of Directors.
- 7.3 Policies must not be restrictive of the powers of the organizations Directors represent. The collected policies shall be gathered and made available in manual form to all Directors. Changes in policy should be added to this manual formally and annually.

ARTICLE VIII-GENERAL

-
- 7.4 **Seal:** The Forum shall have no seal.
 - 7.5 **Fiscal Year:** The fiscal year of the Forum shall be from July 1 to June 30.
 - 7.6 **Books and Records:** The Board of Directors of this corporation shall cause to be kept:
 - 7.6.1. Records of all proceedings of the Board of Directors and the Executive Committee, if any; and

7.6.2. Such other records and books of accounts as shall be necessary and appropriate to the conduct of the corporate business.

7.7 **Documents Kept at Registered Office:** The Board of Directors shall cause to be kept at the registered office of this corporation originals or copies of:

7.7.1. Records of all proceedings of the Board of Directors and the Executive Committee, if any;

7.7.2. All financial statements of this corporation; and

7.7.3. Articles of Incorporation and Bylaws of this corporation and all amendments and restatements thereof.

7.8 **Amendment of Articles and By-Laws:** Articles and By-Laws of the Forum may be amended by a super majority vote of all Directors. The vote may take place at any duly called meeting of the members provided it is stated in the call to the meeting.

7.9 **Parliamentary Procedure:** Robert's Rules of Order will be used to conduct official Forum business.

These By-Laws were adopted by the Board of directors at a regular meeting held on _____, 1994.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Appendix B:

FRACM Articles of Incorporation


1 K-199

ARTICLES OF INCORPORATION
OF

FORUM OF REGIONAL ARTS COUNCILS OF MINNESOTA, INC.

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317A, and all future laws amendatory thereof and supplementary thereto, adopt the following Articles of Incorporation:

ARTICLE I

The name of this corporation shall be "FORUM OF REGIONAL ARTS COUNCILS OF MINNESOTA, INC." 

ARTICLE II

This corporation is organized and shall be operated exclusively for the express purpose of operating an art association for the Regional Arts Councils of Minnesota and to educate the general public, and such further purposes as may qualify it for state and federal tax exemption as provided herein. The corporation is organized and shall be operated exclusively for said charitable purposes all as contemplated and permitted by Section 170(c)(2) and 501(c)(3) of the Internal Revenue Code. Within the framework and limitations of the foregoing, this corporation is organized and shall be operated exclusively to engage in, advance, support, promote and administer charitable activities, causes and projects of every kind and nature whatsoever in its own behalf or as the agent, trustee or representative of others and, but only if and to the extent consistent with the foregoing purposes, and in accordance with Section 501(c)(3) of the Internal Revenue Code.

For such purposes, and not otherwise, this corporation shall have and exercise only such powers as are required by and are consistent with the foregoing purposes, including the power to acquire and receive funds and property of every kind and nature whatsoever, whether by purchase, conveyance, lease, grant, gift, contributions of, and to convey, transfer, and dispose of any funds or property and the income therefrom in furtherance of the purposes of this corporation hereinabove set forth, or any of them, and to lease, mortgage, encumber, and use the same, and such other powers that are consistent with the foregoing purposes and that are afforded to this corporation by the Minnesota Nonprofit Corporation Act and by any future laws amendatory thereof and supplementary thereto. Provided, however, that all such power of this corporation shall be exercised only so that the activities of this corporation shall be exclusively within the contemplation of sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code and of Section 290.05, Subdivision 1(i), of the Minnesota Statutes; provided further, however, that the reference herein to Section 290.05, Subdivision 1(i), of the Minnesota Statutes shall not permit, and shall not be taken as permitting, this corporation to have or exercise any power which is not within the contemplation of Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code; and provided finally, however, that this corporation shall not carry on any activity not permitted to be carried on by a corporation that is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code or by a corporation that is described in, and contributions to which are deductible for federal income tax purposes under Section 170(c)(2) of the Internal Revenue Code.

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Notwithstanding any other provisions of these Articles of Incorporation, the corporation shall not carry out any activities not permitted to be carried out by a corporation exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code and during any period of time in which the corporation is a "private foundation" as defined in Section 509(a) of the Internal Revenue Code:

1. The corporation shall not engage in any active "self-dealing" as defined in Section 4941(d) of the Internal Revenue Code so as to give rise to any liability for tax imposed by Section 4941(a) of the Internal Revenue Code;
2. The corporation shall distribute its income for each taxable year at such time and in such manner so as not to become subject to the tax on undistributed income imposed by Section 4942(a) of the Internal Revenue Code;
3. The corporation shall not retain any "excess business holdings" as defined in Section 4943(c) of the Internal Revenue Code so as to give rise to any liability for the tax imposed by Section 4943(a) of the Internal Revenue Code;
4. The corporation shall not make any investments which would jeopardize the carrying out of any of the exempt purposes of the corporation within the meaning of Section 4944 of the Internal Revenue Code;
5. The corporation shall not make any "taxable expenditures" as defined in Section 4945(d) of the Internal Revenue Code so as to give rise to any liability for the tax imposed by Section 4945(a) of the Internal Revenue Code.

All references in these Articles of Incorporation to a particular section of the Internal Revenue Code are to the provisions of the Internal Revenue Code of 1986 as amended and shall include the corresponding provisions of any subsequent federal laws; and the reference in this Article II to Section 290.05, Subdivision 1(i) of the Minnesota Statutes shall mean and include, as now enacted or as hereafter amended, such provision and any provisions of Minnesota Law as is or may hereafter be applicable, cognate to such provision.

ARTICLE III

This corporation shall not, incidentally or otherwise, afford or pay any pecuniary remuneration to its members as such, and no part of the net income or net earnings of this corporation shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any member or individual. No part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation, and this corporation shall not participate in, or intervene in (including the publishing or distributing of the statements), any political campaign on behalf of, or in opposition to, any candidate for public office. This corporation shall not lend any of its assets to any officer, director, or member of this corporation or guarantee to any person the payment of a loan by any officer, director, or member of this corporation.

ARTICLE IV

The period of duration of corporate existence of this corporation shall be perpetual.

ARTICLE V

The registered office of this corporation shall be located at 708 North First Street Suite 235D, in the City of Minneapolis, County of Hennepin, State of Minnesota. 55401-1145

ARTICLE VI

The names and addresses of the incorporators, each of whom is a natural person of full age, are:

<u>NAME</u>	<u>ADDRESS</u>	
Robert Bollenbeck	406 S Grove	Mora, MN 55051
Carolyn Bye	4810 Rustic Way	Shorewood, MN 55331
Robert DeArmond	4115 Robinson St.	Duluth, MN 55804
Brenda Flintrop	1400 2nd St. NW	Waseca, MN 56093
Mara Lunde	208 1/2 LaBree N #1	Thief River Falls, MN 56701
Sonja Peterson	Rt. 2 Box 54P	Battle Lake, MN 56515
Robert Ross	Rt. 1 Box 415	Minneota, MN 56264
MaryAnne Wilimek	12345 E Movil Lake Rd	Bemidji, MN 56601

ARTICLE VII

The management and direction of the business and affairs of this corporation shall be vested in the Board of Directors. The number, qualifications, term of office, method of election, powers, authority, and duties of the directors of this corporation, the time and place of their meetings, and such other provisions with respect to them as are not inconsistent with the express provisions of these Articles of Incorporation shall be as specified in the Bylaws of this corporation.

The names and addresses of the members of the first Board of Directors of this corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>
Pat Alcott	1203 2nd St. NW	Rochester, MN 55901 1 yr.
Robert Bollenbeck	406 S Grove	Mora, MN 55051 1 yr.
Carolyn Bye	4810 Rustic Way	Shorewood, MN 55331 1 yr.
Executive Director	CMAB PO Box 1442	St. Cloud, MN 56302 1 yr.
Robert DeArmond	4115 Robinson St.	Duluth, MN 55804 1 yr.
Brenda Flintrop	1400 2nd St. NW	Waseca, MN 56093 1 yr.
Mara Lunde	208 1/2 LaBree N #1	Thief River Falls, MN 56701 1 yr.
Sonja Peterson	Rt. 2 Box 54P	Battle Lake, MN 56515 1 yr.
Robert Ross	Rt. 1 Box 415	Minneota, MN 56264 1 yr.
Mark Turner	611 Iowa Ave.	Staples, MN 56479 1 yr.
MaryAnne Wilimek	12345 E Movil Lake Rd	Bemidji, MN 56601 1 yr.

ARTICLE VIII

The Board of Directors shall have full power and full authority to hold real property in leasehold or fee, and to purchase or sell the same, shall have the right and power to own, purchase, subscribe for, or in any other manner acquire or to sell, transfer, mortgage, pledge, or in any other manner dispose of, to hold as an investment, or otherwise, and to

deal in and exercise all the rights of individual natural persons, for corporate purposes, with respect to:

1. Bond, warrants, mortgages, debentures, notes, obligations, contracts and evidences of indebtedness of, and claims, demands, and chooses in action against individuals, firms, associations, trust, joint stock companies, private, public or municipal corporations, the Government of the United States, or any state, district, territory, or colony thereof, and the government, dominions, territories and colonies of foreign countries.
2. Shares of stock or certificates and interests in corporations, firms, associations, trusts, partnerships, and joint stock companies.

ARTICLE IX

The officers, directors, and members of this corporation shall not be personally liable to any extent whatsoever for any debts or obligations of this corporation.

ARTICLE X

This corporation shall have no capital stock, either authorized or issued.

ARTICLE XI

This corporation may be dissolved in accordance with the laws of the State of Minnesota. Upon dissolution of this corporation, and after the payment of all liabilities and obligations of this corporation and all costs and expenses incurred by this corporation in connection with such dissolution, and subject always to the further provisions of this Article XI, any remaining assets shall be distributed to and among such one or more corporations, associations, trusts, foundations, and institutions that are then in existence, that are organized and operated exclusively for one or more purposes described in Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code that are described in Section 501(c)(3) and in Section 501(a)(1), (2), or (3) of the Internal Revenue Code and that are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, all in such proportions as shall be determined (1) by the Board of Directors of this corporation if the dissolution of this corporation is not required by the laws of the State of Minnesota then in existence to be conducted under court supervision, or (2) by a court of competent jurisdiction if the dissolution of this corporation is required by the laws of the State of Minnesota then in existence to be conducted under court supervision.

Notwithstanding anything apparently or expressly to the contrary hereinabove contained in this Article XI, if any assets are then held by this corporation in trust or upon condition or subject to any executory or special limitation and if the condition or limitation occurs by reason of the dissolution of this corporation, such assets shall revert or be returned, transferred, or conveyed in accordance with the terms and provisions of such trust condition, or limitation.

IN WITNESS THEREOF, we as the persons described as the incorporators in,
and who executed, the foregoing Articles of Incorporation, have hereunto set our hands
this 27th day of January, 1994.

Robert Bollenbeck
ROBERT BOLLENBECK

Carolyn Bye
CAROLYN BYE

Robert L. Dearmond
ROBERT DEARMOND

Brenda Flintrop
BRENDA FLINTROP

Mara Lunde
MARA LUNDE

Sonia Peterson
SONIA PETERSON

Robert Ross
ROBERT ROSS

Maryanne Wilimek
MARYANNE WILIMEK

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
FEB - 7 1994
Jan Andrew Stone
Secretary of State

State of Minnesota

2249

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: FORUM OF REGIONAL ARTS COUNCILS OF MINNESOTA, INC.

Corporate Charter Number: 1K-199

Chapter Formed Under: 317A

This certificate has been issued on 02/07/1994.



Joan Anderson Grove
Secretary of State.

Internal Revenue Service

Department of the Treasury

**P. O. Box 2508
Cincinnati, OH 45201**

Date: November 3, 2001

Person to Contact:

Shirley Rudolph 31-03949
Customer Service Representative

Forum of Regional Arts Councils of
Minnesota, Inc.
708 N. First Street, Suite 235D
Minneapolis, MN 55401-1145

Toll Free Telephone Number:

8:00 a.m. to 9:30 p.m. EST
877-829-5500

Fax Number:

513-263-3756

Federal Identification Number:

41-1785322

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in November 1994, granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) & 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Forum of Regional Arts Councils of Minnesota, Inc.
41-1785322

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

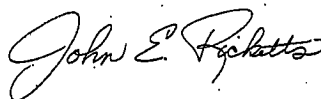
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

A handwritten signature in cursive script that reads "John E. Ricketts".

John E. Ricketts, Director, TE/GE
Customer Account Services

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 12 1998

Employer Identification Number:
41-1785322

DLN:

17053234791028

FORUM OF REGIONAL ARTS COUNCILS OF
MINNESOTA INC
708 N FIRST ST STE 235D
MINNEAPOLIS, MN 55401-1145

Contact Person:

DONNA ABNER

ID# 31502

Contact Telephone Number:

(877) 829-5500

Our Letter Dated:

November 1994

Addendum Applies:

No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Letter 1050 (DO/CG)

FORUM OF REGIONAL ARTS COUNCILS OF

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Steven T. Miller". The signature is fluid and cursive, with the first name "Steven" being more prominent than the last name "Miller".

Steven T. Miller
Director, Exempt Organizations

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P O BOX A-3290 DPN 22-2
CHICAGO, IL 60690

DEPARTMENT OF THE TREASURY

Date: NOV 04 1994

FORUM OF REGIONAL ARTS COUNCILS OF
MINNESOTA INC
708 N 1ST ST SUITE 236D
MINNEAPOLIS, MN 55401-1145

Employer Identification Number:
41-1785322
Case Number:
364244043
Contact Person:
J. REINSMA
Contact Telephone Number:
(312) 886-6532
Accounting Period Ending:
June 30
Foundation Status Classification:
509(a)(1)
Advance Ruling Period Begins:
February 7, 1994
Advance Ruling Period Ends:
June 30, 1998
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we

Letter 1045 (DD/CG)

FORUM OF REGIONAL ARTS COUNCILS OF

cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Marilyn W. Day

Marilyn W. Day
District Director

Enclosure(s):
Form 872-C

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 12 1998

FORUM OF REGIONAL ARTS COUNCILS OF
MINNESOTA INC
708 N FIRST ST STE 235D
MINNEAPOLIS, MN 55401-1145

Employer Identification Number:
41-1785322
DLN:
17053234791028
Contact Person:
DONNA ABNER ID# 31502
Contact Telephone Number:
(877) 829-5500
Our Letter Dated:
November 1994
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Letter 1050 (DO/CG)

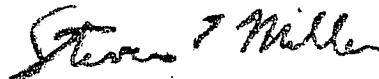
-2-

FORUM OF REGIONAL ARTS COUNCILS OF

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Steven T. Miller
Director, Exempt Organizations

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P O BOX A-3290 DPN 22-2
CHICAGO, IL 60690

DEPARTMENT OF THE TREASURY

Date: NOV 04 1994

FORUM OF REGIONAL ARTS COUNCILS OF
MINNESOTA INC
708 N 1ST ST SUITE 235D
MINNEAPOLIS, MN 55401-1148

Employer Identification Number:
41-1788322
Case Number:
364244043
Contact Person:
J. REINSMA
Contact Telephone Number:
(312) 686-6532
Accounting Period Ending:
June 30
Foundation Status Classification:
509(a)(1)
Advance Ruling Period Begins:
February 7, 1994
Advance Ruling Period Ends:
June 30, 1998
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemptions, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we

FORUM OF REGIONAL ARTS COUNCILS OF

will no longer treat you as a publicly supported organization; grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social securities taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If you are required to file a return you must file it by the 15th day of the fifth month after the end of your annual accounting period. We charge a penalty of \$10 a day when a return is filed late, unless there is reasonable

Letter 1045 (DO/CG)

FORUM OF REGIONAL ARTS COUNCILS OF

cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Marilyn W. Day

Marilyn W. Day
District Director

Enclosure(s):
Form 872-C

FORM 872-C
(Revised 9-90)

Consent Fixing Period of Limitation
Upon Assessment of Tax under Section
4940 of the Internal Revenue Code

OMB No. 1545-005

Department of the Treasury
Internal Revenue Service

(See instructions on the next page.)

To be used with Form 1023.
Submit in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period.

Forum of Regional Arts Council of
Minnesota, Inc.

(Exact legal name of organization as shown in
organizing document)

708 N. 1st Street, Suite 2350
Minneapolis, MN 55401-1145

and the

District Director of
Internal Revenue, or
Assistant Commissioner
(Employee Plans and
Exempt Organizations)

(Number, street, city or town, state, ZIP code)

Consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 1994
(Month, day, and year)

Name of organization (as shown in organizing document)
Forum of Regional Arts Council of
Minnesota, Inc.

Date

x 10/28/94

Officer or trustee having authority to sign

Signature

Robert E. Dollenbush, President

For IRS use only

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)

Date

11/1/94

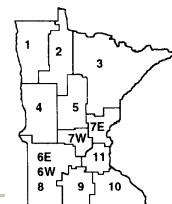
Continued on page 2

By Angela L. Simpson

For Paperwork Reduction Act Notice, see page 1 of the Form 1023 Instructions

Appendix C:
FRACM Professional Development Request and
Reporting Forms

Forum of Regional Arts Councils of Minnesota Professional Development Request



Try to submit by May 1 of each year for the next fiscal year – if possible.

RAC Director Information

Fiscal Year	
Director Name	
Regional Arts Council	
Mailing Address	
City/State/ZIP Code	
Work Phone	
E-Mail Address	

Professional Development Activity to be funded & dates that you plan to attend

Please fill out a separate form for each different request.

Professional Development Budget

All costs including training or seminar fee, mileage, travel, etc. Use more space if needed.

<u>Expense Description</u>	<u>Cost</u>
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<u>Total Cost</u>	\$
<u>Local RAC Share (20%)</u>	\$
<u>FRACM Request (80%)</u>	\$

Budget notes: (if needed)

Describe Benefits from the Activity

Summarize the benefits or special skills you expect to acquire with the proposed professional development. Use additional space, if needed.

Previous Professional Development Training

Briefly summarize your previous professional development training and how this will complement it.

Agreement and Signature

By submitting this application, I affirm that the facts set forth in it are true and complete.

Name (printed)	
Signature	
Date	

Our Policy

It is the policy of FRACM to provide equal opportunities without regard to race, color, religion, national origin, gender, sexual preference, age, or disability.

Thank you for completing this application form and for your interest in professional development!

Forum Professional Development Report

Whenever Forum Professional Development funds are approved for use, a report must be submitted to all Forum Members (if possible) and the FRACM staff-person to be included in the McKnight Final Report. Please submit this form before requesting reimbursement for the professional development.

Please use the following format:

Your name and region: _____

Professional development activity funded: _____

Date of activity: _____

Amount provided: \$ _____

Total amount spent on activity (including RAC or other match): \$ _____

Describe the purpose of this event or activity:

What were your expectations? Did the event fulfill your expectations? Describe.

Please submit completed form to:

All FRACM Members

and (for reporting purposes)

Melinda McCannell-Unger, FRACM Staff

FRACMN@gmail.com

3318 22nd Ave S

Minneapolis, MN, 55407

Appendix D:
**Minnesota Statute: Chapter 129D.02, Board of
the Arts**

<https://www.revisor.mn.gov/statutes/?id=129D.02>

CHAPTER 129D

ARTS ASSISTANCE

129D.01	DEFINITIONS.	129D.14	GENERAL NONCOMMERCIAL RADIO STATION GRANTS.
129D.02	BOARD OF THE ARTS.	129D.15	EQUIPMENT GRANTS.
129D.03	EXECUTIVE DIRECTOR; STAFF.	129D.155	REPAYMENT OF FUNDS.
129D.04	DUTIES.	129D.16	AUDIT PROCEDURES.
129D.045	REGIONAL ARTS COUNCILS.	129D.17	ARTS AND CULTURAL HERITAGE FUND.
129D.05	PUBLICATIONS; LEGEND.	129D.18	GRANTS TO PUBLIC TELEVISION.
129D.11	PUBLIC TELEVISION GRANTS; PURPOSE.	129D.19	GRANTS TO PUBLIC EDUCATIONAL RADIO STATIONS.
129D.12	DEFINITIONS.		
129D.13	GRANTS.		

129D.01 DEFINITIONS.

As used in this chapter, the following terms shall have the definitions given them:

(a) "arts" means activities resulting in the artistic creation or artistic performance of works of the imagination. Artistic activities include but are not limited to the following forms: music, dance, drama, folk art, architecture and allied fields, painting, sculpture, photography, graphic and craft arts, costume and fashion design, motion pictures, television, radio, tape and sound recording, activities related to the presentation, performance, execution, and exhibition of the art forms, and the study of the arts and their application to the human environment;

(b) "board" means the Board of the Arts;

(c) "director" means the executive director of the board;

(d) "sponsoring organization" means an association, corporation or other group of persons (1) providing an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and (2) qualifying as a tax-exempt organization within the meaning of section 290.05, subdivision 2; and

(e) "regional arts council" means an autonomous grassroots organization designated by the board to make final decisions on the use of appropriations for local or regional arts development.

History: 1975 c 297 s 1; 1995 c 126 s 1; 2012 c 187 art 1 s 20

129D.02 BOARD OF THE ARTS.

Subdivision 1. **Membership.** The Board of the Arts shall consist of 11 members to be appointed by the governor with the advice and consent of the senate. One member shall be appointed from each of the congressional districts, and the remaining members shall be appointed at large. Persons appointed to the board shall have demonstrated experience or interest in the arts. No member shall within two years prior to appointment have received or applied for, in the member's name, a grant, loan or other form of assistance from the board or its predecessor, the State Arts Council. No more than four of the members shall during their terms of office be officers, directors or employees of recipient sponsoring organizations. The board members shall annually select from their membership a chair and other officers as they deem necessary.

Subd. 2. **Terms of office.** Three of the initial members including one at-large member shall be appointed to terms ending the first Monday in January in each of the years 1977, 1979 and 1980. The remaining two members shall be appointed to terms ending the first Monday in January, 1978. Thereafter, the terms of all members of the board shall be four years. Members may serve until their successors are appointed and qualify. If the governor fails to appoint a successor by the July 1 of the year in which the term expires, the term of the member for whom a successor has not been appointed shall extend, subject to the advice and consent of the senate, until the first Monday in January four years after the scheduled end of the original term.

Subd. 3. **Compensation.** Members shall be compensated as provided in section 15.0575, subdivision 3.

Subd. 4. **Removal of members; filling vacancies.** A member may be removed by the governor at any time (1) for cause after notice and hearing, (2) for failing to submit any report required in subdivision 5, or (3) for missing three consecutive scheduled meetings of the board. The chair shall inform the governor of a member missing the three meetings. The secretary of the board shall inform in writing a member after two consecutive missed meetings and before the next meeting that the member is subject to removal by missing the next meeting. Vacancies on the board shall be filled by the governor, with the advice and consent of the senate, for the remainder of the unexpired term.

Subd. 5. **Reports.** By November 15 of each year, the board shall prepare and deliver to the legislature and the governor a report which shall include the following:

(a) a financial statement showing receipts and disbursements for the year ending the preceding June 30, including a listing of the donors and amounts of gifts to the board or its advisory committees valued in excess of \$1,000;

(b) a brief description of the activities of the board for the preceding year;

(c) the number of meetings and approximate hours spent by board members in meetings and on other board activities;

(d) the names of board members and their addresses, occupations, and dates of appointment and reappointment to the board;

(e) the names and job classifications of board employees;

(f) a brief summary of board rules proposed or adopted during the period with appropriate citations to the state register and published rules;

(g) the number of requests for assistance received by the board and the number of written and oral complaints received from residents of the state relating to the activities of the board or the performance of the duties of the board as provided in this chapter;

(h) a summary by category of the substance of the complaints and requests referred to in (g) above and the responses of the board thereto;

(i) a listing of all grants, loans or other forms of assistance given by the board. This listing shall indicate (1) the recipients of board assistance who are members of the board or its advisory committees, and (2) each recipient sponsoring organization having a member of the board or its advisory committees as a director, officer or employee. The indication required in clause (2) shall also specify the name of the member who is the officer, director or employee. The listing shall also include the amount of money, number of grants, and the basis for the allocations made to major arts organizations, to individuals, for statewide distribution,

for regional distribution, for sponsor assistance to community organizations, and for sponsor assistance to educational organizations.

History: 1975 c 297 s 2; 1977 c 332 s 11; 1986 c 444; 1Sp2005 c 1 art 4 s 32

129D.03 EXECUTIVE DIRECTOR; STAFF.

The director shall be selected by a majority of the board, and shall serve at the pleasure of the board. The director shall be knowledgeable in the arts, and shall have demonstrated proficiency in the administration of programs relating to the arts. The director may upon designation and instruction by the board serve as the state agent to apply for, receive and disburse federal funds made available to the state in furtherance of the arts. The director is the chief administrative officer of the board and is responsible for performing the executive duties of the board as provided in this chapter. The director shall not be a member of the board. All other employees of the board shall be in the classified civil service of the state. No employee of the board or its advisory committees may be an applicant for or recipient of board assistance, nor may an employee be an officer, director or employee of a recipient sponsoring organization.

History: 1975 c 297 s 3; 1986 c 444

129D.04 DUTIES.

Subdivision 1. **Authority.** The board shall through the following activities stimulate and encourage the creation, performance and appreciation of the arts in the state:

- (1) receive and consider any requests for grants, loans or other forms of assistance;
- (2) advise and serve as a technical resource at the request of sponsoring organizations and political subdivisions in the state on programs relating to the arts;
- (3) advise and recommend on existing or proposed activities of the departments of the state relating to the arts;
- (4) accept gifts and grants to the board and distribute the same in accordance with the instructions of the donor insofar as the instructions are consistent with law;
- (5) promulgate by rule procedures to be followed by the board in receiving and reviewing requests for grants, loans or other forms of assistance;
- (6) promulgate by rule standards consistent with this chapter to be followed by the board in the distribution of grants, loans, and other forms of assistance;
- (7) distribute according to the above procedures and standards grants, loans, and other forms of assistance for artistic activities to departments and agencies of the state, political subdivisions, sponsoring organizations and, in appropriate cases, to individuals engaged in the creation or performance of the arts; provided that a member of the board shall not participate in deliberations or voting on assistance to groups or persons in which that member has an interest as officer, director, employee, or recipient;
- (8) appoint advisory committees for a term of no more than four years which the board determines are essential to the performance of its powers and duties under this section; provided that no member of an advisory committee shall serve on a committee to which the member has an application pending for a grant, loan, or other form of assistance from the board or its predecessor;

(9) serve as a fiscal agent to disburse appropriations for regional arts councils throughout the state.

Subd. 2. **Limitation on performance of duties.** In performing the duties under subdivision 1, the board shall insofar as reasonably possible:

(1) avoid any actions which infringe on the freedom of artistic expression or which interfere with programs in the state which relate to the arts but which do not involve board assistance;

(2) distribute board assistance equitably according to population throughout the geographical regions of the state;

(3) give special consideration to requests for assistance for the creation or performance of types or variations of the arts which have yet to receive the level of general support and assistance given to the more established types or variations of the arts;

(4) distribute appropriations to regional arts councils upon receipt of the biennial plan or, in even-numbered years, the annual plan update. These plans are not subject to modification by the board. The annual report from the previous year must be on file at the board before distribution of appropriations to a regional arts council.

Subd. 3. **Professional touring program.** The board shall be responsible for the administration of the professional touring program.

Subd. 4. **Statewide information and publicity.** The board shall develop and implement a comprehensive statewide information and publicity system. In its report required under section 129D.02, subdivision 5, the board shall summarize its activities pursuant to this subdivision.

Subd. 5. **Contracting.** The board may contract as necessary in the performance of its duties.

Subd. 6. **Appropriation.** The board's receipts from the sale of publications, mailing lists, recordings or media projects, and fees from seminars or workshops are annually appropriated to the board for the purposes of this section.

History: 1975 c 297 s 4; 1977 c 332 s 12; 1977 c 444 s 9; 1979 c 337 s 17; 1986 c 444; 1988 c 560 s 1; 1991 c 233 s 53,54; 2007 c 133 art 2 s 6

129D.045 REGIONAL ARTS COUNCILS.

A portion of each appropriation to the board shall be used for statewide distribution through the regional arts council system. These organizations shall work together to determine a formula for distributing the funds to the regions. The board serves as fiscal agent for distribution of the funds to each regional arts council.

History: 1995 c 126 s 2

129D.05 PUBLICATIONS; LEGEND.

Every publication, program, or other graphic material prepared by the board or prepared for use by any other organization in connection with an activity paid for by the board shall bear the legend: "This activity is made possible in part by a grant provided by the Minnesota State Arts Board through an appropriation by the Minnesota state legislature."

Each publication, program, or other graphic material prepared by an individual artist in connection with an activity paid for by the board shall bear the legend: "(artist's name) is a (fiscal year) recipient of a (program) grant from the Minnesota State Arts Board from funds appropriated by the Minnesota legislature."

History: 1977 c 332 s 13; 1991 c 233 s 55

129D.06 [Repealed, 1Sp2001 c 10 art 2 s 102]

129D.11 PUBLIC TELEVISION GRANTS; PURPOSE.

The purpose of sections 129D.11 to 129D.13 is to facilitate the use of public television as a community resource for the public by providing financial assistance to public television stations serving Minnesota citizens, and to provide for cooperation between public television station officials and the Department of Administration.

History: 1975 c 271 s 6; 1975 c 298 s 5; 1976 c 201 s 1; 1981 c 356 s 317

129D.12 DEFINITIONS.

Subdivision 1. **Scope.** As used in sections 129D.11 to 129D.14, the terms defined in this section have the meanings here given them.

Subd. 2. **Public station.** "Public station" means a station holding a license or operating under a program test authority from the Federal Communications Commission as a noncommercial educational television broadcast station within this state or a station outside the state which received funds under section 129D.13 in 1976.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of administration.

History: 1976 c 201 s 2; 1979 c 337 s 18; 1981 c 356 s 318,319

129D.13 GRANTS.

Subdivision 1. **Distribution.** The commissioner shall distribute the money provided by sections 129D.11 to 129D.13. Annually the commissioner shall make block grants which shall be distributed in equal amounts to public stations for operational costs. The commissioner shall allocate money appropriated for the purposes of sections 129D.11 to 129D.13 in such a manner that each eligible public station receives a block grant. In addition, the commissioner shall make matching grants to public stations. Matching grants shall be used for operational costs and shall be allocated using the procedure developed for distribution of state money under this section for grants made in fiscal year 1979. No station's matching grant in any fiscal year shall exceed the amount of Minnesota-based contributions received by that station in the previous fiscal year. Grants made pursuant to this subdivision may only be given to those federally licensed stations that are certified as eligible for community service grants through the Corporation for Public Broadcasting. Grant funds not expended by a station during the first year of the biennium do not cancel and may be carried over into the second fiscal year.

Subd. 2. **Exclusions from contribution amount.** In calculating the amount of contributions received by a public station pursuant to subdivision 1, there shall be excluded: contributions, whether monetary or in kind, from the Corporation for Public Broadcasting; tax generated funds, including payments by public or private elementary and secondary schools; that portion of any foundation or corporation donation in excess

of \$2,500 from any one contributor in the previous station fiscal year; contributions from any source if made for the purpose of capital expenditures; and contributions from all sources based outside the state.

Subd. 3. **Report.** Each station receiving a grant shall report annually by August 1 to the commissioner the purposes for which the money was used in the past year and the anticipated use of the money in the next year. This report shall be submitted along with a new grant request submission. If the report is not submitted, the commissioner may redistribute that money to other educational stations.

Subd. 4. [Repealed, 2009 c 78 art 9 s 9]

History: 1975 c 271 s 6; 1975 c 298 s 5; 1976 c 201 s 3; 1977 c 445 s 1,2; 1978 c 793 s 65; 1979 c 337 s 19,20; 1981 c 356 s 320-322; 1983 c 301 s 137; 2009 c 78 art 9 s 1-3

129D.14 GENERAL NONCOMMERCIAL RADIO STATION GRANTS.

Subdivision 1. **Purpose.** The purposes of this section are to facilitate the use of the noncommercial radio station as a community resource by providing financial assistance to noncommercial radio stations serving Minnesota citizens.

Subd. 2. **Definitions.** As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "Corporation for Public Broadcasting" or "CPB" means the nonprofit organization established pursuant to United States Code, title 47, section 396.

(b) "Federal Communications Commission" or "FCC" means the federal agency established pursuant to United States Code, title 47, section 151.

(c) "Licensee" means an entity to which the Federal Communications Commission has issued a license to operate a noncommercial radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503.

(d) "Noncommercial radio station" means a station operated by a licensee of the FCC as a non-commercial educational radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503, licensed to a community within the state and serving a segment of the population of the state.

(e) "Operating income" may include:

(1) individual and other community contributions;

(2) all grants received from the Corporation for Public Broadcasting;

(3) grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;

(4) interest income;

(5) earned income;

(6) employee salaries paid through the federal Comprehensive Employment and Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(7) employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(8) direct operating costs provided by supporting educational institutions; and

(9) no more than \$15,000 in volunteer time calculated at the federal minimum wage.

The following are specifically excluded in determining a station's operating income:

(1) dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;

(2) grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and

(3) noncommercial radio station grants received in the previous fiscal year pursuant to this section.

(f) "Local" means the area designated by the FCC's 60 dBu contour map.

Subd. 3. **Eligibility.** (a) To qualify for a grant under this section, the licensee must:

(1) hold a valid noncommercial radio station license from the FCC that is a Class "A" or "C" FM, as defined in Code of Federal Regulations, title 47, subpart B, sections 73.210 and 73.211 or Class "C" or "D" AM, as defined in Code of Federal Regulations, title 47, subpart A, section 73.21. Stations with a Class "L1" and "LP100" are not eligible for this funding. The station must be licensed to a community in the state of Minnesota and must be operated as a noncommercial educational station;

(2) have facilities adequate to provide local program production and origination;

(3) employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;

(4) maintain a minimum daily broadcasting schedule of (i) the maximum allowed by its Federal Communications Commission license, or (ii) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;

(5) broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license with an exception for power outages and natural disasters;

(6) have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in-school or professional in-service audiences;

(7) originate significant, locally produced programming designed to serve its community of license;

(8) have a total annual operating income and budget of at least \$50,000;

(9) have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;

(10) have a board of directors that: (i) holds the portion of any meeting relating to the management or operation of the radio station open to the public, and (ii) permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and

(11) have met the criteria in clauses (1) to (10) for six months before it is eligible for state assistance under this section.

(b) The commissioner shall accept the judgment of Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the station is not qualified for assistance or is qualified for but not receiving funding from the Corporation for Public Broadcasting, an independent audit is required to verify eligibility under paragraph (a), clause (8). If neither is available, the commissioner may accept a written declaration of eligibility signed by an independent auditor, a certified public accountant, or the chief executive officer of the station's parent organization.

Subd. 4. Application. To be eligible for a grant under this section, a licensee shall submit an application to the commissioner according to state grant policies. Each noncommercial radio station receiving a grant shall report annually by August 1 to the commissioner the purposes for which the money was used in the past year and the anticipated use of the money for the next year. This report shall be submitted along with a new grant request submission. If the application and report are not submitted within the deadline prescribed by the commissioner, the grant may be redistributed to the other noncommercial radio stations eligible for a grant under this section.

Subd. 5. State community service block grants. (a) The commissioner shall determine eligibility for block grants and the allocation of block grant money on the basis of audited financial records of the station to receive the block grant funds for the station's fiscal year preceding the year in which the grant is made, as well as on the basis of the other requirements set forth in this section. The commissioner shall annually distribute block grants equally to all stations that comply with the eligibility requirements and for which a licensee applies for a block grant. Grant funds not expended by a station during the first year of the biennium do not cancel and may be carried over into the second fiscal year. The commissioner may promulgate rules to implement this section.

(b) A station may use grant money under this section for any radio station expenses.

Subd. 6. Audit. A station that receives a grant under this section shall have an audit of its financial records made by an independent auditor or Corporation for Public Broadcasting accepted audit for the year it received the grant. A copy of the most recent audit shall be filed with the commissioner. The commissioner may accept a letter of negative assurance from an independent auditor or a certified public accountant.

History: 1979 c 337 s 21; 1981 c 356 s 323-326; 1982 c 424 s 130; 1984 c 640 s 32; 1987 c 365 s 19; 1992 c 514 s 16-18; 1994 c 632 art 3 s 49; 1996 c 305 art 2 s 27; 2009 c 78 art 9 s 4-6; 2013 c 142 art 3 s 27,28

129D.15 EQUIPMENT GRANTS.

To be eligible for an equipment grant under sections 129D.11 to 129D.14, a public broadcasting station must meet the eligibility criteria set forth in sections 129D.13 and 129D.14. Before receiving an equipment

grant, a station must submit to the commissioner a list of the equipment the station plans to purchase with the equipment grant. The commissioner may not require the station to purchase equipment before receiving the grant funds. A station must report to the commissioner a list of the equipment purchased with the grant.

History: *1Sp1985 c 13 s 271; 2013 c 142 art 3 s 29*

129D.155 REPAYMENT OF FUNDS.

State funds distributed to public television or noncommercial radio stations and used to purchase equipment assets must be repaid to the state, without interest, if the assets purchased with these funds are sold within five years or otherwise converted to a person other than a nonprofit or municipal corporation. The amount due to the state shall be the net amount realized from the sale of the assets, but shall not exceed the amount of state funds advanced for the purchase of the asset. The commissioner of administration may approve the use of funds derived from the sale of such assets for the purchase of new equipment for similar purposes.

History: *1991 c 345 art 1 s 76; 2009 c 78 art 9 s 7; 2013 c 142 art 3 s 30*

129D.16 AUDIT PROCEDURES.

The commissioner of administration may establish a procedure to audit expenditure of money appropriated for grants to public television stations and noncommercial radio stations.

History: *1Sp1985 c 13 s 272; 1993 c 337 s 9*

129D.17 ARTS AND CULTURAL HERITAGE FUND.

Subdivision 1. **Establishment.** The arts and cultural heritage 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; accountability.** (a) Funding from the arts and cultural heritage fund may be spent only for arts, arts education, and arts access, and to preserve Minnesota's history and cultural heritage. A project or program receiving funding from the arts and cultural heritage fund must include measurable outcomes, and a plan for measuring and evaluating the results. A project or program must be consistent with current scholarship, or best practices, when appropriate and must incorporate state-of-the-art technology when appropriate.

(b) Funding from the arts and cultural heritage fund may be granted for an entire project or for part of a project so long as the recipient provides a description and cost for the entire project and can demonstrate that it has adequate resources to ensure that the entire project will be completed.

(c) Money from the arts and cultural heritage fund shall be expended for benefits across all regions and residents of the state.

(d) A state agency or other recipient of a direct appropriation from the arts and cultural heritage fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available.

(e) Grants funded by the arts and cultural heritage fund must be implemented according to section 16B.98 and must account for all expenditures of funds. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(f) All money from the arts and cultural heritage fund must be for projects located in Minnesota.

(g) When practicable, a direct recipient of an appropriation from the arts and cultural heritage fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(h) Future eligibility for money from the arts and cultural heritage fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law.

Subd. 3. **Special review.** For a project receiving an appropriation or appropriations from the arts and cultural heritage fund totaling \$10,000,000 or more in a biennium, the attorney general must review and approve all contracts and real estate transactions and must exercise due diligence in the best interests of the state.

Subd. 4. **Minnesota State Arts Board allocation.** At least 47 percent of the money deposited in the arts and cultural heritage fund must be for grants and services awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation.

History: 2008 c 363 art 5 s 25; 2009 c 172 art 4 s 5; 2010 c 361 art 3 s 3; 1Sp2011 c 6 art 5 s 5; 2013 c 137 art 4 s 3

129D.18 GRANTS TO PUBLIC TELEVISION.

Subdivision 1. **Use of grant funds.** Money appropriated from the Minnesota arts and cultural heritage fund may be designated to make grants to public stations, as defined in section 129D.12, subdivision 2. Grants received under this section must be used to create, produce, acquire, or distribute programs that educate, enhance, or promote local, regional, or statewide items of artistic, cultural, or historic significance. Grant funds may be used to cover any expenses associated with the creation, production, acquisition, or distribution of public television programs through broadcast or online, including the creation and distribution of educational materials.

Subd. 2. **Administration.** Money appropriated under this section must be used by the commissioner of administration to make grants based upon the recommendations of the Minnesota Public Television Association.

Subd. 3. **Conditions.** (a) A public station receiving funds appropriated under this section must:

(1) make programs produced with these funds available for broadcast to all other public stations eligible to receive grants under this section;

(2) offer free classroom use of programs produced with these funds to public educational institutions, excluding those materials for which public television stations do not have rights to distribute;

(3) archive programs produced with these funds and make the programs available for future use through encore broadcast or other distribution, including online; and

(4) ensure that underwriting credit is given to the Minnesota arts and cultural heritage fund.

(b) Programs produced in partnership with other mission-centered nonprofit organizations may be used by the partnering organization for their own educational or promotional purposes.

Subd. 4. **Reporting.** A public station receiving funds appropriated under this section must report annually by January 15 to the commissioner, the Legislative Coordinating Commission, and the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance regarding how the previous year's grant funds were expended. In addition to all information required of each recipient of money from the arts and cultural heritage fund under section 3.303, subdivision 10, the report must contain specific information for each program produced and broadcast, including the cost of production, the number of stations broadcasting the program, estimated viewership, the number of hours of legacy program content available for streaming on Web sites, and other related measures. If the programs produced include educational material, the public station must report on these efforts.

History: 2009 c 172 art 4 s 6; 1Sp2011 c 6 art 4 s 6,7

129D.19 GRANTS TO PUBLIC EDUCATIONAL RADIO STATIONS.

Subdivision 1. **Applicability.** This section applies only to the Association of Minnesota Public Educational Radio Stations and the noncommercial radio stations that are members of the Association of Minnesota Public Educational Radio Stations.

Subd. 2. **Use of grant funds.** Money appropriated from the Minnesota arts and cultural heritage fund may be designated to make grants to the Association of Minnesota Public Educational Radio Stations and its member stations and noncommercial radio stations, as defined in section 129D.14, subdivision 2. Grants received under this section must be used to create, produce, acquire, or distribute programs that educate, enhance, or promote local, regional, or statewide items of artistic, cultural, or historic significance. Grant funds may be used to cover any expenses associated with the creation, production, acquisition, or distribution of noncommercial radio programs through broadcast.

Subd. 3. **Administration.** Money appropriated under this section must be used by the commissioner of administration to make grants based upon the recommendations of the Association of Minnesota Public Educational Radio Stations.

Subd. 4. **Conditions.** (a) A noncommercial radio station receiving funds appropriated under this section must:

(1) make programs produced with these funds available for broadcast to all other noncommercial radio stations eligible to receive grants under this section;

(2) offer free public performance rights for public educational institutions;

(3) archive programs produced with these funds and make the programs available for future use through encore broadcast or other distribution, including online; and

(4) ensure that underwriting credit is given to the Minnesota arts and cultural heritage fund.

(b) Programs produced in partnership with other mission-centered nonprofit organizations may be used by the partnering organization for their own educational or promotional purposes.

Subd. 5. **Reporting.** A noncommercial radio station receiving funds appropriated under this section must report annually by January 15 to the commissioner, the Legislative Coordinating Commission, and the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance regarding how the previous year's grant funds were expended. In addition to all information required of each recipient of money from the arts and cultural heritage fund under section 3.303, subdivision 10, the report must contain specific information for each program produced and broadcast, including the cost of production, the number of stations broadcasting the program, estimated number of listeners, and other related measures. If the programs produced include educational material, the noncommercial radio station must report on these efforts.

History: 2009 c 172 art 4 s 7; 1Sp2011 c 6 art 4 s 8; 2013 c 137 art 4 s 4,5

Appendix E:
Minnesota Rules: Chapter 1900, Arts Assistance;
Grants

<https://www.revisor.mn.gov/rules/?id=1900>

CHAPTER 1900
ARTS BOARD
ARTS ASSISTANCE; GRANTS

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REGIONAL ARTS COUNCILS

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1900.0100 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.0110 AUTHORITY.

This chapter is adopted pursuant to Minnesota Statutes, section 129D.04, subdivision 1, clauses (5) and (6).

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.0200 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.0210 PURPOSE.

The purpose of parts 1900.0110 to 1900.2210 is to set forth procedures and criteria to be followed by the board, advisory panels, all individuals, organizations, departments and agencies of the state, and political subdivisions in receiving, considering, and reviewing requests for, and distribution of, grants and other forms of assistance. Any actions taken by the board, its staff, and advisory panels related to the review and distribution of grants and other forms of assistance must be based on parts 1900.0110 to 1900.2210.

The purpose of parts 1900.2310 to 1900.4110 is to set forth procedures and criteria to be followed by the board and designated regional arts councils to conduct a decentralized system of providing grants and other forms of assistance at the grass roots level. Terms, procedures, and criteria used in this chapter are specific to this chapter due to the statutory provisions which guide the relationship between the board and the regional arts councils. Any actions undertaken by a regional arts council, its staff, or its advisory panels must be based on the criteria contained in parts 1900.2310 to 1900.4010.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.0300 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.0310 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of this chapter, the following terms are defined as indicated unless otherwise specified.

Subp. 2. **Advisory panel or panel.** "Advisory panel" or "panel" means a group of citizens appointed by the board to review and make recommendations on grants and other forms of assistance offered by the board, or to make recommendations on public arts policy matters.

Subp. 3. **Applicant.** "Applicant" means any individual who submits an application for a grant, or any group, organization, department or agency of the state, or political subdivision on whose behalf an application for a grant is submitted.

Subp. 4. **Application.** "Application" means the official form supplied by the board, and any required attachments and work samples as described in the program information for each program.

Subp. 5. **Board.** "Board" means the governing body of the State Board of the Arts.

Subp. 6. **Certified audit.** "Certified audit" means an audit completed by an independent auditor who meets the independence standards specified in the General Accounting Office's "Standards for Audits of Government Organizations, Programs, Activities, and Functions." The reporting requirements for audit reports shall be in accordance with the American Institute of Certified Public Accountants' (AICPA) audit guide incorporated by reference as the Statement of Financial Accounting Standards (S.F.A.S. notes #116 and #117). This publication is available from the State Law Library and from the Accounting Standards Board in Norwalk, CT for \$11 each by calling (203) 847-0700. The publication is not subject to frequent change.

Subp. 7. **Equipment.** "Equipment" means an article of nonexpendable, tangible property, or a combination of articles with a single purpose, having a useful life of more than two years.

Subp. 7a. **Event.** "Event" means a performance, exhibition, or screening intended for an audience. It does not include workshops or classes whose primary intent is teaching an arts skill.

Subp. 8. **Fiscal agent.** For the purposes of parts 1900.0110 to 1900.2210, "fiscal agent" means any Minnesota nonprofit organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, or governmental unit which is responsible to the board on behalf of an organization, individual, or group not meeting the nonprofit tax-exempt requirements.

Subp. 9. **Grant.** "Grant" means the decision by the board to award dollars. It is an allocation of funds to an applicant to be used for the purposes described in the application.

Subp. 10. **Individual artist or artist.** "Individual artist" or "artist" means a single professional artist working alone or, for a limited time, with other artists.

Subp. 11. **Organization.** "Organization" means institutions which are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and established in Minnesota including schools, governmental units, and departments and agencies of the state. This does not include radio and television stations.

Subp. 12. **Other forms of assistance.** "Other forms of assistance" means services and activities, other than grant programs, which foster the development of the arts in Minnesota. These may include workshops, conferences, directories, or programs jointly sponsored or administered with other entities including federal, state, or nonprofit agencies.

Subp. 13. **Person of color.** "Person of color" means an individual who identifies with or is recognized as belonging to one (or a combination) of the following racial or ethnic groups: African American; Asian/Pacific Islander; Hispanic/Latino/Chicano; or Native American/Alaskan Native.

Subp. 14. **Presenting activities.** "Presenting activities" means tasks associated with the engaging of artists, touring companies, or exhibitions which are external to the institution. The tasks must include paying an artistic fee, contracting with the artists, providing the facility, marketing, and assisting in the technical support.

Subp. 15. **Producing activities.** "Producing activities" means tasks associated with the conception or creation of an artistic work and the assembly of the artistic elements for its production, performance, or exhibition.

Subp. 16. **Program information.** "Program information" means any document issued describing programs and services of the board which includes instructions, application forms, deadlines, and other aids for the applicant seeking assistance.

Subp. 17. **Regional arts council.** "Regional arts council" means one of the grassroots, autonomous organizations designated by the board to assess regional needs, plan and administer programs, and make final decisions on the utilization of its share of the legislative arts allocation granted to the regional arts councils by the legislature.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 24 SR 663*

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1900.0400 [Repealed, 21 SR 5]

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1900.0410 AGENCY ADVISORY PANELS.

Subpart 1. **Creation and discontinuance.** The board may appoint advisory panels to review grant applications or applications for other forms of assistance. The board may discontinue any advisory panel, as it deems necessary.

Subp. 2. **Nomination and appointment to advisory panels.** Individuals may nominate themselves or someone else by contacting the board during regular business hours. All interested persons shall be provided information describing the process and procedures for pursuing a nomination.

Appointments to advisory panels must be made by majority vote of the board. Under emergency circumstances, when panel service is required prior to convening the next scheduled meeting of the board, the board's executive director in consultation with the board chair, or designated board member, may make such an appointment. Members shall serve one panel-specific fiscal year term at the pleasure of the board for a maximum of three consecutive fiscal years. Panelists who serve on a panel for a two-year grant are considered to be serving only for the first fiscal year of the grant and are eligible to serve on a different panel

for the second fiscal year of the grant. Panelists who serve on a panel that meets more than once per fiscal year are eligible to serve for all of the panels in a fiscal year, which is considered to be one fiscal year of service. Appointments to advisory panels must be made so that the appointment terms of at least one-third of the membership of each panel will expire in each year. Advisory panels shall be geographically balanced and include at least one person of color, insofar as is reasonably possible.

No member of an advisory panel may serve on a panel which would review an application from that member for a grant or other form of assistance from the board.

Subp. 3. **Member qualifications.** Advisory panel members shall have expertise and experience in a particular area of the arts, arts funding, or administration; in-depth knowledge of the Minnesota arts community; communications and decision-making skills; and an ability to work well in a group. In addition, members shall be chosen for their ability to adhere to review criteria. Panel members selected by the board from nominees shall include artists, administrators, educators, volunteer directors of arts organizations, trustees of arts organizations, and other participants in the arts.

Participation as an advisory panel member requires:

- A. that the panel member read all materials as requested in advance of the scheduled meeting; and
- B. that the panel member be in attendance and fully participate in all required activities associated with the work of the panel.

Subp. 4. **Compensation.** Members of advisory panels shall be compensated for expenses incurred to attend advisory panel meetings or their assignments as provided in Minnesota Statutes, section 15.059, subdivision 6.

Subp. 5. **Conflict of interest of member.** A conflict of interest exists when a member of an advisory panel is affiliated as listed in items A to D with an applicant whose application is before the panel for review:

- A. receives direct financial benefit from the applicant organization or proposal being reviewed;
- B. serves as an employee or governing board member of an applicant organization being reviewed;
- C. serves with or without payment as a consultant to an applicant being reviewed; or
- D. has a familial relationship with an applicant or with a staff or board member of an applicant organization.

Subp. 6. **Exclusion of member.** When a conflict of interest is identified, the advisory panel member shall inform the board of the affiliation prior to the review of applications. The board shall report annually on those advisory panel members for affiliations which declared actual conflicts of interest. Declaring a conflict of interest means that the panel member may not be present for any discussion or vote on those applicants with which the conflict exists.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 24 SR 663*

Published Electronically: *September 14, 2007*

1900.0500 [Repealed, 21 SR 5]

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1900.0510 CRITERIA FOR REVIEW OF GRANTS AND OTHER FORMS OF ASSISTANCE.

The board shall establish criteria for review that are consistent with conditions set by the funding source according to the intent of each program and described in program information. These sources include federal agencies, the Minnesota legislature, and private corporations or foundations.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.0600 [Repealed, 21 SR 5]

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1900.0610 REVIEW CRITERIA USED BY ADVISORY PANELS.

The primary review criterion used by all advisory panels to make recommendations to the board, except as specifically noted otherwise, shall be the artistic excellence or quality of the applicant. Advisory panels shall review applications to make recommendations for grants and other forms of assistance according to the merit and artistic quality as demonstrated by the applicant's artistic work sample or equivalent, such as a site visit of the proposed activity, in order to make recommendations to the board. In the case of service programs and projects, the merit and quality of the service being provided to the arts shall be reviewed. The detailed program-specific criteria are described in parts 1900.1510 to 1900.2210. After reviewing applications, advisory panels shall recommend each application for full funding, partial funding, or no funding. If more applications are recommended for funding than funds are available, the advisory panel may use the mathematical tools of rating or ranking the recommended applications individually to determine funding priorities and the amount of recommended grant.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.0700 [Repealed, 21 SR 5]

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1900.0710 BOARD ACTION AND ADVISORY PANEL RECOMMENDATIONS.

The board shall give considerable weight to the recommendations of advisory panels. The board may request comments and recommendations from the staff on all aspects of applications. The board may request a revised budget or a proposal description, or both, before taking final action on a grant application. The board shall make all final decisions consistent with this chapter as to approval or rejection of grant applications or requests for other forms of assistance.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.0800 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.0810 PROCESS FOR OBTAINING GRANTS AND OTHER FORMS OF ASSISTANCE.

Subpart 1. **Application materials for a grant and other forms of assistance.** All applications must be made in accordance with this chapter. Applicants must use an official application form for the appropriate fiscal year and program to which they are applying.

The application materials shall include the specific information needed to determine the eligibility of the applicant, to review the application according to the review criteria, to comply with federal reporting requirements, and to evaluate the programs and services of the board.

Subp. 2. **Applications received by board.** All applications must be received at the board office by the deadline in the current program information. A late application shall not be considered by the board.

Subp. 3. **Application.** The applicant shall be responsible for the quality and the nature of the responses given in the application, the attachments, and the supporting materials in this chapter and further described in the program information provided by the board. The items are:

- A. the completed current official application form provided to the applicant by the board;
- B. a narrative proposal in the form of typed attached pages which responds to specific questions in the program information;
- C. supporting documentation as requested and listed in the program information; and
- D. if a fiscal agent is used, a copy of the written agreement between the fiscal agent and the applicant.

Subp. 4. **Applications screening.** Staff shall screen applications received by the deadline for eligibility and completeness, subject to the criteria and processes described in parts 1900.0610 and 1900.1510 to 1900.2210. Eligible applications shall be reviewed at a meeting, open to the public, by an advisory panel when deemed necessary and appointed by the board. The panel shall identify recommended applicants presented by staff to the board. The board shall make the grant award after considering the advisory panel's recommendation. If the grant is less than the original request, the applicant shall revise, where appropriate, the official budget and application to reflect the actual grant amount. Upon receipt of revisions, the board, or designated agency staff, shall review the revisions and, if approved, shall continue processing the grant contract.

Subp. 5. **Applicants notified of board decisions.** All applicants shall receive a notification letter and grant contract of an award (full funding or an adjusted level) or of no award within 45 days after final review of the application by the board, except if a revised budget is necessary. If a revised budget is necessary, applicants shall receive a grant contract and notification letter which includes instructions to revise the budget and proposal.

Subp. 6. **Process to seek other forms of assistance.** All parties interested in assistance from the board that is not described in agency program information, may contact the board during regular business hours.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.0900 [Repealed, 21 SR 5]

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1900.0910 DETERMINING DISTRIBUTION OF PROGRAM FUNDS.

The board shall establish a sequence of program deadlines annually based on the resources available and the quality and characteristics of the potential applicant pool. The board may give priority to one program category over others during a fiscal year.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.1000 [Repealed, 21 SR 5]

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1900.1010 ELIGIBILITY REQUIREMENTS FOR APPLICANTS REQUESTING GRANTS OR OTHER FORMS OF ASSISTANCE.

Subpart 1. **Eligibility requirements; kinds.** General eligibility requirements must be met by all applicants who request grants or other forms of assistance. Other requirements depend on whether the applicant is an organization or an individual artist. Further eligibility requirements specific to the program are described in parts 1900.1510 to 1900.2210.

Subp. 2. **All applicants.** An application shall not be eligible to be funded when one or more of the following activities, conditions, or use of funds exist or are proposed:

- A. artists are required to pay excessive entry or exhibition fees in order to exhibit or perform in the project or program for which funding is sought;
- B. funds are requested for payment of debts incurred before the grant activities begin;
- C. funds are requested to support activities that are essentially for the religious socialization of the participants or audience;
- D. funds are requested to support activities in primary or secondary level parochial schools;
- E. funds are requested for activities that attempt to influence any state or federal legislation or appropriation;
- F. funds are requested to pay for capital costs, such as improvements, construction, property, equipment costing more than \$5,000, or endowment funds;
- G. the application form and all required materials are not received in the arts board office by 4:30 p.m. on the deadline date specified in the program information;

H. the applicant has any overdue reporting requirements as specified in a previous contract with the board;

I. the applicant is not in compliance with any active contract with the board; or

J. the applicant does not make all events open to the general public or whenever feasible, does not establish admission charges for the events.

Subp. 3. **Organizations.** The applicant must conform to the definition of an organization in part 1900.0310, subpart 11. If not, with prior written approval from the board or its designee, a fiscal agent must be identified.

Subp. 4. **Fiscal agent duties.** If a fiscal agent is identified in accordance with subpart 3, the fiscal agent must enter into a written agreement with the applicant that includes a description of both parties' responsibilities, and, if a grant is received, sign the grant contract. The fiscal agent shall be legally responsible for the completion of the grant activity and for the proper management of the grant funds.

Subp. 5. **Individual artist.**

A. The applicant must conform to the definition of an individual artist under part 1900.0310, subpart 10.

B. The applicant must be a United States citizen or have attained permanent resident alien status.

C. The applicant must be at least 18 years old unless the funding source explicitly permits grants or other forms of assistance to persons under 18 years of age or unless otherwise specified under parts 1900.1510 to 1900.2210.

D. The applicant, unless otherwise specified under parts 1900.1510 to 1900.2210 must be a Minnesota resident according to the principles described in the determination of residence under Minnesota Statutes, section 200.031, and demonstrated by evidence including:

(1) possession of a valid Minnesota driver's license;

(2) legal documentation of occupancy and home ownership or rental of a dwelling in Minnesota for at least six months prior to the application deadline;

(3) employment in Minnesota for at least six months immediately prior to the application deadline; or

(4) payment of Minnesota income taxes.

E. The applicant must not engage in or propose to engage in any of the activities, conditions, or uses of granted funds listed in subitems (1) to (7):

(1) covering the costs of activities involving any organization which is the applicant's employer;

(2) paying for tuition, fees, or work toward any degree;

(3) paying for the translation of literary work;

(4) developing curriculum plans, teaching materials, or teaching programs which are intended to be used in the applicant's regular course of employment;

(5) covering the costs of relocating the applicant's legal residence outside the state of Minnesota;

- (6) paying for the establishment of an arts organization; or
- (7) paying for publishing with a vanity press.

Subp. 6. **Additional requirements.** Additional requirements are identified in the specific program parts listed in items A to C.

- A. Pilot or new programs, part 1900.1410.
- B. Grant programs:
 - (1) part 1900.1510, Institutional Support;
 - (2) part 1900.1620, Arts Across Minnesota;
 - (3) part 1900.1710, Presenter Support;
 - (4) part 1900.1810, Folk Arts: Apprenticeships and Sponsorship;
 - (5) part 1900.1910, Artist Assistance: Fellowship, Career Opportunity Grants, and Cultural Collaborations;
 - (6) part 1900.2010, Arts in Education: School Support, and Organizational Support.
- C. Other forms of assistance:
 - (1) part 1900.2110, Juried Listings (Folk Arts Directory and Arts in Education Roster of Artists);
 - (2) part 1900.2210, Percent for Art in Public Places.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 25 SR 1653*

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1900.1100 [Repealed, 21 SR 5]

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1900.1110 APPEAL PROCESS.

Subpart 1. **Basis for an appeal.** There is no right of appeal for disputes of decisions with respect to interpretation of review criteria. An appeal may be made only if it is asserted that the board did not follow its policies and procedures as provided by this chapter.

Subp. 2. **Appeal procedure.** Any applicant who disputes a decision of the board regarding the applicant's grant application on any issue other than review criteria may appeal the decision of the board. The appeal shall be conducted according to items A to D.

- A. The applicant must submit an appeal in writing within 45 days of the date of the letter notifying the applicant of the board's decision.
- B. The appeal must state reasons for the appeal.
- C. The board shall review the appeal at its first meeting following the receipt of the appeal.
- D. The board may take one of the actions provided in subitems (1) to (5) in response to the appeal:

- (1) determine that the applicant does not show sufficient cause for an appeal;
- (2) direct the staff to investigate the applicant's appeal and bring a recommended resolution of the appeal to a subsequent meeting of the board;
- (3) request that the applicant appear before the board at a subsequent meeting and address the appeal at that time;
- (4) determine that the applicant does show sufficient cause for appeal and offer a settlement to the applicant at the meeting; or
- (5) refer the appeal to an administrative law judge for a contested case proceeding.

Subp. 3. **Disputed decision.** Following the appeal to the board, if the applicant continues to dispute the board's decision the board shall refer the matter to an administrative law judge for a contested case proceeding.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.1200 [Repealed, 21 SR 5]

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1900.1210 LEGAL RELATIONSHIP BETWEEN APPLICANT AND BOARD.

A legal relationship is established between an applicant who has been awarded a grant and the board when a grantee enters into a contract. The grantee must sign and return to the board, within 45 days from the date of the written notice of the board's decision, the required number of copies of the grant contract and any necessary attachments. The grant contract shall include provisions defining the obligations and rights of the board and the grantee. No action by the applicant shall be required following notification that an application was not approved for funding.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.1300 [Repealed, 21 SR 5]

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1900.1310 PUBLIC ACCESS TO RULES AND PROGRAM INFORMATION.

Copies of the current rules and program information shall be available for public review at the offices of the board during regular business hours. People with disabilities may make special arrangements with the board to access the documents. In addition, program information and a copy of this chapter shall be provided upon request to all applicants and the public.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.1400 [Repealed, 21 SR 5]

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1900.1410 ADDITIONAL REQUIREMENTS AND PROCESSES FOR A PILOT OR NEW PROGRAM.

The board may initiate new categories of assistance or pilot programs as needed to achieve its mission. For the purposes of this chapter, a "pilot program" means a program whose funding source may not be permanent, whose program information is under development, and for which adopted agency rules are not applicable.

No pilot program may continue for longer than four years without being established by the board on a permanent basis or discontinued. If the board changes the status of a pilot program to a permanent program, rules must be adopted.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.1500 [Repealed, 21 SR 5]

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1900.1510 ADDITIONAL REQUIREMENTS AND PROCESSES FOR INSTITUTIONAL SUPPORT PROGRAM.

Subpart 1. Definitions.

A. "Affiliate" means an organization that is hosted within a nonprofit, tax-exempt, nonarts institution and must also have:

- (1) a distinct identity;
- (2) professional arts management;
- (3) continuing arts programming;
- (4) evidence of a broad community following, as validated by the sale of season tickets, organized public classes, or a charitable membership;
- (5) a citizen advisory or governing board;
- (6) evidence of the receipt of other charitable arts support; and
- (7) a certified audit of the financial activity specifically addressing the arts activities of the affiliate organization.

B. "Operating expenses" means all unrestricted, temporarily restricted, or restricted expenses, but does not include any depreciation costs, in-kind expenses, or any expenses associated with charitable gaming, plant and equipment, endowment, acquisition, or board designated reserve or quasi-endowment.

If a use of "operating expenses" refers to a context prior to fiscal year 1996, then operating expenses means all restricted and unrestricted expenses of the operating fund, minus any depreciation costs and in-kind expenses reported in a certified audit. Funds or accounts considered to be expenditures related to charitable gaming, fixed assets, plant and equipment, endowment, acquisition, or board designated reserves or quasi-endowment are not included.

C. "Organization" means an institution exempt from taxation under section 501(c)(3) of the Internal Revenue Code that is authorized to do business in Minnesota and is either primarily engaged in producing arts activities or is an artist service agency that works to maintain an independent operation dedicated solely to the arts. Organization does not include schools, universities, libraries, civic organizations, or other community service agencies.

D. "Charitable arts support" consists of contributions and donations from foundations, corporations, businesses, and individuals; grants from government agencies excluding Minnesota state Arts Board grants; the proceeds from benefits, special events, and memberships which are tax-deductible as charitable contributions; contributed assets released from restrictions; and contributed support to affiliate arts organizations from their nonprofit or government host institution.

E. "Unrestricted contributed revenue" is defined as contributions without donor-imposed restrictions.

Subp. 2. **Purpose of institutional support.** The institutional support program shall consist of two components: the formula funds component and the merit component. Institutional support shall provide unrestricted support to high quality, established arts organizations that produce or exhibit works of art or provide services to artists.

Subp. 3. **Activities.** Institutional support funding shall enable organizations to maintain ongoing programs, services, facilities, and new initiatives. Any arts board funding received by an affiliate organization must be expended for arts programming only and not for expenses related to the host institution.

Subp. 4. **Criteria of advisory panel for institutional support recommendations.** The institutional support grant shall be based on two components of one review process: the formula funds component and the merit component. An applicant meeting the eligibility and review criteria shall receive an award in the formula funds component of the grant. An applicant that can show exceptional achievement in any of the stated criteria shall also receive an award in the merit component. The four review criteria by which an institutional support applicant shall be evaluated by the advisory panel are listed in this part. Artistic excellence and leadership shall be the primary criteria. Management and fiscal responsibility, accessibility and education, and service to the state shall be secondary criteria and equally important to each other.

- A. Artistic excellence and leadership shall be demonstrated by:
- (1) the qualities and characteristics of the artistic activities relevant to the specific artistic disciplines or services provided;
 - (2) contributions to the artistic growth of the organization's constituencies;
 - (3) the effectiveness and appropriateness of the activities in interpreting a cultural or artistic vision as defined in the mission statement;

(4) how the activities allow the art form and artists to develop;
(5) opportunities for the involvement and support of Minnesota artists;
(6) the qualifications and achievements of artists and artistic leadership; and
(7) the relative balance of artistic planning and decision making as they relate to financial decisions.

B. Management and fiscal responsibility shall be demonstrated by:

(1) evidence of sound financial planning and marketing which supports the artistic programs;

(2) the relationship of decisions to planning and evaluation processes;

(3) the extent to which planning includes the viewpoints of artists and the audience;

(4) board composition and roles, staff qualifications, and responsibilities;

(5) organizational stability and fiscal position;

(6) the relationship of projected earnings to earning capacity;

(7) commitment to a balanced budget;

(8) evidence of a long-term plan to apply reserves wisely, where reserves exist; and

(9) the challenges and opportunities associated with the artistic disciplines involved, geographic location, and availability of resources of an applicant.

C. Accessibility and education shall be demonstrated by:

(1) efforts to increase accessibility as shown by an Americans with Disabilities Act (ADA) plan;

(2) qualities and programs which make the organization and its work approachable and available to a broad public audience;

(3) how well the actual audience matches the intended audience;

(4) efforts to create community understanding and awareness of works of art through educational objectives;

(5) commitment to education beyond regular public programming; and

(6) the role of the organization and its leaders as advocates for the arts in the community.

D. Service to the state must be demonstrated by:

(1) evidence of artistic impact in the community, region, state, or nation;

(2) the organization's contribution of a unique art form or service;

(3) the national or international reputation of the organization; or

(4) the ability of the organization to reach a broad constituency throughout the state.

Subp. 5. **Eligibility requirements.** Institutional support applicants must meet the additional eligibility requirements in items A to G to apply for funds.

A. The applicant must be an organization or affiliate as defined in subpart 1.

B. The applicant must be able to demonstrate in the average qualifying expenses of its two most recently completed certified audits that it meets the operating expense level requirements which are printed in the current program information. Category entry levels which are rounded to the nearest \$1,000 shall be calculated for the even year of each biennium based on the rate of change of a professionally acknowledged economic indicator, or index, such as the Minneapolis/St. Paul Consumer Price Index (incorporated by reference as the figures released each August and February by the United States Department of Labor office in Chicago, Illinois. The index is available by telephone at (312) 353-1880) since the last qualifying amount printed in program information. For example, the fiscal year 1996 requirement is:

Operating Expense Level Requirement	Organization Category
\$3,353,000 and above	Group I
\$559,000-\$3,352,999	Group II
\$112,000-\$558,999	Group III

C. The applicant must have provided services in Minnesota for two full fiscal years and must be authorized to do business in Minnesota.

D. The applicant must have at least one paid, professional, administrative staff person.

E. Organizations based in or primarily serving an academic program are not eligible.

F. The budget may not contain combined funding from a regional arts council and the board that amounts to more than one-half of the organization's total cash expenses.

G. For applications submitted for Minnesota state Arts Board fiscal years 2002 and 2003 support, an applicant's unrestricted revenue over a two-year period must consist of at least five percent charitable arts support calculated by determining the dollar amount of charitable arts support donated over a two-year period and determining the percentage the charitable arts support represents in relation to the applicant's total unrestricted revenue, excluding investment income, received over the two-year period. This requirement must be evidenced by the applicant's most recently completed certified audits.

For applications submitted for Minnesota state Arts Board fiscal year 2004 and all subsequent years' support, an applicant's unrestricted revenue over a two-year period must consist of at least ten percent charitable arts support calculated by determining the dollar amount of charitable arts support donated over a two-year period and determining the percentage the charitable arts support represents in relation to the applicant's total unrestricted revenue, excluding investment income, received over the two-year period. This requirement must be evidenced by the applicant's most recently completed certified audits.

Subp. 6. **Certified audit.** The official application must include one certified audit for each of the applicant's two most recently completed fiscal years.

Subp. 7. **Site review.** Applicants for institutional support must participate in a site review with the board or its designee.

Subp. 7a. **Additional processes.** The institutional support program process varies from the general process described in part 1900.0810 in that eligibility for nonarts organizations is determined by the board, based on the definition for "affiliate" stated in subpart 1, item A. In addition, eligible applications and

accompanying financial information are reviewed by the board, or its designee, to verify the eligible average operating expenses for the formula funds component of the grant.

Subp. 8. **Amounts of grants.** For institutional support, grant amounts must be determined for both the formula funds and merit components.

A. For the formula funds component of the grant, all grantees shall receive the same percentage of their qualifying two-year average operating expenses. The board shall calculate the amount of each grant based on the eligible applicant pool and funds available.

B. For the merit component of the grant, the minimum grant award shall be based on the applicant's operating expenses according to the category established by the board and listed in the current program information. The category shall be determined by the operating expense level requirements described in subpart 5, item B. The maximum grant award for the merit component shall be ten percent of the applicant's operating expenses for the most recently completed and audited fiscal year.

Statutory Authority: *MS s 129D.04*

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1900.1620 ADDITIONAL REQUIREMENTS AND PROCESSES FOR ARTS ACROSS MINNESOTA PROGRAM.

Subpart 1. Definitions.

A. "Arts festival" means a celebration of art and culture that:

- (1) has a significant focus on the arts;
- (2) has a mission statement;
- (3) provides a showcase for Minnesota artists;
- (4) may be held at any location;
- (5) may have a variety of media or be focused on one artistic area;
- (6) contains many activities consolidated into a condensed time period;
- (7) has several different, yet related, arts activities happening simultaneously;
- (8) is at least an all-day event, lasting six to ten hours; and
- (9) is open, inviting, and available to a diverse audience.

B. "Host community" means a Minnesota organization, such as a community group, local government unit, arts organization, or any other group that:

(1) is exempt from taxation under section 501(c)(3) of the Internal Revenue Code or has a nonprofit, tax-exempt fiscal agent; and

(2) has two recent years of arts presenting experience in Minnesota.

C. "Organization" means institutions that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code and established in Minnesota, including schools, government units, and departments and agencies of the state. This does not include radio and television stations.

Subp. 2. **Purpose of program.** The Arts Across Minnesota program exists to make outstanding arts experiences available to citizens in every region of the state through festivals and tour presentations that engage local artists, children, and other members of the public in community-wide arts celebrations.

A. The host community grants help to bring quality performing arts experiences to citizens throughout Minnesota through arts residencies and presentations.

B. The festival grants help to involve individual Minnesota artists and small- to mid-size Minnesota arts organizations in arts festivals primarily, and secondarily in the arts component of community-based festivals.

Subp. 3. **Uses of grants.** The Arts Across Minnesota program shall provide grants to Minnesota host community organizations and to organizations that sponsor or organize festivals to support both the artistic and administrative costs necessary for the artistic activities of the grant.

Subp. 4. **Advisory panel criteria to make recommendations to board.** The advisory panel criteria apply to the specific programs in items A and B.

A. For the host community program, the review criteria by which an applicant is evaluated by the advisory panel are: artistic excellence of the proposed touring activities, program administration, demand for the tour presentation within the community, and geographic distribution. Artistic excellence is the primary criterion. Program administration, demand for the tour presentation, and geographic distribution are secondary criteria and equally important to each other.

(1) Artistic excellence of the proposed touring activities is demonstrated by:

- (a) the qualities and characteristics of the artistic activities;
- (b) contributions to the artistic growth of the host community's constituency;
- (c) how the activities support the host community's mission and complement and build upon past programming; and
- (d) the merit and quality of the educational and community components of the tour presentation.

(2) Program administration is demonstrated by:

- (a) presentation skills and experience in areas such as planning and evaluation;
- (b) proposed marketing strategies and budget;
- (c) the relationship of decisions to planning and evaluation processes;
- (d) planning to broaden and diversify the audience and ensure accessibility;
- (e) community residency stability viewed in terms of organizational stability and strength of fiscal position;

- (f) leadership's qualifications; and
- (g) a higher ratio of artistic fees, in comparison to the level of administrative costs associated with the tour presentation.

- (3) Demand for the tour presentation within the community is demonstrated by:
 - (a) quality and appropriateness of venue within the community;
 - (b) objectives that address the community's artistic needs;
 - (c) the role of the host community as an advocate for the arts in the community;
 - (d) efforts to create community understanding and awareness of works of art through educational offerings and programs; and
 - (e) community investment through cash and in-kind contributions.
- (4) Geographic distribution of grants, in consideration of:
 - (a) equitable geographic distribution of grants to host communities throughout Minnesota, with at least one tour presentation in each region, as funds permit; and
 - (b) extra consideration allowed for communities that are new applicants to the program and proposals that reach new audiences.

B. For the festivals program, the review criteria by which an applicant shall be evaluated by the advisory panel are: artistic excellence of the companies, artists, or exhibitions to be presented; program administration; demand for the festival within the community; and geographic distribution. Artistic excellence is the primary criterion. Program administration, demand for the festival, and geographic distribution are secondary criteria and equally important to each other.

- (1) Artistic excellence of the companies, artists, or exhibitions to be presented shall be demonstrated by:
 - (a) the qualities and characteristics of the artistic activities;
 - (b) contributions to the artistic growth of the applicant organization's constituency;
 - (c) program selection that reflects a diversity of artists or genres;
 - (d) how the activities support the festival's mission and complement and build upon past programming;
 - (e) a higher ratio of artistic fees, in comparison to the level of administrative costs associated with the festival activities; and
 - (f) the merit and quality of the educational components of the festival.
- (2) Program administration shall be demonstrated by:
 - (a) festival presentation skills and experience in areas such as planning and evaluation;
 - (b) proposed promotional strategies and budget;
 - (c) the relationship of decisions to planning and evaluation processes;
 - (d) planning to broaden and diversify the festival audience and ensure accessibility;

- position; and
 - (e) festival stability viewed in terms of organizational stability and strength of fiscal
 - (f) leadership's qualifications.
- (3) Demand for the festival within the community shall be demonstrated by:
 - (a) quality and appropriateness of venue within the community;
 - (b) objectives that address the community's artistic needs;
 - (c) the role of the festival presenter as an advocate for the arts in the community;
 - (d) efforts to create community understanding and awareness of works of art through educational offerings and programs; and
 - (e) community investment through cash and in-kind contributions.
- (4) Geographic distribution of grants, in consideration of:
 - (a) equitable geographic distribution of grants to festivals throughout Minnesota, with at least one festival in each region, as funds permit; and
 - (b) extra consideration allowed for communities that are new applicants to the program and proposals that reach new audiences.

Subp. 5. Additional eligibility requirements.

- A. All host community applicants must meet the additional eligibility requirements in subitems (1) to (9) to apply for funds.
 - (1) The applicant shall submit only one application per fiscal year to the host community program.
 - (2) The applicant shall present activities by a Minnesota arts organization that include all three required residency components listed in units (a) to (c):
 - (a) public performances or exhibitions for the community;
 - (b) community classes or training workshops for adults, including, where possible, local avocational or professional artists; and
 - (c) workshop activities involving young people or K-12 students in schools or community organizations.
 - (3) The applicant must have two recent years of arts presenting experience in Minnesota.
 - (4) The applicant must meet or exceed the minimum cash expenses for the proposed host community activities as determined by the board and printed in current program information.
 - (5) Recipients of host community grants shall not be eligible to receive a festivals grant in the same fiscal year.
 - (6) Applicants to the host community program must not have received a host community grant in the fiscal year immediately preceding the current fiscal year.
 - (7) The applicant must not apply for or have received an institutional support grant from the board in the same fiscal year of funding.

(8) The applicant must not apply for or have received a series presenter support or folk arts sponsorship grant from the board representing the same activity in the same fiscal year of funding.

(9) Host community grant funds cannot be used for fund raisers.

B. All festivals applicants must meet the additional eligibility requirements in subitems (1) to (8).

(1) The applicant shall submit only one application per fiscal year to the festivals program.

(2) The applicant's proposed festival arts activities to be supported by this grant involve only individual Minnesota artists or Minnesota arts organizations.

(3) The applicant must meet or exceed the minimum cash expenses for the proposed festival activities as determined by the board and printed in current program information.

(4) Recipients of festivals grants shall not be eligible to receive a host community grant in the same fiscal year.

(5) The applicant must not apply for or have received an institutional support or institutional presenter support grant from the board in the same fiscal year of funding.

(6) The applicant must not apply for or have received a series presenter support or folk arts sponsorship grant from the board representing the same activity in the same fiscal year of funding.

(7) Festivals grant funds cannot be used for a series of events, county fairs, the state fair, fund raisers, conferences, carnivals, midways, or fairways.

(8) Festivals grant funds cannot be used for artist residencies that take place outside of the primary festival dates.

Subp. 6. **Dollar amount of grants.** The minimum and maximum amounts for grant awards for Arts Across Minnesota host community or festivals shall be determined by the board based upon available resources and printed in current program information.

Statutory Authority: *MS s 129D.04*

History: *24 SR 663*

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1900.1710 ADDITIONAL REQUIREMENTS AND PROCESSES FOR PRESENTER SUPPORT PROGRAM.

Subpart 1. Definitions.

A. "Series" means a sequence of professional arts presentations or events, related in some way, and marketed as a set to an audience.

B. "Presenting organization" means an institution exempt from taxation under section 501(c)(3) of the Internal Revenue Code that has been established in Minnesota and is engaged primarily in presenting arts activities; or an artist service agency that works to maintain an independent operation dedicated solely

to the arts. Presenting organization does not include schools, universities, libraries, civic organizations, or other community service agencies.

C. "Presenting affiliate" means an organization that is hosted within with a nonprofit, tax-exempt, nonarts institution and must also have:

- (1) a distinct identity;
- (2) professional arts management;
- (3) continuing arts programming;
- (4) evidence of a broad community following, as validated by the sale of season tickets, organized public classes, or a charitable membership;
- (5) a citizen advisory or governing board;
- (6) evidence of the receipt of other charitable arts support; and
- (7) a certified audit of the financial activity specifically addressing the arts activities of the affiliate organization.

D. "Charitable arts support" consists of contributions and donations from foundations, corporations, businesses, and individuals; grants from government agencies excluding Minnesota state Arts Board grants; the proceeds from benefits, special events, and memberships which are tax-deductible as charitable contributions; contributed assets released from restrictions; and contributed support to affiliate arts organizations from their nonprofit or government host institution.

E. "Unrestricted contributed revenue" is defined as contributions without donor-imposed restrictions.

Subp. 2. **Purpose of program.** The presenter support program shall provide an opportunity for the public to experience new, diverse, and outstanding live artistic performances, exhibitions, screenings, and readings in the visual, performing, and literary arts; and shall encourage presenters to build strong arts series programming within their communities.

A. The series presenter support grants are intended to nurture high quality, statewide programming.

B. The institutional presenter support grants must provide unrestricted support to high quality, established presenting organizations throughout the state.

Subp. 3. **Uses of grants.** The presenter support program shall provide grants to Minnesota presenting organizations. Any arts board funding received by an affiliate organization must be expended for arts programming only and not for expenses related to the host institution.

A. The series presenter support program must provide grants to presenting organizations to support both the artistic fees and administrative costs necessary to present an artistic series of state, national, or international touring artists and companies.

B. The institutional presenter support program must provide unrestricted support to high quality, established presenting organizations.

Subp. 4. **Advisory panel criteria to make recommendations to board.** The advisory panel criteria apply to the specific programs in items A and B.

A. For series presenter support, the three review criteria by which a series presenter support applicant shall be evaluated by the advisory panel are: artistic excellence of the companies, artists, or exhibitions to be presented is the primary criterion. Program administration and demand for the series within the community are secondary criteria and equally important to each other.

(1) Artistic excellence of the companies, artists, or exhibitions to be presented shall be demonstrated by:

- (a) the qualities and characteristics of the artistic activities;
- (b) contributions to the artistic growth of the presenter's constituency;
- (c) program selection that reflects a diversity of artists or genres;
- (d) how the activities support the presenter's mission and complement and build upon past programming; and

- (e) the quality of the artistic activity considering the funds available for artistic fees.

(2) Program administration shall be demonstrated by:

- (a) presentation skills and experience in areas such as marketing and evaluation;
- (b) strong cash commitment to the series, with income derived from a variety of sources;
- (c) the level of administrative costs associated with the series in comparison to artistic fees;
- (d) the relationship of decisions to planning and evaluation processes; and
- (e) series stability viewed in terms of organizational stability, strength of fiscal position, and leadership.

(3) Demand for the series within the community shall be demonstrated by:

- (a) accessibility to and continued development of broad audiences, including efforts to increase accessibility as shown by an Americans with Disabilities Act (ADA) plan;
- (b) objectives which address the community's artistic needs;
- (c) the role of the presenter as an advocate for the arts in the community; and
- (d) efforts to create community understanding and awareness of works of art through educational offerings and programs.

B. The institutional presenter support grant must be based on two components of one review process: the formula funds component and the merit component. An applicant meeting the eligibility and review criteria shall receive an award in the formula funds component of the grant. An applicant that can show exceptional achievement in any of the stated criteria shall also receive an award in the merit component.

The four review criteria by which an institutional presenter support applicant shall be evaluated by the advisory panel are listed in this part. Artistic excellence and leadership shall be the primary criteria. Management and fiscal responsibility, accessibility and education, and service to the state shall be secondary criteria and equally important to each other.

(1) Artistic excellence and leadership shall be demonstrated by:

(a) the qualities and characteristics of the artistic activities relevant to the specific artistic disciplines or services provided;

(b) contributions to the artistic growth of the presenter's constituencies;

(c) professional presentations or events that reflect a diversity of artists or genres;

(d) how the activities allow the arts form and artists to develop;

(e) opportunities for the involvement and support of Minnesota artists;

(f) the qualifications and achievements of artists and artistic leadership; and

(g) the relative balance of artistic planning and decision making as they relate to financial decisions.

(2) Management and fiscal responsibility shall be demonstrated by:

(a) evidence of sound financial planning and marketing that supports artistic programs;

(b) the relationship of decisions to planning and evaluation processes;

(c) the extent to which planning includes the viewpoints of artists and the audience;

(d) board composition and roles, staff qualifications, and responsibilities;

(e) organizational stability and fiscal position;

(f) strong cash commitment to the presenting activities, with income derived from a variety of sources;

(g) the relationship of projected earnings to earning capacity;

(h) commitment to a balanced budget;

(i) evidence of a long-term plan to apply reserves wisely, where reserves exist; and

(j) the challenges and opportunities associated with the artistic disciplines involved, geographic location, and availability of resources of an applicant.

(3) Accessibility and education shall be demonstrated by:

(a) efforts to increase accessibility as shown by an Americans with Disabilities Act (ADA) plan;

(b) qualities and programs that make the organization approachable and available to a broad public audience;

(c) how well the actual audience matches the intended audience;

(d) efforts to create community understanding and awareness of works of art through educational objectives;

(e) commitment to education beyond regular public programming; and

(f) the role of the organization and its leaders as advocates for the arts in the community.

(4) Service to the state shall be demonstrated by:

(a) evidence of artistic impact in the community, region, state, or nation;

- (b) the organization's contribution of a unique art form or service;
- (c) the national or international reputation of the organization; or
- (d) the ability of the organization to reach a broad constituency throughout the state.

Subp. 5. Additional eligibility requirements.

A. All presenter support applicants must meet the additional eligibility requirements in subitems (1) to (6) to apply for funds:

- (1) The applicant must be a presenting organization or presenting affiliate as defined in subpart 1 and be engaged in presenting activities.
- (2) The applicant must demonstrate two recent consecutive years of arts presenting experience in Minnesota.
- (3) The applicant must not apply for or have received an institutional support or folk arts sponsorship grant from the board representing the same activity or fiscal year of funding.
- (4) The applicant must not propose or engage in activities that only consist of single events, fairs, festivals, or touring programming intended to serve primarily elementary or secondary school students.
- (5) Organizations based in or primarily serving an academic program are not eligible.
- (6) The project budget may not contain combined funding from a regional arts council and the board that amounts to more than one-half of the project's total cash expenses.

B. In addition to the requirements in item A, all series presenter support applicants must also meet the requirements in subitems (1) to (3).

- (1) The applicant must demonstrate an annual series cash expense of at least the minimum dollar amount as determined by the board and printed in current program information.
- (2) The applicant must sponsor at least three professional artists, companies, exhibitions, or screenings during an annual season in a community or the number of artist groups printed in current program information.
- (3) The applicant must not apply for or have received an Arts Across Minnesota host community or festivals grant from the board representing the same activities.

C. In addition to the requirements in items A and B, all institutional presenter support applicants must also meet the requirements in subitems (1) to (3).

- (1) The applicant must be able to demonstrate in its two most recently completed certified audits that it meets the minimum operating expense level requirements as determined by the board and printed in the current program information.
- (2) The applicant must sponsor at least five professional artists, companies, exhibitions, or screenings during an annual season in a community or the number of artist groups printed in current program information.
- (3) For applications submitted for Minnesota state Arts Board fiscal years 2002 and 2003 support, an applicant's unrestricted revenue over a two-year period must consist of at least five percent charitable arts support calculated by determining the dollar amount of charitable arts support donated over a two-year period and determining the percentage the charitable arts support represents in relation to the

applicant's total unrestricted revenue, excluding investment income, received over the two-year period. This requirement must be evidenced by the applicant's most recently completed certified audits.

For applications submitted for Minnesota state Arts Board fiscal year 2004 and all subsequent years' support, an applicant's unrestricted revenue over a two-year period must consist of at least ten percent charitable arts support calculated by determining the dollar amount of charitable arts support donated over a two-year period and determining the percentage the charitable arts support represents in relation to the applicant's total unrestricted revenue, excluding investment income, received over the two-year period. This requirement must be evidenced by the applicant's most recently completed certified audits.

Subp. 6. **Interviews.** Applicants must agree to participate in an interview or site review if requested.

Subp. 7. **Dollar amount of grants.**

A. For series presenter support, the minimum grant shall be determined by the board based upon available resources and printed in current program information. The maximum grant is 20 percent of the projected cash expenses of the proposed series.

B. For institutional presenter support, grant amounts must be determined for both the formula funds and merit components.

(1) For the formula funds component of the grant, all grantees shall receive the same percentage of their qualifying two-year average operating expenses. The board shall calculate the amount of each grant based on the eligible applicant pool and funds available.

(2) For the merit component of the grant, the minimum grant award must be based on the applicant's operating expenses according to the category established annually by the board and listed in the current program information. The category shall be determined by the operating expense level requirements described in part 1900.1510, subpart 5, item B. The maximum grant award for the merit component shall be ten percent of the applicant's operating expenses for the most recently completed and audited fiscal year.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 24 SR 663; 25 SR 1653; 28 SR 854*

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1900.1810 ADDITIONAL REQUIREMENTS AND PROCESSES FOR FOLK ARTS PROGRAMS.

Subpart 1. **Definitions.** The terms in this part have the meanings given in items A to F.

A. "Apprentice" means a person who shows promise in the art form of the master and who will benefit from teaching sessions with a master.

B. "Community" means a group of people who share the same ethnic or tribal heritage, occupation, language, religion, geographic area, or traditional art form.

C. "Folk art" means community-based traditional art. Whether music, dance, a handmade item, or any other form, folk art represents the long-standing character of a specific folk community.

D. "In-family apprenticeships" means apprenticeship activities involving two members of a nuclear or extended family.

E. "Interpretation" means helping members of the public to understand the connections between specific types of folk art and the cultures they represent.

F. "Master" means a person recognized in a community to be a highly skilled folk artist.

Subp. 2. **Purpose.** The purpose of the folk arts program is to focus on preserving and perpetuating Minnesota's living folk arts traditions. The program covers the specific areas in items A and B.

A. The folk arts sponsorship program is intended to support folk arts traditions of Minnesota, and help Minnesota citizens appreciate the variety of traditions that make up their shared inheritance.

B. The folk arts apprenticeship program shall foster the transmission of folk arts skills by traditional means from a master artist to an apprentice.

Subp. 3. **Activities funded.** The folk arts program shall provide grants to folk artists and organizations creating or presenting folk arts. Each program focuses on the specific activities in items A and B.

A. The folk arts sponsorship program shall provide annual grants for identifying folk artists and presentation of Minnesota folk arts. The grant funds may support one event or a series of events including exhibitions, concerts, workshops, or festivals.

B. The folk arts apprenticeship awards shall be grants given for the serious study of folk arts between a master artist and an apprentice.

Subp. 4. **Criteria for advisory panel to make recommendations to board.** The program specific criteria by which a folk arts applicant shall be evaluated by the advisory panel to make recommendations to the board are listed in items A and B.

A. For folk arts sponsorship, an applicant shall be evaluated by the Folk Arts Sponsorship Advisory Panel by four review criteria. Quality and traditionality of the folk art and merit and feasibility of the folk arts component shall be the primary criteria and equally important. The extent to which support will enhance the applicant's program and community need for the project shall be secondary criteria and equally important.

(1) Quality and traditionality shall be demonstrated by the work samples submitted with the application.

(2) Merit and feasibility of the folk arts interpretive component shall be demonstrated by activities which broaden the public's awareness and understanding of the folk arts traditions presented.

(3) Extent to which support will enhance the applicant's program shall be demonstrated by:

(a) the additional activities provided by the grant; and

(b) the depth of the experience of the funded activity as presented to audience members.

(4) Community need for the project shall be demonstrated by:

(a) the need for specific cultures to celebrate their traditions; and

(b) the need for intercultural understanding provided by the project.

B. For folk arts apprenticeship, an applicant shall be evaluated by the Folk Arts Apprenticeship Advisory Panel by three review criteria. Quality and traditionality of the folk art shall be the primary criteria. Merit of the apprenticeship plan and impact of the apprenticeship on community-based folk arts traditions of Minnesota shall be secondary criteria and equally important.

- (1) Quality and traditionality of the folk art shall be demonstrated by:
 - (a) the work samples of the apprentice and master;
 - (b) the capabilities of the master; and
 - (c) the appropriateness of the art form for a folk arts funding project.
- (2) Merit of the apprenticeship plan shall be demonstrated by:
 - (a) the readiness of the proposed apprentice to learn from the master;
 - (b) the adequacy of the amount of support requested for payment of fees to the master, materials, travel, and other aspects of the budget expenditures; and
 - (c) the adequacy of the number and length of meetings and the adequacy of the scheduling of meetings between master and apprentice.
- (3) Impact of the apprenticeship on community-based folk arts traditions of Minnesota shall be demonstrated by:
 - (a) the apprenticeship representing a community-based folk arts tradition of Minnesota; and
 - (b) the likelihood of the apprentice practicing the newly acquired skills within an appropriate folk arts community.

Subp. 5. **Additional eligibility requirements.** Folk arts applicants must meet the additional program specific requirements in items A and B.

- A. For folk arts sponsorship:
- (1) The applicant must be able to demonstrate that it meets the definition of an organization or has written approval by the board to use a fiscal agent.
 - (2) The applicant has been in existence at least one year before applying for a grant.
 - (3) The applicant proposing single event activities must include at least one Minnesota folk artist in the activities and, if proposing more than one event in a series, must include at least one Minnesota folk artist in each event in the series.
 - (4) The applicant must not apply for or have received another institutional support or series presenters grant from the board for the same activity or fiscal year of funding. The applicant must not apply for or have received an Arts Across Minnesota festivals or host community grant for the same activity in the same fiscal year of funding.
 - (5) The applicant must not propose or engage in any of the activities, conditions, or use of funds in units (a) to (c):
 - (a) strictly for research;
 - (b) for events which are presented solely to kindergarten to grade 12 students during the school day; or

(c) for touring activities, performances, or exhibitions carried out exclusively by student organizations or schools.

B. For folk arts apprenticeship:

(1) In-family apprenticeships shall be eligible only when funds for the master's fees are needed to avoid financial hardship caused by a loss of income resulting directly from training activities. Under no circumstances will the board support in-family apprenticeships when the persons reside in the same household or when the apprenticeship activities are combined with family socializing or any other nontraining event.

(2) An apprentice may be younger than 18 years of age when all of the criteria and the conditions in units (a) to (d) are met:

(a) the official applicant is the master;

(b) the apprentice is an individual of unusual aptitude and ability;

(c) the apprentice's parent or legal guardian signs a statement giving permission and acknowledging support for the project, and certifying that the apprentice will complete the training as described in the application; and

(d) when folk arts traditions within a specific community are typically passed on to persons under 18 years of age.

(3) An applicant must not participate in the folk arts apprenticeship program, either as an apprentice or master, more than once every other year.

(4) An individual who has received an artist assistance fellowship or cultural collaborations grant from the board in the year preceding the application program fiscal year is not eligible.

(5) An applicant may not use funds for meals if one-way travel to the apprenticeship site is under 35 miles.

Subp. 6. **Dollar amount of grants.** The minimum and maximum amounts for grant awards for folk arts sponsorship and folk arts apprenticeship shall be determined by the board based upon available resources and printed in current program information.

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1900.1910 ADDITIONAL REQUIREMENTS AND PROCESSES FOR ARTIST ASSISTANCE PROGRAMS.

Subpart 1. **Definitions.**

A. "Artist partner" means the Minnesota individual artists named in a cultural collaborations application. The artist partner may or may not be the actual applicant.

B. "Collaboration" means the process that occurs when more than one artist or an artist and an organization work together to create and present artwork.

C. "Collaborating organization" means the organization (as defined in part 1900.0310, subpart 11, except also including radio and television stations) named in a cultural collaborations application. The collaborating organization may or may not be the actual applicant.

D. "Video documentation" means the documentation of the following artist's work: choreographers, dancers, actors, directors, performance artists, lighting, set or costume designers, conductors, and storytellers.

Subp. 2. **Purpose of program.** The purpose of the artist assistance program is to support artists at various stages in their careers. The program focuses on the specific purposes in items A to D.

A. The fellowship program is designed to recognize, reward, and encourage outstanding individual artists throughout Minnesota.

B. The career opportunity grant program shall help artists to take advantage of unique impending, concrete opportunities that will significantly advance their work or careers.

C. The cultural collaborations program is designed to foster the creation of any style of art, ranging from contemporary to classical or traditional, by artists of color in collaboration with Minnesota organizations and present it to a public audience.

D. The video documentation program is designed to address the need for artists whose work is time- or movement-based to document their work.

Subp. 3. **Uses of grants.** The artist assistance program shall provide grants to fund time and costs related to continuing, documenting, or creating new work. Each program focuses on the specific activities in items A to D.

A. The fellowship grants shall allow artists working in the visual, literary, and performing arts to set aside time to work, provide living expenses, purchase supplies and materials, undertake advanced study not related to a degree, or to pursue other artistic career goals.

B. The career opportunity grants shall provide funds for unique, short-term opportunities which enhance career goals.

C. The cultural collaborations grants shall provide funds to persons of color, directly or through the collaborating organization, for the collaborative creation of any style of art, ranging from contemporary to classical or traditional in the visual, literary, or performing arts.

D. The video documentation program provides funds to individual artists to have a video made of their work in order to improve their ability to represent themselves and their work in various contexts for uses which include: marketing their work, creating an archival record of their work, and using the video as a self-evaluation tool in order to improve their work.

Subp. 4. **Criteria used by advisory panel to make recommendations to board.** The primary review criterion by which an artist assistance application shall be evaluated by the advisory panel, with the exception of the career opportunity grant application, to make recommendations to the board is artistic quality of work, as demonstrated by an artist's work sample. For video documentation applicants, the panel must take into consideration videotapes of lesser quality if the individual artist's work demonstrates artistic quality. For the cultural collaborations program, the work sample of the collaborating organization may also be considered. In addition, the secondary criteria stated in items A to D apply to specific program areas.

- A. For a fellowship award, merit and feasibility shall be demonstrated by:
- (1) the anticipated impact on the applicant's career;
 - (2) relevance to the artist's work; and
 - (3) the artist's ability to accomplish the proposed activity.
- B. For a career opportunity grant, merit and feasibility shall be demonstrated by the opportunity's anticipated impact on the applicant's work or the development of the applicant's career. Financial feasibility shall be demonstrated by a budget that realistically reflects costs associated with the project.
- C. For a cultural collaborations grant, merit and feasibility shall be demonstrated by:
- (1) the strength of the project idea;
 - (2) a clear and complete project description;
 - (3) an achievable timeline;
 - (4) the commitment to and ability to accomplish the project by the collaborating organization;
 - (5) the degree to which the project helps the collaborating organization reach artistic and diversity goals;
 - (6) the degree that the project advances the artist's career; and
 - (7) the strength of the public presentation component.
- D. For a video documentation award, merit and feasibility must be demonstrated by:
- (1) the anticipated impact on the development of an applicant's career as demonstrated by a description of how the video will be used;
 - (2) the feasibility of the proposed documentation activity as demonstrated by a budget and plan that realistically reflect the costs and logistics of the project; and
 - (3) a description of the artist's plan to improve the quality of the documentation, including the professional qualifications of the videographer, the demonstration of a plan between the artist and the videographer which takes into account unique aspects of the work that will be documented on the video, and a clear description of the format of the finished product.

Subp. 5. **Additional requirements.** Artist assistance applicants must meet the additional program specific eligibility requirements in items A to D to receive a grant.

A. Fellowship applicants must not have received a cultural collaborations or a folk arts apprenticeship (either as apprentice or master) award from the board in either of the two fiscal years preceding the current year or in the current fiscal year. In addition, fellowship applicants must not have received a fellowship award from the board in any of the three fiscal years preceding the current year or in the current fiscal year. Finally, applicants must not submit more than one fellowship application each fiscal year.

B. Cultural collaborations applicants shall be either individual Minnesota artists or nonprofit Minnesota organizations. Each application must name at least one and no more than two artist partners and a nonprofit entity as the collaborating organization as defined in part 1900.0310, subpart 11. However, for

this program, an exception to that definition is that a radio or television station may be the collaborating organization.

(1) Artist partners named in the application must not have received a cultural collaborations, folk arts apprenticeship (either as apprentice or master), or fellowship award from the board in the fiscal year preceding the current year or in the current fiscal year, regardless of whether or not they are the official applicant.

(2) Artist partners must identify with and be recognized as a person of color.

(3) Artist partners may be named in only one cultural collaborations application per deadline.

(4) Collaborating organizations may submit only one application per deadline.

C. Career opportunity grant proposals must be unique and not have been submitted in a prior career opportunity grant review cycle in the same fiscal year.

An individual awarded a career opportunity grant in a fiscal year may not apply for an additional career opportunity grant at any future deadline in the same fiscal year.

An individual awarded an artist assistance fellowship grant or a folk arts apprenticeship grant (as either an apprentice or a master) may not apply for a career opportunity grant at any future deadline in the same fiscal year.

Opportunities must fit within the time frame described in the current career opportunity grant program information.

D. Video documentation grant proposals may not be used for:

- (1) production of videos intended for sale;
- (2) production of videos where the video itself is the artistic discipline;
- (3) video copies of a film; or
- (4) videos intended solely for educational purposes.

Subp. 6. **Additional processes for reviewing grants.** Career opportunity grant applications shall be reviewed preliminarily by agency staff based on the criteria. Leading applications shall be identified by staff and then reviewed by a subcommittee of the board which makes the final decisions to award grants.

Subp. 7. **Dollar amount of grants.** The fellowship grant is a set amount. The career opportunity and cultural collaborations grants have minimum and maximum amounts. Grant amounts for fellowships, career opportunity grants, and cultural collaborations grants shall be determined by the board based upon available resources and printed in current program information.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 24 SR 663; 26 SR 1301*

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1900.2010 ADDITIONAL REQUIREMENTS AND PROCESSES FOR ARTS IN EDUCATION PROGRAMS.

Subpart 1. **Definitions.** The terms in this part have the meanings given in items A to C.

A. "Professional artist" means someone whose primary career is the creation of art, and who demonstrates the ability to teach an art form to kindergarten to grade 12 students.

B. "Residency" means the activity that occurs when an artist works with kindergarten to grade 12 students in a school according to the residency model.

C. "Residency model" means the board prescribed description, contained in program information, of the responsibilities, activities, roles, and characteristics of the activity that occurs when an artist works with kindergarten to grade 12 students in a school setting funded by the board.

Subp. 2. **Purpose of program.** The purpose of the arts in education program shall be to convey to students and teachers that the arts are essential to education and to daily life. In the program, qualified artists and arts organizations shall participate in educational settings to reinforce students' critical thinking, self-discipline, and creative self-expression.

A. The arts in education school support grants are intended to help schools to involve professional artists to strengthen school arts programming. The artist residency shall serve to demonstrate the vitality of an arts discipline. The artist shall act as a professional role model, assist teachers and students in using the creative process in their work and lives, and draw attention to the necessity for arts in the classroom and in the community.

B. The arts in education organizational support program is intended to encourage and expand the delivery of cost-efficient quality arts residency programs to schools by providing grants to arts organizations.

Subp. 3. **Uses of funds.** The program shall fund artist residency activities at kindergarten to grade 12 public or private nonparochial schools or educational organizations. The program shall focus on the specific activities in items A and B.

A. The arts in education school support program shall provide matching grants to elementary and secondary Minnesota schools for artist residencies.

B. The arts in education organizational support program shall provide grants for organizations that produce school residency programs.

Subp. 4. **Criteria used by advisory panel to make recommendations to board.** The criteria apply to the specific programs in items A and B.

A. For arts in education school support, the review criteria by which an applicant is evaluated by the advisory panel to make recommendations to the board for an arts in education grant are listed in subitems (1) to (4). All applicants must provide a written description of the proposed project that addresses the criteria listed in subitems (1), (2), and (3). Previous grant recipients of the arts in education school support grant program must address all four criteria.

Artistic quality and merit are the primary criteria and are equally important. Applicants must provide a written description that addresses the artistic quality and merit of the proposed project as listed in subitems (1) and (2).

The secondary criteria are described in subitems (3) and (4). All applicants must provide a written explanation that describes the impact of the proposed residency project listed in subitem (3).

Previous grant recipients to the arts in education school support program must provide a written description that addresses the criteria listed in subitems (1), (2), and (3). Previous grant recipients to the arts in education school support program must also provide a written description of the growth and increased local commitment for the proposed project as described in the criteria listed in subitem (4). The criteria are:

- (1) artistic quality and merit of the proposed residency, as demonstrated by:
 - (a) artistic quality of the work of the artist in the residency;
 - (b) the residency plan, including an overall schedule of what activities the artist will provide and the grade level of the students being served;
 - (c) the artistic goals of the school and how the residency fulfills those goals and meets the curricular objectives;
 - (d) involvement of parents and community in the residency; and
 - (e) demand or need for the residency and how it complements rather than replaces the existing arts resources in the school;
- (2) ability of the school applicant to accomplish the residency, as demonstrated by:
 - (a) the makeup of the school planning team members and the planning process;
 - (b) how the school, students, staff, and community will be prepared for and involved in the residency;
 - (c) the financial commitment to the residency by the school and the community;
 - (d) how the residency will be publicized, documented, and evaluated; and
 - (e) the depth and breadth of the partnership between the artist and the educators;
- (3) impact of the proposed residency on school curricula, as demonstrated by:
 - (a) the school's progress toward a comprehensive education in the arts for all students;
 - (b) program enhancement by an art critic/historian/aesthetician; and
 - (c) the use of artist/teacher contact time, including teacher in-service; and
- (4) growth in and increased local commitment to school arts programming, as demonstrated by one or more of the following:
 - (a) the level of financial commitment by the applicant;
 - (b) increased length of residency;
 - (c) innovative residency plan for instruction with increased community involvement.

B. For arts in education organizational support, the four review criteria by which an applicant shall be evaluated by the advisory panel to make recommendations to the board for an arts in education organizational support grant are in subitems (1) to (4). Artistic quality and merit of the residency program shall be the primary criteria and equally important. Ability of the applicant to accomplish the residencies, demand or need for the program, and impact of the proposed residency program on school arts curricula shall be secondary criteria and equally important. The criteria are:

- (1) artistic quality and merit of the residency program shall be demonstrated by:

- residencies;
 - (a) methods of selection and qualifications of the artists to be involved in the residencies;
 - (b) preparation of and services to artists, including appropriate compensation;
 - (c) commitment to promoting arts education for all students;
 - (d) merit of the residency, including overall schedule, length of residency, publicity aids, teacher contact time, and curriculum materials;
 - (e) how residency program goals and objectives relate to the overall artistic mission of the organization;
 - (f) involvement of parents and community in the residency; and
 - (g) residencies beyond five days in length;
- (2) ability of the applicant to accomplish the residencies shall be demonstrated by:
 - (a) a thorough planning process;
 - (b) qualifications of administrative personnel;
 - (c) previous experience in arts in education residencies;
 - (d) realistic projections of residency activities; and
 - (e) how the residencies are booked and managed;
- (3) demand or need for the program as demonstrated by:
 - (a) cost-effectiveness of residencies, including the reasonableness of the costs to the schools;
 - (b) a strong cash commitment to the residency program, including administrative support;
 - (c) a commitment to and a history of arts residency programming outside the seven-county metro area;
 - (d) programs which actively involve the local community as well as the school audiences; and
 - (e) programs which involve and address the needs of geographically diverse and varied populations, including people of color, people with disabilities, and high achieving or high potential individuals; and
- (4) impact of the proposed residency on school curricula, as demonstrated by:
 - (a) use of artist-teacher contact time;
 - (b) a connection between residency content and schools' curricula; and
 - (c) activity designed for long-term effect.

Subp. 5. **Additional requirements.** Arts in education applicants must meet the additional program specific requirements in items A and B.

A. Arts in education school support.

(1) The applicant must be a public or private nonparochial school or an institution which is exempt from taxation under the Internal Revenue Code, established in Minnesota, whose primary focus is the education of students in kindergarten to grade 12.

(2) The applicant must name professional artists to participate in a residency who have been Minnesota residents for a minimum of six months prior to the application deadline.

(3) The residency activity must conform to the residency model established by the board and printed in the program information.

(4) The applicant must not propose or engage in any of the activities or uses of funds in units (a) to (i):

(a) a residency beginning before the fiscal year for which the funds are budgeted or after the date the school year has ended;

(b) a residency which consists exclusively of presentations by student organizations or student artists;

(c) a residency which is exclusively for curriculum development;

(d) a residency which is to be funded by the board in an amount which is more than one-half of the total residency costs, and does not include some cash match from the applicant;

(e) a residency whose major audience is other than elementary or secondary students and faculty;

(f) a residency which takes place outside the state of Minnesota;

(g) to pay solely for the production costs associated with the creation of an arts event;

(h) to purchase or commission a work of art; or

(i) to pay artistic fees to include an arts organization in the residency.

(5) The project budget may not contain combined funding from a regional arts council and the board that amounts to more than one-half of the project's total cash expenses.

B. Arts in education organizational support.

(1) The applicant must be able to demonstrate that it meets the description of an organization and is engaged in producing activities defined in part 1900.0310, subparts 11 and 15, or that it provides services to the arts.

(2) The applicant must have been legally incorporated in Minnesota for at least six months prior to the application deadline.

(3) The applicant must, in three recent years, have provided arts programming experience for students in kindergarten through grade 12.

(4) The applicant must pay artists a daily rate which is comparable to rates otherwise established within its organization.

(5) The residency activity must conform to the residency model established by the board and printed in the program information.

(6) The applicant must not propose or engage in any of the activities or uses of funds in units (a) to (i):

- (a) residencies that take place outside of Minnesota;
- (b) residencies whose major audience is other than elementary or secondary students;
- (c) residencies also funded by the board's arts in education school support program;
- (d) residencies used exclusively for curriculum development;
- (e) residencies not coordinated by a paid, professional administrator;
- (f) a residency for which the board's grant is more than one-half of cash expenses and the applicant has not provided a dollar for dollar cash match;
- (g) a residency budget that includes more than 20 percent in administrative costs;
- (h) a residency budget that includes any administrative costs, if the applicant is already funded through the board's operating support program; and
- (i) a residency budget that includes indirect production expenses associated with the creation of an arts event, such as costumes, sets, matting, and framing costs.

(7) The project budget may not contain combined funding from a regional arts council and the board that amounts to more than one-half of the project's total cash expenses.

Subp. 6. Dollar amount of grants.

A. The arts in education school support program may fund up to one-half of the total cost of a residency.

B. The arts in education organizational support program may fund a maximum of one-half of residency expenses which must be matched in cash by the grant recipient.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 24 SR 663; 26 SR 1301*

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1900.2110 ADDITIONAL REQUIREMENTS AND PROCESSES FOR JURIED LISTINGS.

Subpart 1. Definitions.

A. "Juried" means a process when an advisory panel recommends to the board artists of sufficient caliber to be included in a publication based on a set of written criteria.

B. "Paired artists" means two artists who want to be juried together and who are listed jointly as a single entry and whose activity is a collaboration for a single experience.

Subp. 2. Purpose of juried listing. The purpose of a juried listing is to provide a centralized source of written information about a specific group of artists. Based on a board review, artists who are included

shall have been judged to be qualified to represent their art form or expertise to the public. The board is not an agent of any artist or group.

A. The Minnesota folk artists directory is intended to provide a list of high-quality folk artists and groups interested in public performance opportunities to be distributed to arts programmers and others throughout the Upper Midwest, and to be used as a reference by state and local organizations interested in presenting the folk arts.

B. The arts in education roster of artists shall provide a list of artists who specialize in school and community residency work, offering a balanced range of arts disciplines, teaching styles, and residency approaches to schools interested in offering artist residencies.

C. The Arts Across Minnesota touring directory is a list of nonprofit performing and visual arts organizations in Minnesota that offer public performances, exhibitions, and community residency programming. The directory is intended to serve as a reliable source of high-quality touring organizations and as a reference for Arts Across Minnesota host community applicants.

Subp. 3. **Criteria used for recommendations to board.** The program specific review criteria in items A, B, and C shall be used by the advisory panel to make juried listing recommendations to the board.

A. For the Minnesota folk artists directory, the two review criteria by which an applicant is evaluated shall be quality and traditionality of the artists' work and shall be equally important.

(1) Quality, as demonstrated by gauging the level of artistic achievement of individual works of art compared to the standards of a given art form.

(2) Traditionality, as demonstrated by the degree to which specific works share the established artistic conventions of other works in a given art form.

B. For the arts in education roster of artists, the two review criteria by which an applicant shall be evaluated are listed and described in subitems (1) and (2). Artistic quality of the artist's work and teaching and planning ability to carry out a residency model shall be equally important.

(1) Artistic quality shall be demonstrated by:

- (a) artistic merit of the work sample;
- (b) technically and conceptually accomplished work; and
- (c) evidence of strong professional development, career commitment, and artistic recognition.

(2) Teaching and planning ability to carry out a successful school residency shall be demonstrated by:

- (a) the teaching ability to express ideas clearly, to relate one's art and ideas to students;
- (b) past teaching experience;
- (c) understanding different age levels and abilities, a diversity of cultures and communities in all geographic regions of Minnesota, and individuals with disabilities;
- (d) a residency plan that outlines a positive art experience for participants; and

(e) the planning ability to effectively organize a residency approach and coordinate a residency with school personnel that is realistic and tied to educational concepts with a high probability for completion.

C. For the Arts Across Minnesota touring directory, the two criteria by which an applicant shall be evaluated are listed and described in subitems (1) and (2). The two criteria shall be equally important.

(1) Artistic quality and merit of the touring program shall be demonstrated by:

- (a) quality of the touring program;
- (b) proven ability to tour;
- (c) a commitment to and history of touring outside of the seven-county metropolitan area;
- (d) how tours are booked and managed;
- (e) evidence that the touring program contributes to the artistic growth and quality of life in the host community; and
- (f) the role of the touring group as a catalyst for other arts activities in the host community.

(2) Ability to execute performances or exhibitions and community residency activities shall be demonstrated by:

- (a) merit and quality of community residency components;
- (b) experience working with young people and K-12 populations;
- (c) ability to work with adults in the community, including artists, both professional and avocational;
- (d) programs that actively involve the local community;
- (e) ability and willingness to work with experienced and inexperienced presenters; and
- (f) previous experience with Arts Across Minnesota residencies, if applicable.

Subp. 4. **Additional juried listings eligibility requirements.** Juried listings applicants must meet the additional program specific eligibility requirements in items A, B, and C.

A. For the folk artists directory, a majority of the members of a folk arts group must be Minnesota residents under part 1900.1010, subpart 5, item D.

B. For the arts in education roster of artists:

- (1) two artists may apply to the arts in education roster of artists program as paired artists;
- (2) the applicant must be available for and willing to conduct residencies throughout Minnesota;
- (3) the applicant must agree to participate in activities that are consistent with the residency model; and
- (4) the applicant must be at least 18 years old, be a United States citizen or have attained permanent resident alien status, and be a Minnesota resident under part 1900.1010, subpart 5, item D.

C. For the Arts Across Minnesota touring directory, applicants must be a nonprofit Minnesota performing or visual arts organization that:

- (1) is able to demonstrate a history of touring activity;
- (2) is able to travel to every region of Minnesota; and
- (3) is proposing to provide services which include the following residency components:
 - (a) public performances or exhibitions for the community;
 - (b) community classes or training workshops for adults, including, where possible, local professional or avocational artists; and
 - (c) workshop activities involving young people or K-12 students in schools or community organizations.

Subp. 5. **Additional processes for reviewing juried listings applications.** The additional program specific processes for reviewing juried listing applicants are described in items A, B, and C.

A. Folk artists directory.

- (1) Applicants listed in a current folk artists directory may be listed in up to three future editions of the directory without additional review.
- (2) Each artist listed in the folk artists directory shall reapply at least once every four years following the processes and procedures described in part 1900.0510.

B. Arts in education roster of artists.

- (1) Applicants may be rated and ranked by the advisory panel to determine the final listing of artists.
- (2) Applicants listed in a current roster may submit an application by the regular deadline or an abbreviated application which has an earlier deadline when the conditions in units (a) and (b) are met:
 - (a) the applicant has completed at least one residency that follows the Arts Board model as determined by the board, in the two school years prior to the deadline; and
 - (b) school residency reports document the applicant's success in previous board-funded residencies:
 - i. the applicant can demonstrate continued career activity or professional development; and
 - ii. the applicant agrees to maintain the qualities reviewed by the criteria in subpart 3, item B.

C. Arts Across Minnesota touring directory.

- (1) Applicants in a current touring directory may be listed in up to one future edition of the directory without additional review.
- (2) Each applicant listed in the touring directory shall reapply at least once every other year following the processes and procedures described in part 1900.0510.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 24 SR 663*

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1900.2200 [Repealed, 21 SR 5]

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1900.2210 ADDITIONAL REQUIREMENTS AND PROCESSES FOR MINNESOTA PERCENT FOR ART IN PUBLIC PLACES PROGRAM.

Subpart 1. **Definitions.**

- A. "Commission" or "commission award" means the creation of a new work specific to a site.
- B. "Purchase award" means the direct purchase of an existing work of art.
- C. "Site" or "project" means a state building, the construction of which is paid for wholly, or in part, by the state of Minnesota, and does not include construction funds primarily appropriated for the repair, replacement, or enhancement of the infrastructures (electrical, plumbing, heating and cooling, or structural) which are not regularly seen by the public unless it is the desire of the tenant or managing agency to proceed with approval from the commissioner of administration.
- D. "Site selection committee" means at least five, and no more than seven, individuals who will recommend artwork for a designated site. The committee is chaired by a designee of the board who is a nonvoting member of the committee.
- E. "Slide registry" means a nonjuried collection of slides and information on visual artists interested in having their work purchased or commissioned for newly constructed or renovated state building sites across Minnesota.
- F. "Work of art" or "artwork" means original and unique creations in visual media:
 - (1) produced by or under the control of artists generally recognized by their peers and critics as professional artists; and
 - (2) chosen by site selection committees.

Subp. 2. **Purpose of program.** The purpose of the Minnesota percent for art in public places program is to make possible the acquisition of works of art to be exhibited in areas of a state building or its grounds, accessible on a regular basis to members of the public.

Subp. 3. **Activities the program supports.** The program may purchase or commission original works of art with up to one percent of the total construction budget of a state building with a construction or renovation budget of at least \$500,000. This program shall enable artists to participate with client agencies and design professionals in the process of designing public spaces within and around state buildings; shall commission artists to create artworks to be integrated into the buildings and sites; or shall purchase existing artworks to be displayed throughout the buildings. In addition, the program shall manage and maintain a slide registry as a resource for selecting visual artists and artwork when new sites are identified for the program. The registry shall also be used by other nonstate organizations or individuals interested in locating artwork for commission or purchase. With authorization from the Department of Administration, the board may use up to 20 percent of each site's percent for art in public places' appropriation for administrative costs.

Subp. 4. **Processes used to select artwork for site.** The board shall generally use a site selection committee process described in subpart 9 to select artwork for a site. Under emergency circumstances, which the board determines in close consultation with the tenant when there is a lack of time or administrative financial resources, the board may determine that a purchase award is appropriate.

Subp. 5. **Criteria for recommendations.** The four criteria used when reviewing artwork for purchase, or artists to commission, shall be in the two perspectives as described in items A and B.

A. Artistic quality, design, and permanence are the three primary criteria and equally important. Site selection committee members will examine slides of artists' previous work, and a professional resume when considering and assessing the artwork or artists.

- (1) Artistic quality shall be demonstrated by:
 - (a) work samples;
 - (b) adequate experience in production of public art; and
 - (c) evidence of ability to work within budget.
- (2) Design shall be demonstrated by:
 - (a) aesthetic compatibility with the architecture; and
 - (b) appropriate medium, given the function and use of the site.
- (3) Permanence shall be demonstrated by:
 - (a) use of durable materials; and
 - (b) good construction techniques.

B. The secondary criterion in order of importance shall be the acquisition of a variety of artwork appropriate to a public collection, which is demonstrated by:

- (1) artwork in different mediums and styles, and with a breadth of themes or subjects;
 - (2) artwork which recognizes and fosters diverse social, cultural, and historical values;
- and
- (3) artwork which is memorable, thought-provoking, and enduring.

Subp. 6. **Site selection committees.** Site selection committees shall be organized in the same manner as advisory panels under part 1900.0410, subparts 2 to 6. Additional criteria to select the individuals who serve on a site selection committee are:

A. members must have familiarity with public art issues and acquisition procedures or experience with community-based visual arts projects;

B. (1) two members (or three, if it is a seven person committee) shall represent the residents and users of the building, appointed by the Minnesota state agency which has authority over the bonding appropriation that includes funds for the project;

(2) one member shall represent the architect for the building; and

(3) two members (or three, if it is a seven person committee) who have expertise as an artist, curator, critic, writer, museum director, arts educator or administrator, member of the Arts Board, architect, landscape architect, or other design professional shall be appointed by the board;

C. each site selection committee must include a majority of Minnesota residents as voting members consistent with part 1900.1010, subpart 5, item D.

Subp. 7. **Residence exemption for slide registry.** Any artist may submit materials for the slide registry. The artist need not be a Minnesota resident.

Subp. 8. **Waiting periods for subsequent awards.** An artist who has received purchase awards through the program totaling a minimum amount as determined by the board based upon available resources and published in the current program information, or more, in one fiscal year must wait one year from the contract execution date before being considered for other projects by the board.

An artist who has received commission awards totaling a minimum amount as determined by the board based upon available resources and published in the current program information, or more, in one fiscal year must wait three years from the contract execution date before the artist shall be considered for other projects.

During the waiting period, an artist may remain on file in the slide registry, but the artist's work will not be considered for projects by the board.

Subp. 9. **Processes to identify applicants for consideration.**

A. One of the two methods in subitems (1) and (2) is used by the site selection committee to acquire works of art:

- (1) purchase of existing work; or
- (2) commission of new work especially for the site.

When new work is commissioned, the artist first presents a design proposal, including a budget and timeline, that must be reviewed and approved by the site selection committee.

B. The site selection committee may use a combination of competition types to assemble a pool of applicants for awards.

(1) Open competitions shall be announced through a large bulk mailing of a prospectus describing the project. Work samples from all applicants who respond shall be shown to the site selection committee. This type of competition is most suitable for projects with large budgets and extended timelines.

(2) Registry competitions shall use the slide registry to prescreen applicants who meet the specific criteria identified for the site by the site selection committee. The slide registry shall be used for all projects, often in combination with other types of competitions, but is particularly suitable for projects with limited budgets, short timelines, and if work is sought for a purchase award.

(3) Invitational competitions shall use a list of artists developed by the board for the purpose of sending an invitation to apply for a specific site award. This type of competition is most suitable when artists are sought who have particular skills or abilities, or who work in specific mediums appropriate to the project, or for projects with an extended timeline.

(4) For direct competitions, the site selection committee shall directly invite a limited list of artists developed by the board to apply, or the committee shall visit galleries, museums, or studios to select artwork. This type of competition is most suitable for projects with limited budgets, short timelines, or where work is sought for direct purchase.

The site selection committee's recommendations shall be given to the board, the Department of Administration, and other necessary state agencies for final approval. Upon approval, the board shall enter

into a contract with the artist. The contract shall provide for the direct purchase of existing work, the production of design proposals for a commissioned work, or the actual production of commissioned work.

Subp. 10. **Projects not eligible.** A project is not eligible for consideration for the program if it is not demonstrated that it meets the description of a site or project as defined in subpart 1.

In addition, a project is not eligible for funds if:

A. the funds are to be used solely for the design or construction of elements of incidental or ornamental detail;

B. the funds are to be used for payment of any architect's fees for participating on the site selection committee; or

C. if the Department of Administration has determined it to be inappropriate.

Statutory Authority: *MS s 129D.04*

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1900.2300 [Repealed, 21 SR 5]

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REGIONAL ARTS COUNCILS

1900.2310 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 1900.2310 to 1900.4110, the following terms have the meanings given in subparts 2 to 17.

Subp. 2. **Allocation formula.** "Allocation formula" means the mathematical formula devised by the Regional Arts Council Forum to determine the amount of funding each regional arts council receives in its regional arts council block allocation.

Subp. 3. **Arts advisory council.** "Arts advisory council" means a group of citizens with expertise in the arts who review and recommend arts grant requests for funding on behalf of a regional development commission serving as the designated regional arts council.

Subp. 4. **Arts services.** "Arts services" means nongrant activities including information services, technical and consultative services, planning, report evaluation, and other developmental efforts that are provided by a regional arts council to its individual region.

Subp. 5. **Biennial plan.** "Biennial plan" means the written document prepared by a regional arts council and submitted to the board which outlines the decision making processes, programs, services, and budget to be followed by the regional arts council during the biennium.

Subp. 6. **Designated regional arts council.** "Designated regional arts council" means the one entity in each of the 11 regions which has gone through the designation process defined in parts 1900.3110 and 1900.3210.

Subp. 7. **Direct programming.** "Direct programming" means artistic endeavors which are initiated by one or more regional arts councils. It includes arts production, sponsorship, and presenting.

Subp. 8. **Fiscal agent.** "Fiscal agent" means any Minnesota nonprofit organization which is exempt from taxation under the Internal Revenue Code or any governmental unit which handles and accounts for funds for a group or organization receiving legislative funds through the board or a regional arts council. The fiscal agent is legally responsible for the proper management of disbursed funds.

Subp. 9. **Legislative arts allocation.** "Legislative arts allocation" means the biennial legislative appropriation which is intended for use by the regional arts councils.

Subp. 10. **Local regional arts development.** "Local regional arts development" means the work done by one or more of the regional arts councils to develop or enhance local or regional artists, arts organizations, arts resources, or arts audiences.

Subp. 11. **Obligated funds.** "Obligated funds" means funds from a regional arts council's block allocation from one fiscal year which are legally obligated to a specific future expense and recorded in a regional arts council's certified public audit.

Subp. 12. **Preliminary biennial plan.** "Preliminary biennial plan" means the initial document submitted to the regional arts advisory committee for review and advice about the plan's adherence to the applicable rules.

Subp. 13. **Regional arts council block allocation.** "Regional arts council block allocation" means money from the legislature which goes to a regional arts council through the board to provide arts services, direct programming, and grants for local and regional arts development.

Subp. 14. **Regional Arts Council Forum or RAC Forum.** "Regional Arts Council Forum" or "RAC Forum" means an incorporated, not for profit, 501(c)(3), voluntary membership association of the 11 regional arts councils formed to provide resources, deal with common issues, and develop mutual support among regional arts councils in order to promote arts in Minnesota. The organization is registered under the name Forum of Regional Arts Councils of Minnesota. Some of its functions shall include developing the regional arts council allocation formula, negotiating the Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement, and consulting with the board in the regional arts council designation process.

Subp. 15. **Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement.** "Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement" means the written agreement negotiated annually by the board and the Regional Arts Council Forum on behalf of the regional arts councils. The agreement shall include a description of the responsibilities of the board and the regional arts councils and identify the board as having statutory responsibility for the proper management of disbursed funds. Release of a regional arts council block allocation shall be initiated when the agreement is signed by both the board and the regional arts council.

Subp. 16. **Regional Arts Council Service Boundaries.** "Regional Arts Council Service Boundaries" means the geographic service area assigned to each regional arts council. The service boundaries correspond to state economic development regions as defined in Minnesota Statutes, section 462.384. Each region shall have its own regional arts council except regions 6E, 6W, and 8 which are served by one regional arts council.

Subp. 17. **Regional development commission.** "Regional development commission" means the entities defined in Minnesota Statutes, section 462.384, subdivision 5.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.2400 [Repealed, 21 SR 5]

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1900.2410 CHANGE TO SERVICE BOUNDARIES.

The regional arts council service boundaries which define the 11 regions may be changed if changes in the boundaries or number of regional arts councils are agreed to by the board and eight or more of the regional arts councils.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.2500 [Repealed, 21 SR 5]

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1900.2510 REQUIRED GOVERNANCE STRUCTURE.

A regional arts council may be a nonprofit, tax-exempt 501(c)(3) corporation, a regional development commission or an organization that conforms to the definition of a regional arts council but uses a fiscal agent until its 501(c)(3) status is approved. If a council is part of a regional development commission or another entity whose primary mission or function is not serving as a regional arts council, the organization must establish a distinct arts program, guided by an arts advisory council to make recommendations to the commission on the use of the legislative arts allocation.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.2610 ELIGIBILITY FOR ALLOCATION.

Subpart 1. **Year one of biennium.** To receive a regional arts council block allocation in year one of a biennium, the council must submit a biennial plan to the regional arts advisory committee by May 15. In addition, the council must meet the requirements of part 1900.4110, subparts 3 and 4.

Subp. 2. **Year two of biennium.** To receive a regional arts council block allocation in the second year of the biennium, the council must submit to the board, by May 15, an annual plan update that outlines

anticipated changes to the biennial plan for the coming year. In addition, the council must meet the requirements of part 1900.4110, subparts 2 and 3.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 26 SR 1301*

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1900.2700 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.2710 BIENNIAL PLAN COMPONENTS.

Subpart 1. **Required components.** For a biennial plan to be complete, the requirements of subparts 2 to 11 must be fulfilled.

Subp. 2. **Mission statement.** The biennial plan must include the regional arts council's mission statement which must describe the overall philosophy and aims of the organization concerning local and regional arts development.

Subp. 3. **Needs assessment.** The biennial plan must be based on a needs assessment carried out in a manner which ensured input from the arts community and the arts involved public. The components of the needs assessment shall be determined by the regional arts council and may consist of any combination of constituent meetings, focus groups, program evaluations, mail or telephone surveys, individual interviews, or other evaluative tools. The assessment shall be conducted to assess and prioritize constituent needs, to evaluate appropriate community and regional resources to meet those needs, and to determine the practicality of continuing existing programming activities, service and grants assistance programs, or the feasibility of developing new programs, services, or grants by the regional arts council. The needs assessment shall be updated at intervals determined and announced by the regional arts council, but no less frequently than once every four years. The results shall be included in the plan.

Subp. 4. **Description of planning process.** The biennial plan must include a description of the biennial planning process used by the council including a list of the steps included in the development of the biennial plan and the participants involved in the biennial planning process. Before the biennial plan is submitted to the board at least one public meeting must be held for the purpose of gathering reaction to the biennial plan.

Subp. 5. **Work plan for grants, programs, and services.** The biennial plan must include a work plan which contains a description of services, programs, and grants available from the council and the goals and objectives of these activities as related to the needs assessment.

Subp. 6. **Program information.** The biennial plan must include program information which describes grants and other forms of assistance available, the review criteria for evaluating grant requests, and eligibility requirements.

Subp. 7. **Organizational structure.** The biennial plan must include:

- A. a copy of the council's bylaws;
- B. an identification of the arts experience and background requirements for regional arts council board and arts advisory council membership;

- C. job descriptions of the staff of the organization;
- D. a description of the rotation system which will ensure replacement of regional arts council board and arts advisory council members on a regular basis;
- E. the names and affiliations of all regional arts council board, advisory council members and staff; and
- F. a description of the regional arts council board and advisory committee nominations process. The description of the nominations process shall include a statement of the council's commitment and methods used to identify, recruit, and appoint board and council members to provide representation from all counties.

Subp. 8. Arts granting policy statement.

A. When a council is part of a regional development commission the biennial plan must include a memorandum describing the policies and procedures under which grants will be made including a statement that the regional development commission agrees to fund only organizations or projects which have been recommended by its arts advisory council and that the recommendations will be based on the regional arts advisory committee's review of the application's artistic merit, the applicant's ability, and the need for the project or program.

B. If a council is using a fiscal agent because its 501(c)(3) application has been filed but not yet approved, the biennial plan must include a letter of agreement between the council and its fiscal agent stating that the fiscal agent has no jurisdiction over the council's review and awarding of arts grants.

Subp. 9. Budget. The biennial plan must include a budget which must be a total projected budget identifying all local, regional, state, and federal sources of public and private support. The budget must include the amount of the legislative arts allocation that the council will receive based on the allocation formula.

Subp. 10. Grant making and monitoring process. The biennial plan must include a detailed description of the council's grant making process including the review process, the terms of the grant contract with grant recipients, the time needed and process followed in paying grant recipients, the responsibilities of grantees, and the grant monitoring process.

Subp. 11. Public meeting. Each council must hold at least one public meeting to solicit reaction to its preliminary biennial plan before it is approved and submitted to the board. The plan must be available for review at the council's office a minimum of three days before the meeting. At the meeting, the substance of the plan shall be presented to the general public in a manner that is clear and understandable and the audience given an opportunity to respond to the presentation. The meeting shall be scheduled to allow for revisions of the plan prior to its final submission. A written record or taped recording of the public meeting must be kept in the council's office and available for public review for one year.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.2800 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.2810 PRELIMINARY AND BIENNIAL PLAN REVIEW PROCESS.

Subpart 1. **Preliminary biennial plan review.** The preliminary biennial plan of each regional arts council shall be reviewed by the regional arts advisory committee at a meeting.

Subp. 2. **Notice of regional arts advisory committee meeting.** The council must be notified by the board a minimum of ten days prior to the regional arts advisory committee meeting and given the opportunity, at its option, to present the preliminary biennial plan in person before the regional arts advisory committee and to respond to questions raised by the committee.

Subp. 3. **Regional arts council advisory committee recommendations.** The regional arts advisory committee shall submit to the board its comments and recommendation about a council's preliminary biennial plan and the reasons for making that recommendation. At the same time the recommendation is sent to the board, a copy of the committee's comments and recommendation shall be sent to the council.

Subp. 4. **Biennial plan process.** After the council receives the advice of the advisory committee, the council must submit a biennial plan to the board.

Subp. 5. **Board action after receipt of biennial plan.** After the biennial plan is received, the board shall reject the plan only if it determines that the plan is incomplete. The council must be informed in writing of the board's decision to reject or accept the plan, and the basis for that decision, within ten working days of the board's determination.

Subp. 6. **Process if biennial plan is not accepted by board.** A council whose biennial plan is not accepted shall have 30 days to respond in writing to the board's decision.

Subp. 7. **Process if biennial plan is not accepted second time.** If the biennial plan is not accepted a second time, the board may, at its discretion, allow the council to again submit a plan. A council whose biennial plan will not be reconsidered by the board may follow the appeals process provided by part 1900.3310.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.2900 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.2910 PROCESS FOR AMENDING BIENNIAL PLAN.

Subpart 1. **Regional arts council's responsibilities.** If a regional arts council intends to make substantive changes in its biennial plan it must:

A. notify the board in writing of its intent to change the biennial plan a minimum of 30 days before implementing any changes; and

B. include a detailed description of the proposed revisions, the reasons for making the changes, and a schedule for implementing proposed changes.

Subp. 2. **Board's responsibilities.** After the board receives notice of a regional arts council's intent to revise its biennial plan it must review and act upon the revisions within ten working days.

A. If the board has concerns about the proposed revision, it shall provide a written response to the regional arts council outlining its concerns within ten working days of receipt of notification. If the board has no concerns, it shall provide a written response to the regional arts council within ten working days stating that the revisions have been reviewed and filed.

B. The regional arts council must provide, within ten working days, a written response acknowledging receipt of the board's letter of concern and indicating the regional arts council's response to those concerns.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

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1900.3000 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3010 PROCESS FOR RELEASING FUNDS TO REGIONAL ARTS COUNCILS.

Subpart 1. **Time for release of funds.** Within ten days of the board's acceptance of a biennial plan, the board must provide the council with a Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement to be executed by the council and returned for execution by the board. After receipt of the signed agreement, the board shall have until the end of the third full week of July, or a date mutually agreeable to the board and the Regional Arts Council Forum, to execute its portion of the agreement, including approvals required by Minnesota Statutes, section 16B.06, subdivision 2, to release the full amount of the regional arts council block allocation.

Subp. 2. **Councils whose designation is being challenged.** If a council's biennial plan has not been filed because the council is in the process of responding to comment on its preliminary plan or if the council is in the process of being challenged for designation, the board must provide an interim payment schedule and written conditions for payments which will ensure that the council's normal operations are not impeded while the designation process is completed.

Subp. 3. **Special circumstances.**

A. At the beginning of a fiscal year, if negotiations for the Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement are still in process, the board must institute a system of partial allocation payments to each council until the agreement is completed. The payments may be contingent upon the submission of reports or receipt of information requested by the board. The Regional Arts Council Forum and each of the 11 regional arts councils must be notified by the board in writing by May 31 prior to the beginning of the fiscal year, of the board's intent to make partial payments, the conditions for the board making payments, and the conditions for the board's discontinuing the contingent payment system. If a contingent payment system is instituted by the board, it must be done in a manner which ensures that the normal operations of the councils are not impeded.

B. When a region is not served by a designated regional arts council, the regional arts council block allocation for regions not served by a council shall be administered by the board with the advice of the regional arts advisory committee until a new council is designated, but in no case for longer than six months. If a region is without a council for longer than six months, the Regional Arts Council Forum may direct the board to redistribute the region's unexpended and unobligated regional arts council block allocation for the

current fiscal year to the remaining councils in a formula to be determined by the Regional Arts Council Forum.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3100 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3110 REGIONAL ARTS COUNCIL LOSS OF DESIGNATION.

Subpart 1. **Existing councils.** The designated regional arts council at the time that parts 1900.0110 to 1900.4110 are adopted shall be the designated regional arts council for its region.

Subp. 2. **Council designation removed; conditions.** There can only be one designated council in each region. A designated council shall remain the designated council until its designation is officially removed. The following circumstances shall result in the removal of designation:

A. At any time, a council may determine that it is not in its organization's or its region's best interest for it to continue as the regional arts council. The council must notify the board of its intent to cease operation as a council and work cooperatively with the board to provide for an orderly transition when a new organization receives the regional arts council designation.

B. The Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement shall define the terms for a council's receipt of its block allocation. It shall also define the process of notification which the board must follow if it believes that a council is out of compliance with the agreement and the process which must be followed to remedy concerns or to rescind a council's designation. If the council successfully remedies concerns, it shall remain the designated council. If it does not successfully remedy, the board shall remove the council as the designated regional arts council.

C. Removal of designation initiated by the board due to an unsuccessful probationary period, as described in part 1900.3210, subpart 7.

D. If, after following part 1900.3210, a competing organization is awarded the designation by the board, the challenged council must receive written notification that its designation has been removed by a vote of the board. This notification must contain a timeline for transfer of all appropriate records, a description of the closure process to be followed, and a request for return or transfer of all unexpended legislative funds.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3200 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3210 PROCESS FOR AN ORGANIZATION TO RECEIVE COUNCIL DESIGNATION THROUGH CHALLENGE TO AN EXISTING COUNCIL.

Subpart 1. **Notice of intent to file preliminary biennial plan.** An organization that wants to be designated a regional arts council must notify the board and the challenged regional arts council, in writing, of its intent to file a preliminary biennial plan by January 1 of the second year of the biennium.

Subp. 2. **Board actions required after receipt of notice.** Within 30 days of receipt of the notice of intent to file a biennial plan, the board must schedule a meeting with the challenging organization to make a preliminary determination of the appropriateness of the organization's ability to carry out the challenge. This determination shall be made by the regional arts advisory committee and a recommendation to accept or reject the challenge will be made to the board. The challenging group and the challenged council must be notified within ten days of the board's decision.

Subp. 3. **Change in preliminary biennial plan due date.** If the competing organization's challenge is accepted, the existing council must be notified in writing by February 10 that the challenge has been accepted and that the existing council's preliminary biennial plan will be due on April 1 instead of May 15.

Subp. 4. **Process for organization filing preliminary biennial plan.** An organization that wants to be designated a regional arts council must follow all steps outlined in parts 1900.2610 to 1900.2810 except that its preliminary biennial plan must be submitted by April 1.

Subp. 5. **Process for assigning regional arts council designation.** The board's regional arts advisory committee shall be enlarged to include the chair of the Regional Arts Council Forum or another Regional Arts Council Forum designated representative, an additional board designated representative, and as many board-appointed citizen advisors as the board deems manageable to review and evaluate all preliminary biennial plans and make a recommendation to the full board about designation. In its review of preliminary biennial plans, the committee must follow the process in part 1900.2810. In making its determination, the committee may also schedule public meetings, request additional information, schedule interviews with board members or staff of the competing organizations, or with citizens of the region in order to evaluate the competing preliminary biennial plans and organizations. The information gathered shall be part of the public record and shall be used in making the final determination about designation. At the conclusion of its review, the regional arts advisory committee shall recommend that the board confer designation to the organization which has demonstrated, through its preliminary biennial plan and the committee's review, that it will most effectively serve the needs of its region.

Subp. 6. **Board process for designating regional arts council status.** The board must approve, reject, or defer the committee's recommendation on which competing organization receives designation. If the board cannot make a decision, it may defer its decision up to 45 days while it gathers additional information. The organization selected by the board to receive designation as the regional arts council must follow part 1900.2810 to submit a biennial plan. The biennial plan must be received and accepted before designation is assigned. All competing organizations must be informed in writing within ten days of the outcome of the board's decision. A regional arts council's designation shall stand until the designation is officially rescinded by a vote of the board.

Subp. 7. **Probationary period.** If the challenging organization is designated as the regional arts council, its designation shall be subject to a one-year probationary period. At the time of designation, it shall receive from the board a written probationary agreement which shall include a description of the process to be used at the end of the year to review the organization's performance as a regional arts council. If all terms of the probationary agreement are satisfactorily met, the council's probationary status shall be lifted. If the

terms are not met, the board may either extend the probationary period or remove the organization as the designated council. The regional arts advisory committee must be consulted by the board prior to approving or revoking the designation.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 28 SR 854*

Published Electronically: *September 14, 2007*

1900.3300 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3310 APPEALS OF DISPUTED DESIGNATION.

Subpart 1. **Initiating an appeal.** An organization seeking or affirming designation through the submission of preliminary biennial plans that disputes the decision of the board regarding the designation of regional arts council status may appeal the decision of the board. This appeal will be conducted in the following manner:

- A. the appellant organization must submit a written request for consideration of an appeal within 45 days of notification of the board's decision;
- B. the request must state the reasons for the appeal; and
- C. the board shall review the request at its first meeting following the receipt of the request.

Subp. 2. **Board action on appeals.** The board shall take one of the following actions in response to the request for consideration of an appeal:

- A. determine that the appellant does not show sufficient cause for an appeal in which case the appellant may follow subpart 3;
- B. determine that the appellant does show sufficient cause for appeal and request that the appellant appear before the board at a subsequent meeting to address the appeal; or
- C. refer the appeal to mediation or to an administrative law judge as a contested case.

Subp. 3. **Dispute resolution.** Following the appeal to the board, if the appellant continues to dispute the decision of the board regarding the organization's appeal, either party may request a mediation process. If the other party chooses not to mediate, the further appeal shall be conducted as a contested case. If both parties agree to mediation, the costs of mediation shall be shared equally.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3400 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3410 ASSIGNMENT OF LEGISLATIVE ARTS ALLOCATION TO REGIONAL ARTS COUNCILS.

Subpart 1. **Role of Regional Arts Council Forum.** The Regional Arts Council Forum shall determine an allocation formula for distributing the legislative arts appropriation that is equitable to all regional arts councils. The forum must inform the board of the allocation formula to be used in the next biennium by June 30 of the year immediately prior to the first year of the biennium.

Subp. 2. **Board role in allocation process.** The board must use the Regional Arts Council Forum's allocation formula to divide the legislative arts appropriation for the regional arts council system. If the Regional Arts Council Forum does not submit an allocation formula to the board by June 30, the board shall prepare the fiscal agent agreements using the previous year's allocation formula.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3500 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3510 REGIONAL ARTS ADVISORY COMMITTEE.

Subpart 1. **Purpose of committee.** The committee shall serve in an advisory capacity to the board on matters which affect the regional arts councils and the Regional Arts Council Forum. Specific responsibilities include, but are not limited to:

- A. reviewing regional arts councils preliminary biennial plans;
- B. advising the board on the administration of regional arts council functions in regions where there is no designated regional arts council;
- C. reviewing preliminary biennial plans and other information as described in part 1900.3210, subpart 5, of regions that are competing for regional arts council designation and making a recommendation to the board about designation; and
- D. hearing and making recommendations to the board about disputes between a regional arts council and the board or the Regional Arts Council Forum and the board.

Subp. 2. **Member appointment.** The regional arts advisory committee shall be a board committee comprised of a minimum of six members. Two members shall be appointed by the board from the board membership, two members shall be appointed by the Regional Arts Council Forum who may or may not be members of the forum, one member shall be an at-large member appointed by the board, and one member shall be an at-large member appointed by the forum. The at-large members shall not be current members of the board or the forum. The board may appoint additional at-large members to serve in cases of a challenge to regional arts council designation. The executive director of the board shall serve as a nonvoting member of the committee.

Subp. 3. **Rules affecting advisory committee members.** The board's appointments to the committee must follow part 1900.0410. For the purpose of this chapter, appointees other than the required six members shall be considered board appointees. The Regional Arts Council Forum shall define the

qualifications, nominations, compensation, policies regarding conflicts of interest, and other matters pertaining to regional arts councils appointments.

Subp. 4. **Terms of service.** Members appointed by the board and the forum shall serve one fiscal year term and, at the pleasure of the appointing organization, may serve up to a total of three consecutive fiscal year terms.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3600 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3610 PARTICIPANTS IN RESOLVING DISPUTES BETWEEN REGIONAL ARTS COUNCILS AND BOARD.

In the case of a dispute between the board and a regional arts council or the board and the Regional Arts Council Forum, the regional arts advisory committee must be consulted for a recommendation.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3700 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3710 PROCESS TO CARRY FORWARD BLOCK ALLOCATIONS TO NEXT FISCAL YEAR.

Subpart 1. **Regional arts council duties.** A regional arts council must notify the board, in writing, by May 1 of the first year of the biennium that the council plans to carry regional arts council block allocation funds forward to the next fiscal year. The notification must contain a narrative describing the intended purpose for the funds to be obligated and a budget for their use.

Subp. 2. **Board role.** The board must review the regional arts council's plan to carry funds forward into the next fiscal year to ensure that it is reasonable and that the process used to carry funds forward is appropriate. If the board has concerns about the plan or process to be used to carry funds forward, it shall provide a written response within ten days of receipt of the notification outlining its concerns and informing the council what steps must be taken to remedy its plan. The board may recall a council's uncommitted block allocation funds at the end of the fiscal year if the council does not follow the process outlined in this part.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3800 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3810 PROCESS TO CARRY FORWARD BLOCK ALLOCATIONS TO NEXT BIENNIUM.

Subpart 1. **Regional arts council duties.** A regional arts council must notify the board in writing by May 1 of the second year of the biennium that the council plans to carry regional arts council block allocation funds forward to the next biennium. The notification must contain an outline of the process that will be used to obligate funds, a narrative describing the intended purpose for the funds to be obligated, and a budget for their use.

Subp. 2. **Board role.** The board must review the regional arts council's plan to carry funds forward into the next biennium to ensure that it is reasonable and that the process used to carry funds forward is appropriate. If the board has concerns about the plan or process to be used to obligate funds, it shall provide a written response within ten days of receipt of notification outlining its concerns and informing the council what steps must be taken to remedy its obligating plan. The board may recall a council's unobligated block allocation funds at the end of the biennium if the council does not follow the process outlined in this part.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.3900 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.3910 UNOBLIGATED BLOCK ALLOCATION FUNDS.

A regional arts council must not carry unobligated regional arts council block allocation funds from one biennium to the next. If a council has unobligated block allocation funds at the end of a biennium, the funds must be returned to the general fund.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5*

Published Electronically: *September 14, 2007*

1900.4000 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.4010 AUTHORITY OF DESIGNATED REGIONAL ARTS COUNCILS.

A designated regional arts council may:

- A. establish programs and services based on needs assessments;
- B. define and establish criteria for funding eligibility and grant making;
- C. award funds;

- D. hear and arbitrate appeals using a publicly defined appeals process;
- E. devise criteria for the selection and rotation of board members;
- F. apply for grants and funding through additional sources; and
- G. operate administratively and programmatically within the framework of the approved biennial plan.

There are no limitations on programs or grants which regional arts councils may award, including the opportunity to award funds to grantees of the board.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 24 SR 663*

Published Electronically: *September 14, 2007*

1900.4100 [Repealed, 21 SR 5]

Published Electronically: *September 14, 2007*

1900.4110 REPORTING REQUIREMENTS.

Subpart 1. **Interim financial report.** Each regional arts council must submit to the board an annual, unaudited financial statement summarizing its total annual revenue and expenditures within 45 days of the close of the regional arts council's fiscal year.

Subp. 2. **Annual plan update.** By May 15 of the first year of the biennium, each council must submit to the board an annual plan update which confirms that there will be no changes in the council's biennial plan for the coming year or outlines anticipated changes to the biennial plan for the coming year.

Subp. 3. **Biannual report.** Each council must submit to the board a written report describing the activities relating to expenditures and management of its regional arts council block allocation within 90 days after the end of the second year of the biennium. The report must include:

A. a description of the relationship between the biennial plan and the actual grants and other forms of assistance provided during the year with the regional arts council block allocation; and

B. a listing of the grants awarded, services provided, and programs disseminated using the regional arts council's block allocation.

Subp. 4. **Certified public audit.** Each regional arts council must submit a certified public audit accounting for its regional arts council block allocation for the fiscal years in which the biennial plan was in effect according to the terms of the Regional Arts Council/Minnesota State Arts Board Fiscal Agent Agreement.

Statutory Authority: *MS s 129D.04*

History: *21 SR 5; 23 SR 1380; 28 SR 854*

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Appendix F:
Minnesota Statutes: Chapter 13D, Open Meeting
Law

<https://www.revisor.mn.gov/statutes/?id=13D>

CHAPTER 13D

OPEN MEETING LAW

13D.01	MEETINGS MUST BE OPEN TO THE PUBLIC; EXCEPTIONS.	13D.04	NOTICE OF MEETINGS.
13D.015	MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS.	13D.05	MEETINGS HAVING DATA CLASSIFIED AS NOT PUBLIC.
13D.02	MEETINGS CONDUCTED BY INTERACTIVE TV; CONDITIONS.	13D.06	CIVIL FINES; FORFEITURE OF OFFICE; OTHER REMEDIES.
13D.021	MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS; CONDITIONS.	13D.065	USE OF SOCIAL MEDIA.
13D.03	CLOSED MEETINGS FOR LABOR NEGOTIATIONS STRATEGY.	13D.07	CITATION.
		13D.08	OPEN MEETING LAW CODED ELSEWHERE.

13D.01 MEETINGS MUST BE OPEN TO THE PUBLIC; EXCEPTIONS.

Subdivision 1. **In executive branch, local government.** All meetings, including executive sessions, must be open to the public

(a) of a state

(1) agency,

(2) board,

(3) commission, or

(4) department,

when required or permitted by law to transact public business in a meeting;

(b) of the governing body of a

(1) school district however organized,

(2) unorganized territory,

(3) county,

(4) statutory or home rule charter city,

(5) town, or

(6) other public body;

(c) of any

(1) committee,

(2) subcommittee,

(3) board,

(4) department, or

(5) commission,

of a public body; and

(d) of the governing body or a committee of:

(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

(2) a local public pension plan governed by sections 424A.091 to 424A.096, or chapter 354A, or Laws 2013, chapter 111, article 5, sections 31 to 42.

Subd. 2. **Exceptions.** This chapter does not apply

(1) to meetings of the commissioner of corrections;

(2) to a state agency, board, or commission when it is exercising quasi-judicial functions involving disciplinary proceedings; or

(3) as otherwise expressly provided by statute.

Subd. 3. **Subject of and grounds for closed meeting.** Before closing a meeting, a public body shall state on the record the specific grounds permitting the meeting to be closed and describe the subject to be discussed.

Subd. 4. **Votes to be kept in journal.** (a) The votes of the members of the state agency, board, commission, or department; or of the governing body, committee, subcommittee, board, department, or commission on an action taken in a meeting required by this section to be open to the public must be recorded in a journal kept for that purpose.

(b) The vote of each member must be recorded on each appropriation of money, except for payments of judgments, claims, and amounts fixed by statute.

Subd. 5. **Public access to journal.** The journal must be open to the public during all normal business hours where records of the public body are kept.

Subd. 6. **Public copy of members' materials.** (a) In any meeting which under subdivisions 1, 2, 4, and 5, and section 13D.02 must be open to the public, at least one copy of any printed materials relating to the agenda items of the meeting prepared or distributed by or at the direction of the governing body or its employees and:

(1) distributed at the meeting to all members of the governing body;

(2) distributed before the meeting to all members; or

(3) available in the meeting room to all members;

shall be available in the meeting room for inspection by the public while the governing body considers their subject matter.

(b) This subdivision does not apply to materials classified by law as other than public as defined in chapter 13, or to materials relating to the agenda items of a closed meeting held in accordance with the procedures in section 13D.03 or other law permitting the closing of meetings.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 1Sp2001 c 10 art 4 s 1; 2010 c 359 art 12 s 3; 1Sp2011 c 8 art 8 s 2,14; 2013 c 111 art 5 s 4,80

13D.015 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS.

Subdivision 1. **Application.** This section applies to:

(1) a state agency, board, commission, or department, and a statewide public pension plan defined in section 356A.01, subdivision 24; and

(2) a committee, subcommittee, board, department, or commission of an entity listed in clause (1).

Subd. 2. **Conditions.** An entity listed in subdivision 1 may conduct a meeting governed by this section and section 13D.01, subdivisions 1, 2, 4, and 5, by telephone or other electronic means so long as the following conditions are met:

(1) all members of the entity participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the entity can hear all discussion and all votes of members of the entity and participate in testimony;

(3) at least one member of the entity is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

Subd. 3. **Quorum; participation.** Each member of the entity participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

Subd. 4. **Monitoring from remote site; costs.** If telephone or another electronic means is used to conduct a meeting, the entity, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The entity may require the person making a connection to pay for documented marginal costs that the entity incurs as a result of the additional connection.

Subd. 5. **Notice.** If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the entity shall provide notice of the regular meeting location, of the fact that some members may participate by electronic means, and of the provisions of subdivision 4. The timing and method of providing notice is governed by section 13D.04. In addition, the entity must post the notice on its Web site at least ten days before any regular meeting as defined in section 13D.04, subdivision 1.

History: 2009 c 80 s 1; 2012 c 290 s 63

13D.02 MEETINGS CONDUCTED BY INTERACTIVE TV; CONDITIONS.

Subdivision 1. **Conditions.** A meeting governed by section 13D.01, subdivisions 1, 2, 4, and 5, and this section may be conducted by interactive television so long as:

(1) all members of the body participating in the meeting, wherever their physical location, can hear and see one another and can hear and see all discussion and testimony presented at any location at which at least one member is present;

(2) members of the public present at the regular meeting location of the body can hear and see all discussion and testimony and all votes of members of the body;

(3) at least one member of the body is physically present at the regular meeting location; and

(4) each location at which a member of the body is present is open and accessible to the public.

Subd. 2. **Members are present for quorum, participation.** Each member of a body participating in a meeting by electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

Subd. 3. **Monitoring from remote site; costs.** If interactive television is used to conduct a meeting, to the extent practical, a public body shall allow a person to monitor the meeting electronically from a remote location. The body may require the person making such a connection to pay for documented marginal costs that the public body incurs as a result of the additional connection.

Subd. 4. **Notice of regular and all member sites.** If interactive television is used to conduct a regular, special, or emergency meeting, the public body shall provide notice of the regular meeting location and notice of any site where a member of the public body will be participating in the meeting by interactive television. The timing and method of providing notice must be as described in section 13D.04.

Subd. 5. **School boards; interactive technology with an audio and visual link.** A school board conducting a meeting under this section may use interactive technology with an audio and visual link to conduct the meeting if the school board complies with all other requirements under this section.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 1Sp2011 c 11 art 2 s 1

13D.021 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS; CONDITIONS.

Subdivision 1. **Conditions.** A meeting governed by this section and section 13D.01, subdivisions 1, 2, 4, and 5, may be conducted by telephone or other electronic means so long as the following conditions are met:

(1) the presiding officer, chief legal counsel, or chief administrative officer for the affected governing body determines that an in-person meeting or a meeting conducted under section 13D.02 is not practical or prudent because of a health pandemic or an emergency declared under chapter 12;

(2) all members of the body participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(3) members of the public present at the regular meeting location of the body can hear all discussion and testimony and all votes of the members of the body, unless attendance at the regular meeting location is not feasible due to the health pandemic or emergency declaration;

(4) at least one member of the body, chief legal counsel, or chief administrative officer is physically present at the regular meeting location, unless unfeasible due to the health pandemic or emergency declaration; and

(5) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

Subd. 2. **Members are present for quorum, participation.** Each member of the body participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

Subd. 3. **Monitoring from remote site; costs.** If telephone or another electronic means is used to conduct a meeting, to the extent practical, the body shall allow a person to monitor the meeting electronically from a remote location. The body may require the person making a connection to pay for the documented additional cost that the body incurs as a result of the additional connection.

Subd. 4. **Notice of regular and all member sites.** If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the public body shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of subdivision 3. The timing and method of providing notice is governed by section 13D.04 of the Open Meeting Law.

History: 2007 c 110 s 1

13D.03 CLOSED MEETINGS FOR LABOR NEGOTIATIONS STRATEGY.

Subdivision 1. **Procedure.** (a) Section 13D.01, subdivisions 1, 2, 4, 5, and section 13D.02 do not apply to a meeting held pursuant to the procedure in this section.

(b) The governing body of a public employer may by a majority vote in a public meeting decide to hold a closed meeting to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to sections 179A.01 to 179A.25.

(c) The time of commencement and place of the closed meeting shall be announced at the public meeting.

(d) A written roll of members and all other persons present at the closed meeting shall be made available to the public after the closed meeting.

Subd. 2. **Meeting must be recorded.** (a) The proceedings of a closed meeting to discuss negotiation strategies shall be tape-recorded at the expense of the governing body.

(b) The recording shall be preserved for two years after the contract is signed and shall be made available to the public after all labor contracts are signed by the governing body for the current budget period.

Subd. 3. **If violation claimed.** (a) If an action is brought claiming that public business other than discussions of labor negotiation strategies or developments or discussion and review of labor negotiation proposals was transacted at a closed meeting held pursuant to this section during the time when the tape is not available to the public, the court shall review the recording of the meeting in camera.

(b) If the court finds that this section was not violated, the action shall be dismissed and the recording shall be sealed and preserved in the records of the court until otherwise made available to the public pursuant to this section.

(c) If the court finds that this section was violated, the recording may be introduced at trial in its entirety subject to any protective orders as requested by either party and deemed appropriate by the court.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2

13D.04 NOTICE OF MEETINGS.

Subdivision 1. **Regular meetings.** A schedule of the regular meetings of a public body shall be kept on file at its primary offices. If a public body decides to hold a regular meeting at a time or place different from the time or place stated in its schedule of regular meetings, it shall give the same notice of the meeting that is provided in this section for a special meeting.

Subd. 2. **Special meetings.** (a) For a special meeting, except an emergency meeting or a special meeting for which a notice requirement is otherwise expressly established by statute, the public body shall post written notice of the date, time, place, and purpose of the meeting on the principal bulletin board of the public body, or if the public body has no principal bulletin board, on the door of its usual meeting room.

(b) The notice shall also be mailed or otherwise delivered to each person who has filed a written request for notice of special meetings with the public body. This notice shall be posted and mailed or delivered at least three days before the date of the meeting.

(c) As an alternative to mailing or otherwise delivering notice to persons who have filed a written request for notice of special meetings, the public body may publish the notice once, at least three days before the meeting, in the official newspaper of the public body or, if there is none, in a qualified newspaper of general circulation within the area of the public body's authority.

(d) A person filing a request for notice of special meetings may limit the request to notification of meetings concerning particular subjects, in which case the public body is required to send notice to that person only concerning special meetings involving those subjects.

(e) A public body may establish an expiration date for requests for notices of special meetings pursuant to this subdivision and require refiling of the request once each year.

(f) Not more than 60 days before the expiration date of a request for notice, the public body shall send notice of the refiling requirement to each person who filed during the preceding year.

Subd. 3. **Emergency meetings.** (a) For an emergency meeting, the public body shall make good faith efforts to provide notice of the meeting to each news medium that has filed a written request for notice if the request includes the news medium's telephone number.

(b) Notice of the emergency meeting shall be given by telephone or by any other method used to notify the members of the public body.

(c) Notice shall be provided to each news medium which has filed a written request for notice as soon as reasonably practicable after notice has been given to the members.

(d) Notice shall include the subject of the meeting. Posted or published notice of an emergency meeting is not required.

(e) An "emergency" meeting is a special meeting called because of circumstances that, in the judgment of the public body, require immediate consideration by the public body.

(f) If matters not directly related to the emergency are discussed or acted upon at an emergency meeting, the minutes of the meeting shall include a specific description of the matters.

(g) The notice requirement of this subdivision supersedes any other statutory notice requirement for a special meeting that is an emergency meeting.

Subd. 4. **Recessed or continued meetings.** (a) If a meeting is a recessed or continued session of a previous meeting, and the time and place of the meeting was established during the previous meeting and recorded in the minutes of that meeting, then no further published or mailed notice is necessary.

(b) For purposes of this subdivision, the term "meeting" includes a public hearing conducted pursuant to chapter 429 or any other law or charter provision requiring a public hearing by a public body.

Subd. 5. **Closed meetings.** The notice requirements of this section apply to closed meetings.

Subd. 6. **State agencies.** For a meeting of an agency, board, commission, or department of the state required or permitted by law to transact public business in a meeting:

(1) the notice requirements of this section apply only if a statute governing meetings of the agency, board, or commission does not contain specific reference to the method of providing notice;

(2) all provisions of this section relating to publication are satisfied by publication in the State Register or posting on the Web site of the agency, board, commission, or department; and

(3) a schedule of the regular meetings shall be kept on file at the primary offices or posted on the Web site of the agency, board, commission, or department.

Subd. 7. **Actual notice.** If a person receives actual notice of a meeting of a public body at least 24 hours before the meeting, all notice requirements of this section are satisfied with respect to that person, regardless of the method of receipt of notice.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 2014 c 274 s 1

13D.05 MEETINGS HAVING DATA CLASSIFIED AS NOT PUBLIC.

Subdivision 1. **General principles.** (a) Except as provided in this chapter, meetings may not be closed to discuss data that are not public data.

(b) Data that are not public data may be discussed at a meeting subject to this chapter without liability or penalty, if the disclosure relates to a matter within the scope of the public body's authority and is reasonably necessary to conduct the business or agenda item before the public body.

(c) Data discussed at an open meeting retain the data's original classification; however, a record of the meeting, regardless of form, shall be public.

(d) All closed meetings, except those closed as permitted by the attorney-client privilege, must be electronically recorded at the expense of the public body. Unless otherwise provided by law, the recordings must be preserved for at least three years after the date of the meeting.

Subd. 2. **When meeting must be closed.** (a) Any portion of a meeting must be closed if expressly required by other law or if the following types of data are discussed:

(1) data that would identify alleged victims or reporters of criminal sexual conduct, domestic abuse, or maltreatment of minors or vulnerable adults;

(2) active investigative data as defined in section 13.82, subdivision 7, or internal affairs data relating to allegations of law enforcement personnel misconduct collected or created by a state agency, statewide system, or political subdivision;

(3) educational data, health data, medical data, welfare data, or mental health data that are not public data under section 13.32, 13.3805, subdivision 1, 13.384, or 13.46, subdivision 2 or 7; or

(4) an individual's medical records governed by sections 144.291 to 144.298.

(b) A public body shall close one or more meetings for preliminary consideration of allegations or charges against an individual subject to its authority. If the members conclude that discipline of any nature may be warranted as a result of those specific charges or allegations, further meetings or hearings relating to those specific charges or allegations held after that conclusion is reached must be open. A meeting must also be open at the request of the individual who is the subject of the meeting.

Subd. 3. **What meetings may be closed.** (a) A public body may close a meeting to evaluate the performance of an individual who is subject to its authority. The public body shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the public body shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting.

(b) Meetings may be closed if the closure is expressly authorized by statute or permitted by the attorney-client privilege.

(c) A public body may close a meeting:

(1) to determine the asking price for real or personal property to be sold by the government entity;

(2) to review confidential or protected nonpublic appraisal data under section 13.44, subdivision 3; and

(3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property.

Before holding a closed meeting under this paragraph, the public body must identify on the record the particular real or personal property that is the subject of the closed meeting. The proceedings of a meeting closed under this paragraph must be tape recorded at the expense of the public body. The recording must be preserved for eight years after the date of the meeting and made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the governing body has abandoned the purchase or sale. The real or personal property that is the subject of the closed meeting must be specifically identified on the tape. A list of members and all other persons present at the closed meeting must be made available to the public after the closed meeting. If an action is brought claiming that public business other than discussions allowed under this paragraph was transacted at a closed meeting held under this paragraph during the time when the tape is not available to the public, section 13D.03, subdivision 3, applies.

An agreement reached that is based on an offer considered at a closed meeting is contingent on approval of the public body at an open meeting. The actual purchase or sale must be approved at an open meeting.

after the notice period required by statute or the governing body's internal procedures, and the purchase price or sale price is public data.

(d) Meetings may be closed to receive security briefings and reports, to discuss issues related to security systems, to discuss emergency response procedures and to discuss security deficiencies in or recommendations regarding public services, infrastructure and facilities, if disclosure of the information discussed would pose a danger to public safety or compromise security procedures or responses. Financial issues related to security matters must be discussed and all related financial decisions must be made at an open meeting. Before closing a meeting under this paragraph, the public body, in describing the subject to be discussed, must refer to the facilities, systems, procedures, services, or infrastructures to be considered during the closed meeting. A closed meeting must be tape recorded at the expense of the governing body, and the recording must be preserved for at least four years.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 1999 c 227 s 22; 2002 c 379 art 1 s 5; 2004 c 276 s 1; 2004 c 290 s 18; 2007 c 110 s 2; 2007 c 147 art 10 s 15; 2008 c 335 s 1; 2010 c 365 art 1 s 8

13D.06 CIVIL FINES; FORFEITURE OF OFFICE; OTHER REMEDIES.

Subdivision 1. **Personal liability for \$300 fine.** Any person who intentionally violates this chapter shall be subject to personal liability in the form of a civil penalty in an amount not to exceed \$300 for a single occurrence, which may not be paid by the public body.

Subd. 2. **Who may bring action; where.** An action to enforce the penalty in subdivision 1 may be brought by any person in any court of competent jurisdiction where the administrative office of the governing body is located.

Subd. 3. **Forfeit office if three violations.** (a) If a person has been found to have intentionally violated this chapter in three or more actions brought under this chapter involving the same governing body, such person shall forfeit any further right to serve on such governing body or in any other capacity with such public body for a period of time equal to the term of office such person was then serving.

(b) The court determining the merits of any action in connection with any alleged third violation shall receive competent, relevant evidence in connection therewith and, upon finding as to the occurrence of a separate third violation, unrelated to the previous violations, issue its order declaring the position vacant and notify the appointing authority or clerk of the governing body.

(c) As soon as practicable thereafter the appointing authority or the governing body shall fill the position as in the case of any other vacancy.

Subd. 4. **Costs; attorney fees; requirements; limits.** (a) In addition to other remedies, the court may award reasonable costs, disbursements, and reasonable attorney fees of up to \$13,000 to any party in an action under this chapter.

(b) The court may award costs and attorney fees to a defendant only if the court finds that the action under this chapter was frivolous and without merit.

(c) A public body may pay any costs, disbursements, or attorney fees incurred by or awarded against any of its members in an action under this chapter.

(d) No monetary penalties or attorney fees may be awarded against a member of a public body unless the court finds that there was an intent to violate this chapter.

(e) The court shall award reasonable attorney fees to a prevailing plaintiff who has brought an action under this section if the public body that is the defendant in the action was also the subject of a prior written opinion issued under section 13.072, and the court finds that the opinion is directly related to the cause of action being litigated and that the public body did not act in conformity with the opinion. The court shall give deference to the opinion in a proceeding brought under this section.

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 2008 c 335 s 2

13D.065 USE OF SOCIAL MEDIA.

The use of social media by members of a public body does not violate this chapter so long as the social media use is limited to exchanges with all members of the general public. For purposes of this section, e-mail is not considered a type of social media.

History: 2014 c 274 s 2

13D.07 CITATION.

This chapter may be cited as the "Minnesota Open Meeting Law."

History: 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2

13D.08 OPEN MEETING LAW CODED ELSEWHERE.

Subdivision 1. **Board of Animal Health.** Certain meetings of the Board of Animal Health are governed by section 35.0661, subdivision 1.

Subd. 2. **Minnesota Life and Health Guaranty Association.** Meetings of the Minnesota Life and Health Guaranty Association Board of Directors are governed by section 61B.22.

Subd. 3. **Comprehensive Health Association.** Certain meetings of the Comprehensive Health Association are governed by section 62E.10, subdivision 4.

Subd. 4. **Health Technology Advisory Committee.** Certain meetings of the Health Technology Advisory Committee are governed by section 62J.156.

Subd. 5. **Health Coverage Reinsurance Association.** Meetings of the Health Coverage Reinsurance Association are governed by section 62L.13, subdivision 3.

Subd. 5a. **MNsure.** Meetings of MNsure are governed by section 62V.03, subdivision 2.

Subd. 6. **Self-insurers' security fund.** Meetings of the self-insurers' security fund and its board of trustees are governed by section 79A.16.

Subd. 7. **Commercial self-insurance group security fund.** Meetings of the commercial self-insurance group security fund are governed by section 79A.28.

Subd. 8. **Lessard-Sams Outdoor Heritage Council.** Certain meetings of the Lessard-Sams Outdoor Heritage Council are governed by section 97A.056, subdivision 5.

Subd. 9. **Enterprise Minnesota, Inc.** Certain meetings of the board of directors of Enterprise Minnesota, Inc. are governed by section 116O.03.

Subd. 10. **Minnesota Business Finance, Inc.** Certain meetings of Minnesota Business Finance, Inc. are governed by section 116S.02.

Subd. 11. **Northern Technology Initiative, Inc.** Certain meetings of Northern Technology Initiative, Inc. are governed by section 116T.02.

Subd. 12. **Agricultural Utilization Research Institute.** Certain meetings of the Agricultural Utilization Research Institute are governed by section 116V.01, subdivision 10.

Subd. 13. **Hospital authorities.** Certain meetings of hospitals established under section 144.581 are governed by section 144.581, subdivisions 4 and 5.

Subd. 14. **Advisory Council on Workers' Compensation.** Certain meetings of the Advisory Council on Workers' Compensation are governed by section 175.007, subdivision 3.

Subd. 15. **Electric cooperatives.** Meetings of a board of directors of an electric cooperative that has more than 50,000 members are governed by section 308A.327.

Subd. 16. **Town boards.** Certain meetings of town boards are governed by section 366.01, subdivision 11.

Subd. 17. **Hennepin County Medical Center and HMO.** Certain meetings of the Hennepin County Board on behalf of the HMO or Hennepin Healthcare System, Inc. are governed by section 383B.217.

Subd. 18. **Hennepin Healthcare System, Inc.** Certain meetings of the Hennepin Healthcare System, Inc. are governed by section 383B.917.

History: 2012 c 290 s 64; 2013 c 9 s 2; 2013 c 108 art 1 s 67

Appendix G:
Senator Mike Menning Letter Establishing
RAC/MSAB Relationship

MARION (MIKE) MENNING
Senator 26th District
R.R. 1, Box 500D
Edgerton, Minnesota 56123
and
Room 28 State Capitol
St. Paul, Minnesota 55155
Phone: (612) 296-4171

Senate

State of Minnesota

January 21, 1982

Mr. Stephen Keating, Chairman
Minnesota State Arts Board
2500 Park Avenue
Minneapolis, Minnesota 55404


Dear Mr. Keating:


As a result of the new legislation contained in H.F. 2 which was passed into law in Special Session 3, a letter of clarification containing our understanding of the funding relationship between the Minnesota State Arts Board and the Regional Arts Councils has been requested.

We would expect that the Regional Arts Councils would submit a plan showing how funds would be used to the MSAB. Following submission of the plan, the MSAB would forward the appropriate amount of money for that fiscal year, as indicated in the work papers of the conference committee, to the Regional Arts Councils. At the end of the fiscal year the Regional Arts Councils should each submit a report to the MSAB showing how the funds were actually used.

For the fiscal year 1982, the Regional Arts Councils should amend the plans that they have already submitted to reflect the appropriate dollar amounts.

Sincerely,


~~Marion (Mike) Menning, Chairman~~
Semi-State/Transportation Subcommittee


Glen Anderson, Chairman
Semi-State/Transportation Division

MM/min

Appendix H:

RAC Fiscal Agent Agreement

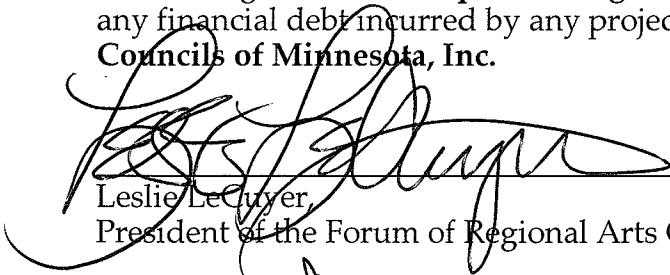
FISCAL AGENT AGREEMENT – FY 2015

The **Metropolitan Regional Arts Council (MRAC)** agrees to act as fiscal agent for the **Forum of Regional Arts Councils of Minnesota, Inc. (FRACM)**, for the purpose of receiving funds from The McKnight Foundation, the State of Minnesota, and any additional funding sources. This agreement will cover July 1, 2014 through June 30, 2015.

The **Metropolitan Regional Arts Council** and the **Forum of Regional Arts Councils of Minnesota, Inc.** accept the following conditions of this agreement:


1. That MRAC will be reimbursed at a rate of \$31 per hour for up to 120 hours in payment for acting as the FRACM fiscal agent for the above time period. The total cost for MRAC time shall not exceed \$3,720. In the event the actual number of hours required to complete the work are fewer than 120, the FRACM shall pay only the actual hours spent by the MRAC staff. If total hours spent by staff exceed 120 the cost of this contract may be amended by mutual written consent of the parties to this contract.
2. That MRAC will serve as the manager of FRACM funds and will coordinate the necessary check writing responsibilities with the FRACM staff coordinator, and will perform the necessary bookkeeping responsibilities required by FRACM.
3. That MRAC will maintain all FRACM funds in a separate account and all interest earned shall accrue to FRACM.
4. That MRAC will supply the FRACM with quarterly financial/transaction reports that account for the use of all funds received or earned by the FRACM.
5. That MRAC will complete the Financial Portion of the IRS 990 Form, with the remaining portion of the IRS 990 Form to be completed by FRACM staff.
6. That this agreement shall be subject to modification at any time provided there is mutual agreement between MRAC and FRACM on the nature of the modification.

As fiscal agent, the **Metropolitan Regional Arts Council** assumes no responsibility for any financial debt incurred by any projects undertaken by the **Forum of Regional Arts Councils of Minnesota, Inc.**



Leslie LeCuyer,
President of the Forum of Regional Arts Councils

6-13-14
Date



Jeff Prauer, Executive Director
Metropolitan Regional Arts Council

6/13/14
Date

Appendix I:

Current Regional Funding Formula

Regions	Gen. Op. Allocation	Population Allocation	Land Area Allocation	FY2010 Total State Alloc.	% of Total FY2010 Alloc.
1	\$161,127	\$70,999	\$24,123	\$256,249	4.05%
2	\$161,127	\$65,707	\$17,963	\$244,797	3.87%
3	\$161,127	\$263,579	\$52,160	\$476,866	7.53%
4	\$161,127	\$180,364	\$23,111	\$364,602	5.76%
5	\$161,127	\$132,438	\$16,075	\$309,640	4.89%
6/8	\$161,127	\$233,012	\$34,540	\$428,679	6.77%
7E	\$161,127	\$131,696	\$9,638	\$302,461	4.78%
7W	\$161,127	\$319,391	\$8,158	\$488,676	7.72%
9	\$161,127	\$187,577	\$14,694	\$363,398	5.74%
10	\$161,127	\$401,383	\$19,373	\$581,884	9.19%
11	\$161,127	\$2,343,574	\$8,046	\$2,512,748	39.70%
Total	\$1,772,400	\$4,329,720	\$227,880	\$6,330,000	100.00%

Arts and Cultural Heritage Fund FY10-FY11

Appendix J:

RAC/MSAB Data Collection Form & Policies

REGIONAL ARTS COUNCIL GRANT APPLICATION DATA COLLECTION: DEFINITIONS

APPLICANT INFORMATION

FIELD NAME	TYPE/ LENGTH	DEFINITION
LNAM	Text / 38	Last name of individual or organization name. Avoid abbreviations.
FNAM	Text / 12	First name of individual. For organizations, enter The, A or City of (i.e. an alpha reference will list City of Willmar in Ws vs C for City).
MI	Text / 1	Middle initial
AKALNAM	Text / 55	Full name or publicity name - last name of individual or organization name. Avoid abbreviations.
AKAFNAM	Text / 25	Full name or publicity name - first name of individual.
UPD	Date	Date information provided / updated.
CONFNAM	Text / 12	Contact person last name
CONLNAM	Text / 20	Contact person first name
CONTTL	Text / 22	Contact person title
AD1	Text / 20	Address line 1. Please use abbreviations and no punctuations per postal regulations, i.e. 1913 Main St E rather than <i>1913 Main Street E</i> .
AD2	Text / 20	Address line 2. Please use abbreviations and no punctuations per postal regulations, i.e. Ste 202 rather than <i>Suite #202</i>
CIT	Text / 22	City. Avoid abbreviations.
STA	Text / 2	State
ZIP	Text / 10	Zip code
TEL	Text / 12	Phone
OTE	Text / 12	Additional phone
EMAIL	Text / 50	Email address
STAT	Text / 2	Legal status code describing applicant. Refer to RAC data collection template for current codes (i.e. enter "01" for individual).
INST1	Text / 2	Institution code describing applicant. Refer to RAC data collection template for current codes (i.e. enter "01" for individual artist).
DIS1	Text / 3	Art discipline code describing applicant. Refer to RAC data collection template for current codes (i.e. enter "01A" for Dance, ballet).
CHR	Text / 6	Ethnic characteristic of applicant. Individuals to select <u>any combination</u> of, organizations to select the one code that best represents 50% or more of their staff, board or membership. It is <i>optional</i> for individuals to provide this information. This data is not public and is for internal use only for assessment and evaluation of programs. Refer to RAC data collection template for current codes (enter uppercase letters, i.e. A for Asian).
CHROTH	Text / 3	Other characteristics of applicant. It is <i>optional</i> for individuals to provide this information. This data is not public and is for internal use only for assessment and evaluation of programs. Refer to RAC data collection template for current codes (enter uppercase letters, i.e. V for Veteran).
HOU	Text / 3	MN legislative house/senate district of applicant.
CGR	Text / 2	U.S. Congressional district of applicant.
COUNTY	Text / 20	County of applicant.
REG	Text / 3	Region of applicant. Not necessary to report because the MN State Arts Board database will automatically code.
COMMENTS	Text / 150	Comments regarding applicant
SER	Number / 6	Serial number (Unique ID) assigned by MN State Arts Board information system database

REGIONAL ARTS COUNCIL GRANT APPLICATION DATA COLLECTION: DEFINITIONS
APPLICATION INFORMATION

FIELD NAME	TYPE / LENGTH	DEFINITION
FY	Text / 4	Fiscal year of application, determined by fiscal year of appropriated/granted funds. Not necessarily related to timeframe of grant activities. Enter four digit number, i.e. 2008
RAC	Text / 3	Regional Arts Council number from which application is received. Enter "01" Or "02" Or "03" Or "04" Or "05" Or "07E" Or "07W" Or "08" for SMAHC Or "09" Or "10" Or "11"
AUPD	Date	Date record entered or updated on the MN State Arts Board information systems database.
REGAPP	Text / 12	Application number assigned by Regional Arts Council.
TTL	Text / 50	Grant program title for which application has been submitted.
PDIS1	Text / 3	Primary art discipline code of grant activity. Refer to RAC data collection template for current codes.
PCHR	Text / 1	<i>Discontinued</i> - Primary ethnic/racial characteristic of grant activity. Enter "G" when activity does not emphasize any one of the listed categories. Refer to RAC data collection template for current codes.
STS	Text / 1	Eligibility status of application. When not eligible, add reason to comment field.. E=eligible, I=Ineligible, W=Withdrawn, D=Declined.
REQ	Currency	Dollars requested from applicant. Round to nearest dollar.
PAN	Currency	Dollars recommended by panel. Round to nearest dollar.
GRA	Currency	Dollars granted. Round to nearest dollar.
INC	Currency	Estimated income of project. For operating support applications, report annual income for the fiscal year of application. This figure includes dollars requested (or dollars granted for grant recipients). Round to nearest dollar.
EXP	Currency	Estimated cash expense of project. For operating support applications, report annual expenses for the fiscal year of application. Round to nearest dollar.
INK	Currency	Estimated in-kind of project. Round to nearest dollar.
SAA	Currency	State share of grant dollars awarded from the General Fund. Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
ACHFAAA	Currency	State share of grant dollars awarded from Arts and Cultural Heritage Fund for Arts and Arts Access. Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
ACHFAE	Currency	State share of grant dollars awarded from Arts and Cultural Heritage Fund for Arts Education. Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
ACHFACH	Currency	State share of grant dollars awarded from Arts and Cultural Heritage Fund for Arts and Cultural Heritage. Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
NEA	Currency	Natl Endowment for the Arts share of grant amount. Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
OTH	Currency	Other dollar share of grant amount (i.e. foundation, local arts fund drive, corporate). Note that grant amount must equal all sources of funding (SAA + ACHFAAA + ACHFAE + ACHFACH + NEA + OTH). Report as aggregate dollars only. Round to nearest dollar.
ART	Number	Estimated number of adult artists directly involved in or providing art or artistic services specifically identified with grant activities. Include living artists whose work is represented whether or not the work was provided by the artist or an institution. Default = 1
YOUTH	Number	Estimated number of children and youth under the age of 18 participating in and/or benefitting directly from these grant activities, or included in an audience. Do not double-count repeat attendees. Default = 0
ADULT	Number	Estimated number of adult audience participants benefitting directly from grant activities: Excludes employees, paid performers, artists participating, children/youth, broadcast audience. Do not double-count repeat attendees. Note that MN State Arts Board will combine fields YOUTH and ADULT for total audience figure. Default = 1
PLANSUM	Text / 144	Plan summary describing application, a brief project description. Not required.
COMMENT	Text / 72	Remarks pertaining to application that should be considered when using data. For ineligible applications, record reason of ineligibility. For applications with fiscal agents, record "Fiscal agent name" is fiscal agent for "Applicant Name".
EXPANNUAL	Currency	Annual expenses for most recently completed fiscal year. Collected only for arts organizations. Round to the nearest dollar.
SER	Number / 6	Serial number assigned from MN State Arts Board Constituent List table linking applicant constituent information to RAC grant application information.

RAC GRANT DATA COLLECTION FORM

TO THE APPLICANT: This form is used to gather information about grant applicants to the Minnesota Regional Arts Councils (RACs). The data is maintained by the Minnesota State Arts Board in cooperation with the RACs, and may be distributed to others in accordance with the Minnesota Data Practices Act. Complete information is necessary to ensure the reliability of our data. *Note: If you are using a fiscal agent, please fill out this first page as it pertains to the arts organization conducting the activity, not the fiscal agent.*

1. APPLICANT INFORMATION

Date _____

Legal name of organization or individual _____
 Professional or other name _____
 Address _____
 City _____ State _____ Zipcode _____
 Day phone _____
 E-mail address _____
 Contact person name and title _____
 County _____ MN House district _____ U.S. Congressional district _____
 Fiscal agent name (if applicable) _____

2. SPECIAL CHARACTERISTICS:

For individuals applying (optional)
 Select any combination that applies
 describing your racial/ ethnic characteristics.
 This information is not made public.

- ☐ American Indian/Alaska Native (N)
- ☐ Asian (A)
- ☐ Native Hawaiian/Pacific Islander (P)
- ☐ Black/African American (B)
- ☐ Hispanic/Latino (H)
- ☐ White (W)
- ☐ Other _____

For individuals, mark these items if they apply (optional)

- ☐ Disability (I)
- ☐ Older Adult - 60+ (S)
- ☐ Veteran (V)

For organizations applying
 Select the one code that best represents 50%
 or more of your staff or board or membership

3. STATUS:

Select the one code which best
 describe the applicant's legal
 status

- | | | |
|---------------------------|---|-------------------------|
| 01 Individual | 04 Government-Federal | 07 Government-County |
| 02 Organization-Nonprofit | 05 Government-State (includes public schools) | 08 Government-Municipal |
| 03 Organization-Profit | 06 Government-Regional | 09 Government-Tribal |
| | | 99 None of the Above |

4. INSTITUTION:

Select the one code which best
 describe the applicant

- | | | |
|--|-------------------------------------|---------------------------------|
| 01 Individual artist | 18 Union/Professional Association | 36 Seniors Center |
| 02 Individual non-artist | 19 School-District | 37 Parks & Recreation |
| 03 Performing Group | 20 School-Parent/Teacher Assn | 38 Government-Executive |
| 04 Performing Group-College/University | 21 School-Elementary | 39 Government-Judicial |
| 05 Performing Group-Community | 22 School-Middle | 40 Government-Legis (House) |
| 06 Performing Group-Youth | 23 School-Secondary | 41 Government-Legis (Senate) |
| 07 Performance Facility | 24 School-Vocational or Technical | 42 Media-Periodical |
| 08 Museum (Art) | 25 School-Other (incl Community Ed) | 43 Media-Daily Newspaper |
| 09 Museum (Other) | 26 College/University | 44 Media-Weekly Newspaper |
| 10 Gallery/Exhibition space | 27 Library | 45 Media-Radio |
| 11 Cinema | 28 Historical Society/ Commission | 46 Media-Television |
| 12 Independent Press | 29 Humanities Council/Agency | 47 Cultural Series Organization |
| 13 Literary Magazine | 30 Foundation | 48 School of the Arts |
| 14 Fair/Festival | 31 Corporation/ Business | 49 Arts Camp/ Institute |
| 15 Arts Center | 32 Community Service Organization | 50 Social Service Organization |
| 16 Arts Council/Agency | 33 Correctional Facility | 51 Child Care Provider |
| 17 Arts Service Organization | 34 Health Care Facility | 99 None of the Above |
| | 35 Religious Organization | |

Legal name of organization or individual _____

5. DISCIPLINE:

Select one code which best describes the applicant's primary area of interest in the art (e.g. ballet 01A)

- 01 Dance—general
01A ballet
01B ethnic/jazz/folk-inspired modern
01C modern
02 Music—general
02A band
02B chamber
02C choral
02D new-experimental, electronic
02E ethnic/folk-inspired
02F jazz
02G popular
02H solo/recital
02I orchestral
03 Opera/Musical Theater—general
03A opera
03B musical theater
04 Theater—general
04A theater, in general
04B mime
04C puppetry
04D theater for young people
04E storytelling
10C playwriting/scriptwriting

- 05 Visual Arts—general
05A experimental
05B graphics (include drawing, cartooning, printmaking, book arts)
05D painting
05F sculpture
06 Design Arts—general
06A architecture
06B fashion
06D industrial
06E interior
06F landscape architecture
06G urban/ metropolitan
07 Crafts—general
07A clay (includes ceramics)
07B fiber (includes basketry)
07C glass
07D leather
07E metal
07F paper
07G plastic
07H wood
07I mixed media
08 Photography (include holography)

- 09 Media Arts—general
09A film
09B audio
09C video
09D technology/experimental
09E screenwriting
10 Literature—general
10A fiction
10B non-fiction
10C playwriting/ scriptwriting
10D poetry
11 Interdisciplinary (include collaborations & performance art)
12 Folklife/Traditional Arts, in general
12A Dance
12B Music
12C Crafts and visual arts
12D Oral traditions
13 Humanities
14 Multi-disciplinary
15 Non-arts/non-humanities

PROJECT ACTIVITY

6. _____ **Adult Artists Participating** Record the number of adult artists expected to be directly involved in providing art or artistic services for these grant activities.
7. _____ **Adult Audience Benefiting** Record the number of adult audience expected to benefit directly from these grant activities (excluding employees, paid performers, artists participating, children/youth, and broadcast figures). Do not double-count repeat attendees.
8. _____ **Children/Youth Benefiting** Record the number of children and youth under the age of 18 expected to participate in and/or benefit directly from these grant activities, or were included in the audience (*excluding broadcast figures*). Do not double-count repeat attendees.
9. **Project Discipline** Using the same discipline coding listed above, select one category which best describes the grant activity.

10. For organizations applying, **total organization expenses** for most recently completed fiscal year: \$ _____ FY _____

TO BE COMPLETED BY REGIONAL ARTS COUNCIL STAFF ONLY

Total Project Revenue \$ _____ Total Project Cost (cash only) \$ _____ In-Kind Contributions \$ _____
(cash only-include grant request)

SOURCE OF FUNDS

FISCAL YEAR _____ Grant Request \$ _____ State General Fund \$ _____ ACHF Arts & Arts Access \$ _____
RAC _____ Recommended \$ _____ Federal \$ _____ ACHF Arts Education \$ _____
APPLICATION # _____ Awarded \$ _____ Other \$ _____ ACHF Arts & Cultural Herit \$ _____

GRANT PROGRAM

- ☐ Production Assistance
☐ Sponsorship Activity
☐ Other _____

- ☐ General Operating Support
☐ Organization Arts Project
☐ Organizational Management Support

- ☐ Arts in Education School Residency
☐ Arts Scholarship
☐ Individual Artist

☐ APPLICATION WITHDRAWN ☐ APPLICATION INELIGIBLE

Reason for ineligibility or withdrawn application _____

Comments _____

☐ ALL INFORMATION ON THIS FORM HAS BEEN REVIEWED AND IS COMPLETE AND CORRECT.

Appendix K:

FRACM Staff Job Description

POSITION DESCRIPTION: Coordinating Arts Administrator

The Forum of Regional Arts Councils of Minnesota is seeking a Coordinating Arts Administrator who will be a part-time employee of the Forum. The Forum is a statewide coalition of Minnesota's decentralized arts funding system of eleven Regional Arts Councils. The mission of the Forum is to serve as the voice of and advocate for small arts organizations and community-based arts activities throughout Minnesota by working in partnership with the Minnesota State Arts Board, Minnesota Citizens for the Arts, the McKnight Foundation, and others.

As a key member of the Forum, in support of its growing operations, the Coordinating Arts Administrator will work closely with the President and Executive Committee and act as the sole administrative professional for the Forum.

The ideal candidate will provide a well-rounded skill set, a high level of personal initiative, an ability to excel as a member of a team, and a willingness to work in a flexible and dynamic environment. The Coordinating Arts Administrator will perform a broad range of tasks, including those typically required of an executive assistant, office manager, and projects manager. A background in the arts and nonprofit organizations is preferred.

The Coordinating Arts Administrator will be responsible for scheduling and calendar management, travel management, budgets and financial reporting, logistical support for meetings and events, data base and files management, communicating among Regional Arts Councils and Forum partners, and other tasks that may arise.

Principle Responsibilities

- Handle day-to-day administrative needs of the Forum including file maintenance; telephone, e-mail, and other communications with stakeholders; preparation and maintenance of documents such as proposals, reports, financial reports, policies and procedures manuals, meeting minutes and other governance documents.
- Plan and implement Forum meetings including logistical preparations such as meeting space, food and beverages, lodging; document preparation and distribution; and taking minutes of meetings.
- Coordinate long range and annual Forum planning in collaboration with Executive Committee and Board of Directors.
- Design and manage appropriate systems for tracking financial, administrative, technology, and program planning needs.
- Perform other duties as assigned by Forum President and Executive Committee, and be responsive to needs of other members of the Forum for Forum business.
- Attend meetings as may be required and report back to the Forum on proceedings.
- Maintain strict confidentiality of information related to the Forum, individual Regional Arts Councils, and Forum partners.
- Coordinate Regional Arts Councils' evaluation of their grants and services according to their respective Biennial Plans.

Appendix L:

Possible Other Funding Sources

Possible Funding Sources

Arts Midwest 528 Hennepin Ave., Suite 310 Minneapolis, MN 55403 612-341-0755 info@artsmidwest.org www.artsmidwest.org	Encourages and supports the arts in nine Midwestern states (MN, ND, SD, IO, WI, IL, IN, MI, OH).
Blandin Foundation 100 Pokegama Ave. N. Grand Rapids, MN 55744 218-326-0523 bldnfdtn@uslink.net www.blandinfoundation.org	Supports rural arts development, some capital campaigns.
Bush Foundation E-900 First National Bank Building 332 Minnesota St. St. Paul, MN 55101 612-227-5222 kpolley@bushfound.org	Supports artists and arts organizations throughout MN, ND, SD, and western WI.
Jerome Foundation West 1050 First National Bank Building 332 Minnesota St. St. Paul, MN 55101 612-224-9431 info@jeromefdn.org www.jeromefdn.org	Supports artists in MN and NY.
National Endowment for the Arts Nancy Hanks Center 1100 Pennsylvania Ave., NW Washington, D.C. 20506 202-682-5400 www.arts.endow.gov	Regrant programs and services available
Perpich Center for Arts Education 6125 Olson Memorial Highway Golden Valley, MN 55422 1-800-657-3515	Resource center and school: possible partnership in arts in education programming.
The McKnight Foundation 600 TCF Tower, 121 South 8th St. Minneapolis, MN 55402 612-333-4220 ncuthbert@mcknight.org www.mcknight.org	General operating support and regrant program support.
VSA arts of Minnesota 528 Hennepin Ave Ste 305 Minneapolis, MN 55403 mn@vsarts.org www.vsarts.org/affiliates/states/mn.lasso	Assists arts organizations in being more accessible to people with a disability

Appendix M: Conflict of Interest Information Form

Conflict of Interest Information Form

Name: _____

Date: _____

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to a Conflict of Interest (as defined in Forum of Regional Arts Councils of Minnesota, Inc.'s Policy on Conflicts of Interest) arising.

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest of Forum of Regional Arts Councils of Minnesota, Inc., that is currently in effect.

Signature: _____ Date: _____

Appendix N:
Minnesota State Arts Board and Forum of
Regional Arts Councils Arts and Cultural
Heritage Fund Fundamental Issues

The Clean Water, Land, and Legacy Amendment to the Minnesota Constitution states that, “The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute.” This language was intended to require that the legislature and state agencies make sure that, upon passage of the amendment, the Minnesota public would see increases in funding for the purposes outlined in the amendment and would not see new funding simply replace existing funding.

The appropriations bill that was passed by the legislature in 2009 is not specific in this regard. This document is meant to provide more guidance on how the Minnesota State Arts Board and the Minnesota’s regional arts councils will define these terms and apply them consistently throughout the statewide system.

“Traditional sources of funding” are understood to be funding the State of Minnesota has traditionally provided for the arts through the state’s General Fund and Capital Investment budgets.

“Supplement” means “in addition to”

- A. At the State of Minnesota level — For the governor and legislature, this means that amendment funds must be added to former levels of general funding for these agencies and activities during the appropriations process.
- B. At the board and council level — Each year, requests for funds far exceed the funds the board and councils have available to award. Because there is ongoing unmet need in current programs, increasing funding in an existing program is “supplementing” not “supplanting.”

“Supplement” can mean any of the following:

1. The board and councils add to their existing programs to more fully fund them.
2. Board and councils create new programs with amendment funds, unrelated to programs supported by general fund dollars.
3. The board and councils make additional grants to previous grantees for the same types of activities, so that more of those activities can occur.
4. The board and councils make additional grants to previous grantees for new activities.
5. The board and councils make grants to new grantees for previously unfunded activities.

SUPPLEMENT vs SUPPLANT (continued)

“Supplant” means “instead of”

- A. At the State of Minnesota level
 - 1. Should the governor or legislature propose to or implement a reduction in general funds to the board and councils, and replace general fund dollars with amendment funds, this would be “supplanting.”
 - 2. If the state is facing a projected deficit and the board and councils receive a reduction in general fund appropriation that is disproportionate to the size of the deficit or to reductions in other state agencies’ general fund appropriations, because amendment money is available to backfill, this would be “supplanting.”
- B. At the board and council level
 - 1. If the board and councils replace a program’s general fund dollars with amendment dollars, it is supplanting.
 - 2. If the board or councils link cuts in general funding for a program to the availability of new money from the amendment, this is supplanting.

Supplanting does not occur when the board or a council discontinues or replaces a program that has been funded with either general fund or amendment dollars, because the program has outlived its usefulness, has become a lower priority than some other needs, or has achieved its goals.

Working group

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Andrew Berryhill
Brenda Flintrop
Ed Oliver
Sheila Smith
Pam Perri Weaver

2009-09-02	Reviewed by Minnesota State Arts Board, revisions suggested
2009-10-07	Reviewed at joint Arts Board/Forum of Regional Arts Council planning meeting, revisions suggested
2009-10-26	Reviewed by Arts Board/Forum of Regional Arts Council liaison committee, revisions suggested

USE OF ARTS AND CULTURAL HERITAGE FUNDS FOR CAPITAL(*) PROJECTS

The Clean Water, Land, and Legacy Amendment to the Minnesota Constitution creates an arts and cultural heritage fund and states that proceeds, "...may be spent only for arts, arts education and arts access and to preserve Minnesota's history and cultural heritage."

Although the 2009 arts and cultural heritage fund appropriations bill does not specifically allow or prohibit capital projects there is a concern about using amendment dollars for building projects. Large arts capital projects of statewide or regional impact are eligible to compete for state bonding dollars through the legislature's capital investment budgeting process. Funding arts capital projects of statewide or regional impact might be an incentive for legislators to stop including arts and culture projects in the bonding bill. Some think that using amendment funds for such projects would qualify as "supplanting."

1. In order to avoid the supplanting issue, the board and councils will not use amendment funds to build new buildings.
2. There are many locally identified needs for equipment, handicapped access, renovation or rehab projects, and facilities planning, that have been identified by constituents through needs assessments. It would be appropriate to use amendment funds to meet these needs.
3. The first two years could be a pilot program to determine if the current approach adequately addresses the needs for arts "capital," or if some other approach is necessary.

General guidance

1. Amendment funds could be used for equipment grants; to improve handicapped accessibility to an arts venue; for small renovation or rehab projects; for feasibility studies, sustainability assessments, and similar kinds of planning, etc.
2. Several regional arts councils already have programs to fund the types of needs described in item 1, above. While they are free to establish guidelines for their programs (i.e., set funding caps, match requirements, etc.), the Forum of Regional Arts Councils should develop and adhere to parameters to ensure that constituents across the state will have similar access to funding for these types of needs.
3. Grants should be awarded to nonprofit or government agencies, not to for-profit organizations or venues.
4. Arts organizations (or arts groups that operate using a fiscal agent) that use public school facilities for classes, performances, or exhibitions could apply for these types of grants. The grant would be made to the arts organization or the fiscal agent, not to the school, even if the equipment or improvement is physically located in or on school property.

USE OF ARTS AND CULTURAL HERITAGE FUNDS FOR CAPITAL(*) PROJECTS (continued)

5. If a locality has indicated a need for a building, the best role a council could play is to help local artists and arts advocates put together the planning assistance needed to carry out the project on their own. Projects should not heavily depend on public support, and must have a clear, long-term sustainability plan.
6. Funds that councils use for their own facilities (i.e. a gallery in their office space) could be classified as administrative or programs costs.

(*) In this issue brief, the phrase “capital” relates to buildings and physical assets. It does not relate to endowments. Amendment funds cannot be used to create or build endowments.

Working group

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Mark Turner
Terri Widman

2009-09-02	Revised and adopted by Minnesota State Arts Board
2009-10-07	Reviewed at joint Arts Board/Forum of Regional Arts Council planning meeting, revisions suggested
2009-10-26	Reviewed by Arts Board/Forum of Regional Arts Council liaison committee, revisions suggested

ARTS AND CULTURAL HERITAGE FUNDS **versus** DEPT OF EDUCATION K-12 FUNDING

The State of Minnesota academic standards and graduation requirements include the arts. School districts are charged with the task of providing arts curriculum in the K-12 education system, and receive funding from the Department of Education to carry out this mission. There is a strict per pupil formula for those funds. Using constitutional amendment funds for activities and expenses for which schools should be responsible could be considered “supplanting.”

The distribution of arts and cultural heritage fund dollars can and will benefit children, but those funds must be used to provide arts experiences to a wider variety of ages than can be served by the K-12 system. The purpose of arts and cultural heritage funds will be to engage students of all ages and backgrounds with professional artists and arts organizations. Preference will be to direct arts and cultural heritage fund dollars to artists and arts organizations.

The board and arts councils are not excluded from creating programs that will benefit children in our school districts. However, it must be stated clearly that arts and cultural heritage fund dollars cannot be used to supplant funds used for core arts teaching and curriculum in our K-12 schools. Arts and cultural heritage funds will **not** be used:

- ~~• To compensate ongoing school personnel in full or in part.~~ * To compensate ongoing school personnel who are responsible for developing arts curriculum or delivering arts instruction.
- To pay an artist or arts organization to provide essentially the same services that an ongoing teacher or arts specialist would be expected to provide.
- For tuition for teachers to earn degrees, meet licensure requirements, or meet continuing education requirements to retain a teaching license.
- To supplant discontinued or nonexistent arts programs that were meant to meet that state’s arts curriculum requirements.
- Purchase equipment for or improve facilities within K-12 public schools. The exception will be, if a nonprofit arts group uses the school facility for rehearsal, classes, performances, or exhibitions, and it needs equipment or facilities improvements for its own work. The arts organization could apply for and receive a grant and could develop a cooperative agreement with the school that spells out how the school could also benefit from the purchased items or improvements.

Working group
Michael Charron
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Maggie Rapp
Leslie Schumacher

2009-09-02	Adopted by Minnesota State Arts Board
2009-10-07	Reviewed at joint Arts Board/Forum of Regional Arts Council planning meeting, revisions suggested
2009-10-26	Reviewed by Arts Board/Forum of Regional Arts Council liaison committee, no revisions needed
2010-04-07	Adopted by Minnesota State Arts Board

BUDGET and ADMINISTRATIVE COSTS

The 2009 arts and cultural heritage fund appropriations bill states that, “Thirty percent of the total appropriated to each of the categories established in this subdivision is for grants to the regional arts councils. This percentage does not apply to administrative costs.” While the regional arts councils are not subject to the 3 percent cap on administrative costs from the constitutional amendment funds, it is vital to use the funds as effectively as possible and minimize administrative costs.

The nonprofit standard is to keep administrative costs to 15 to 20 percent of overall expenses. In our sector, keeping to this same standard is important to be viewed as good stewards of the funds. Public reporting should be similar across all regions to provide consistency during planning periods.

Diverse program development is very important so that the grassroots arts needs of each region can be addressed. Regional arts councils are service providers as well as funding resources. Therefore, the decision to allocate funds to direct programs and services versus grants needs to remain at the regional level.

In October 2003, the Forum of Regional Arts Councils of Minnesota finance committee developed a universal budget format and definitions to be used by the regions. This was in order to add consistency to our budgets especially when legislative committees are reviewing our budgets. These definitions and guidelines follow the categories of the IRS 990 form, so are still applicable. They can be followed by all the regional arts council’s as they submit biennial plans.

The attached definitions and examples are meant to provide guidance to regional arts councils in accurately assigning costs. The attached budget template depicts a 10 percent administrative and fundraising scenario.

Working group

Mara Wittman

Maxine Adams

Kim Bemis

Bob DeArmond

Mary Minnick-Daniels

Robin Pearson

BUDGET and ADMINISTRATIVE COSTS (continued)

Definitions and guidelines

The budget template includes 13 main Lines. These Lines are referenced below for clarification. Although, we use the word "line", in some sections the word Line is a series of rows.

Line 1 State of Minnesota

Actual amounts that your region is expected to receive.

Line 2 McKnight Foundation

Actual amount that your region receives from McKnight Foundation or are proposing receiving.

Line 3 Other Income

Place to list funds from other sources.

Line 4 Interest

Please to enter interest revenue.

Line 5 Total Revenue

Line 6 Grant Programs and Services

List all grant programs that your region will offer. List the actual amounts that will be available to re-grant. Do not include staff time and direct expense items here.

Line 7 Grant Programs and Services, Operations and Support

This line is the portion of each RAC's budget which includes all expenses related to grant programs and services offered by the Council besides the actual grant awards re-granted by your Council; as they are listed by grant program in Line 6 area. This line should include the percentage of salaries, benefits (insurance and pension plan contributions,) and payroll taxes for the time you and your staff members spend working on your grant programs and includes time spent administering the grant programs as well as technical assistance related to the grant programs. This line should also include the percentage of equipment and operating costs that support the administrative duties related to your grant programs. If this kind of assistance represents X% of you and your employees' time, include X% of equipment repair costs or purchases as well as X% of the rent, electricity, phone, internet connection, website expenses, general supplies, etc. You will also want to include any related travel expenses and the actual printing and postage costs of producing and distributing your grant guidelines. This line should NOT include the actual amount of grant money that was awarded or paid out during the fiscal year.

Grant programs and services, operations and support activities might include (this list is for illustration only and not all inclusive):

- bookkeeping related to grants
- filing federal and state reports related to grants: 1099's for individual artists,
- data collection list to MSAB, MCA grant list for advocacy day
- paying grants
- grant rounds
- grant related committee meetings for the review of grants
- planning committee meetings related to grant programs
- reading and following up on grant final reports
- grant workshops and training
- printing applications, guidelines, and grant books
- development of grant programs and writing the guidelines
- working with individuals on grant related issues (phone calls, meetings, etc.)
- and anything else that is directly related to getting applications in and grants out the door.

Line 8 Non-grant Programs and Services

The Non-Grant Programs and Services line is the percentage of each RAC's budget which is related to the programs and services offered by the Council but are not related to its granting programs.

Headings that can be included in this area might include:

- Regional Exhibits and Showcase: actual costs for travel, printing, postage, and awards related to holding a regional art exhibit; costs associated with having a gallery space
- Workshops and Trainings and Technical Assistance: non-grant related workshops and trainings, actual costs for travel, printing workshop materials, presenter costs, consultants, advertising workshops or trainings; direct costs associated with travel for advocacy work within your region, direct expenses related to MCA, MSAB, and Forum
- Arts Promotion: newsletter printing and postage, marketing booklet printing and distribution costs, web site costs, e-newsletter service costs; brochures and other printed promotional items

This line should include the percentage of salaries, benefits (insurance and pension plan contributions), and payroll taxes for the time you and your staff members spend doing non-grant related technical assistance and other programs. Personnel costs should only be included in sub sections of line 8 if that person's position as staff or consultant or intern would not exist or not exist at their current level if this service was no longer offered. If you include personnel costs, then this line should also include the percentage of equipment and operating costs that support non-grant related technical assistance and other programs. If this kind of assistance represents X% of you and your employees' time, include X% of equipment repair costs or purchases as well as X% of the rent, electricity, phone, postage, printing, internet connection, general supplies, etc., expenses. You will also want to include any related travel expenses, your MCA dues, or other membership dues.

Line 9 Non-grant Programs and Services, Operations and Support

This section mainly relates to “Personnel time to” do certain activities. Activities might include (this list is for illustration only and not all inclusive):

Personnel time to or related to ...

- plan and conduct non-grant related workshops and training
- advocacy work
- work with the Regional Arts Council Forum (label as technical assistance)
- work with the Minnesota State Arts Board
- needs assessment, public forums, and focus groups related to needs assessment
- plan the gallery exhibitions for the year or regional art shows if not under Line 8
- plan the workshop and support the activity
- plan professional development activities
- work with private foundations, etc (unless for fund raising)
- public speaking
- community involvement related to the arts
- newsletter if not in Line 8 area
- brochures (unless specifically for fundraising – if used for both, costs can be split)
- juried art shows (for those who do them) if not in Line 8 area
- library materials – books made available to constituents
- anything else that is considered service to the state, regions, or your region.

When you include personnel costs, this line should also include the percentage of equipment and operating costs that support non-grant related technical assistance and other programs. If this kind of assistance represents X% of you and your employees' time, include X% of equipment repair costs or purchases as well as X% of the rent, electricity, phone, postage, printing, internet connection, general supplies, etc., expenses.

Line 10 Fundraising

Fundraising expenses should include all expenses related to raising and receiving funds. Fundraising costs do not appear in the columns related to state funds, these costs are general administrative costs for being designated a regional arts council.

Every good organization must also raise funds to support its mission. This means someone (usually a paid staff person or an outside professional fundraiser) must write the grant proposals and talk with foundation representatives, someone must conduct direct mail and/or telephone solicitations, and someone must write thank-you letters to donors who offer their support.

– excerpted from Charities Review Council Web site: <http://www.crcmn.org/donorinfo/faq.htm#6>

- writing McKnight plans
- membership fundraising if applicable should be under the Other column

Line 11 General Administration

The general administration line is the portion of each RAC's budget which is related to general operation of running the Council. This line should include the percentage of salaries, benefits (insurance and pension plan contributions), and payroll taxes for the time you and your staff members spend working on straight administrative duties. This line should also include the percentage of appropriate equipment and operating costs that support administrative duties. If administrative duties represent X% of your and your employees' time, include X% of equipment repair costs or purchases as well as X% of the rent, electricity, phone, postage, printing, internet connection, general supplies, etc., expenses. If an expense is completely for administrative purposes, you should include the full amount of the expense.

General administration activities might include (this list is for illustration only and not all inclusive):

- Bookkeeping
- attending workshops or conferences which focus on administrative issues (i.e. a workshop on personnel issues, quickbooks, etc. – unless you would be sharing this information with your constituents as part of technical assistance, in which case it could go under non-grant programs & services)
- working with your auditor to prepare for and conduct audit
- federal and state reporting – 990, Annual registration renewals
- paying bills (minus grants) and payroll
- working with the board, committees, and staff on non-grant and non-service issues
- preparing budgets
- Board financials
- time spent dealing with non-program related facility costs
- biennial plan writing and participating in advisory committee review of plans
- writing annual reports for State Legislative funding

Line 12 Total Expenses

This number should match your revenue totals in Line

Appendix O: Fundamental Issues Budget Template

Regional Arts Council Budget Template

Format approved October 2009

Revised September 2011

		State General Fund	Arts & Arts Access	Arts Learning	Arts & Cult Heritage	The McKnight Foundation	Other Funds	2012 Total
REVENUE		2012 State	2012 State	2012 State	2012 State			
1	State of Minnesota	\$xxx,xxx	\$xxx,xxx	\$xx,xxx	\$xx,xxx			\$xxx,xxx
2	The McKnight Foundation					\$xx,xxx		\$xx,xxx
3	Other Income	\$x,xxx	\$xxx	\$xxx	\$xxx	\$x,xxx	\$xx,xxx	\$xx,xxx
4	Interest	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$x,xxx
5	TOTAL REVENUES	\$140,000	\$290,000	\$56,000	\$19,000	\$50,000	\$15,000	\$570,000
EXPENSES		State	State	State	State	McKnight	Other	Total
Programs and Services								
6	Grant Programs and Services							
	Grant program name _____	\$xx,xxx						\$xx,xxx
	Grant program name _____	\$xx,xxx					\$x,xxx	\$xx,xxx
	Grant program name _____		\$xxx,xxx	\$xx,xxx	\$xx,xxx			
	Grant program name _____					\$xx,xxx		\$xx,xxx
	Award program name _____					\$x,xxx		\$x,xxx
	Award program name _____	\$x,xxx				\$x,xxx		\$x,xxx
7	Grant Program Services - Operations and Support	\$xx,xxx	\$xx,xxx	\$x,xxx	\$x,xxx	\$x,xxx	\$xxx	\$xx,xxx
8	Non-grant Programs and Services							
	Regional Exhibits and Showcase e.g.	\$x,xxx	\$xx,xxx	\$x,xxx	\$xxx	\$x,xxx		\$xx,xxx
	Workshops and Trainings and Tech Assistance e.g.	\$x,xxx	\$xx,xxx	\$x,xxx	\$xxx	\$x,xxx		\$xx,xxx
	Arts Promotion, Website and Internet e.g.	\$x,xxx	\$xx,xxx	\$x,xxx	\$xxx	\$xxx		\$xx,xxx
9	Non-grant Programs and Services - Operations and Support	\$xx,xxx	\$xx,xxx	\$x,xxx	\$xxx	\$x,xxx		\$xx,xxx
10	Fundraising	\$0	\$0	\$0	\$0	\$1,000	\$300	\$1,300
11	Administration							
	Administration Personnel	\$x,xxx	\$x,xxx	\$x,xxx	\$xxx	\$x,xxx	\$x,xxx	\$xx,xxx
	Office Overhead	\$x,xxx	\$x,xxx	\$xxx	\$xxx	\$xxx	\$x,xxx	\$xx,xxx
12	TOTAL EXPENSES	\$140,000	\$290,000	\$56,000	\$19,000	\$50,000	\$15,000	\$570,000

* Refer to the budget guidelines portion of the Forum policy manual (pages x-x) for complete definitions and explanations of budget lines.

Appendix P:
MSAB Fiscal Agent Agreement (Sample)

Minnesota State Arts Board
Park Square Court, Suite 200
400 Sibley Street
Saint Paul, MN 55101-1928
(651) 215-1600 | (800) 866-2787

**Fiscal Year 2013
Regional Arts Council Fiscal Agent Agreement
Agreement Number 341**

This agreement, to be interpreted according to the laws of the State of Minnesota, is between the State of Minnesota, acting through its Board of the Arts (referred to in this agreement as the "Board") under the authority of Minnesota Statutes, section 129D.04; Minnesota Rules, chapter 1900.0110 to 1900.4110; and any successor statutes or rules, and

Name

Regional arts council (referred to in this agreement as the "Council")

Address

Whereas the Minnesota State Legislature has appropriated \$ 6,749,700 from the State's arts and cultural heritage fund to the Minnesota State Arts Board for regional arts councils for fiscal year 2013 (Laws of Minnesota 2011, First Special Session, chapter 6, article 4, section 2, subdivision 3); and

Whereas the Minnesota State Legislature appropriated \$ 2,139,000 from the State's general fund for regional arts councils for fiscal year 2013 (Laws of Minnesota 2011, First Special Session, chapter 10, article 1, section 20, subdivision 4); and

Whereas Minnesota Statutes, section 129D.045 authorizes the Board to award grants to regional arts councils, and Minnesota Rules, parts 1900.2310 to 1900.4110, provide for regional arts council grants; therefore

The Board, as fiscal agent, agrees to release \$_____ to the Council which includes general fund dollars of \$_____ and arts and cultural heritage fund dollars of \$_____ in support of activities described in section E of this agreement.

A. TERM OF AGREEMENT

This agreement shall be effective from the date that all signatures are affixed, and shall remain in effect until all obligations set forth in this agreement have been satisfactorily fulfilled which must not be later than June 30, 2013.

B. COMPLIANCE WITH STATE AND FEDERAL LAWS AND RULES

The Council and Board agree to comply with state and federal laws and rules that pertain to this agreement, and with Minnesota Rules, chapter 1900.

C. DEFINITIONS

For the purpose of this agreement these terms are defined as follows:

"Allocation formula" means the mathematical formula devised by the Forum of Regional Arts Councils of Minnesota to determine the amount of funding each regional arts council receives from the legislative appropriation.

"General fund" means the dollars appropriated from the State of Minnesota's general fund budget for regional arts councils for fiscal year 2013.

"Arts and cultural heritage fund" means the special fund, created by Minnesota Constitution, article XI, section 15, proceeds of which "may be spent only for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage."

Originals distributed (when all signatures affixed) to: 1) Regional arts council, and 2) Minnesota State Arts Board

"Authorizing signature(s)" means the signature(s) of the individual(s) delegated authority to enter into agreements and accept funds for the Council's organization (e.g., board chair, executive director, president, or comparable officer).

"Biennial plan" means the written document required by Minnesota Rules, chapter 1900.2610 and 1900.2710, prepared by the Council and filed at the offices of the Board, which outlines the Council's decision making processes, programs, services, and budget to be followed by the Council during the biennium.

"Board" means the board of the arts authorized by Minnesota Statutes, chapter 129D.

"Council" means one of the eleven (11) autonomous organizations designated by the Board to assess regional needs, plan and administer programs, and make final decisions on the utilization of a share of the legislative appropriation for the regional arts councils.

"Designated regional arts council" means the one entity in each of the eleven regions which has gone through the designation process defined in the Minnesota Rules, chapter 1900.

"Fiscal agent" means any Minnesota nonprofit organization that is exempt from taxation under the Internal Revenue Service Code, or any governmental unit that handles and accounts for funds for a group or organization receiving legislative funds through the board or a regional arts council. The fiscal agent is legally responsible for the proper management of disbursed funds.

"Fiscal year 2012" means the time frame between July 1, 2011, and June 30, 2012.

"Fiscal year 2013" means the time frame between July 1, 2012, and June 30, 2013.

"Forum of Regional Arts Councils of Minnesota," also referred to as "Regional Arts Council Forum," means the voluntary membership association of the eleven (11) regional arts councils. The forum is a registered 501(c)(3) under the Internal Revenue Service Code.

"Generally accepted accounting principles (GAAP)" means the standards of accounting that are established by the American Institute of Certified Public Accountants.

"Minnesota Open Meeting Law" means the law defined in Minnesota Statutes, chapter 13D that provides guidelines for how public agencies must ensure that their meetings and specific organizational information is open and accessible to the public.

"Obligated funds" means funds from a regional arts council's legislative appropriation from one fiscal year that are legally obligated to a specific future expense and recorded in a regional arts council's certified audit.

"RAC code of conduct" means the expectations that the Forum of Regional Arts Councils of Minnesota's members agree constitute norms of behavior of the staff, board, and management of a regional arts council. Councils that do not adhere to terms of this fiscal agent agreement; to Minnesota Rules, parts 1900.0210 to 1900.4110; or to regional arts council norms of behavior may be the subject of an ethics complaint as defined in the Forum of Regional Arts Councils of Minnesota's policy manual/code of conduct and ethics committee policies and procedures. In signing this fiscal agent agreement, Council agrees to abide by the ethics committee policies and procedures.

D. RESPONSIBILITIES AND DUTIES OF THE BOARD

As fiscal agent, the Board has responsibility for the proper management of disbursed funds. To fulfill this charge the Board agrees to the following duties and responsibilities:

1. To receive and place on file at the Board offices all required reports and certified audits listed under section H of this agreement.
2. To review required reports in section H of this agreement and notify the Council of any failure to comply with laws and rules, or terms of this agreement, within 45 days of receipt of incomplete or erroneous report or audit, or within 45 days of any report becoming overdue.

3. To release all appropriated funds to Council consistent with the following payment schedule, provided that the regional arts council is in compliance with all terms of this agreement:

General fund

The general fund dollar amount of \$102,404 will be released by the Board to the Council consistent with Minnesota Rules, part 1900.3010, within 21 days after the beginning of the 2013 fiscal year or within 21 days after receipt of this agreement signed by the Council, whichever is later; provided that all the following are true:

- The Minnesota State Legislature has appropriated funding;
- The State of Minnesota has entered the funds into the State's procurement accounting system;
- The Council has filed reports as required in Minnesota Statutes, section 129D.04 and Minnesota Rules, chapter 1900;
- An allocation formula consistent with Minnesota Statutes, section 129D.045, and Minnesota Rules, chapter 1900, has been submitted to the Board by the Regional Arts Council Forum, or the Board resorts to using the previous year's formula because the deadline for the Regional Arts Council Forum to submit the allocation formula has passed (Minnesota Rules, part 1900.3410, subpart 2).

Arts and cultural heritage fund

Arts and arts access	\$
Arts education	\$
Arts and cultural heritage	\$
Total, arts and cultural heritage fund allocations for FY 2013	\$

Arts and cultural heritage payment of funds will be made on the following schedule:

July 20, 2012	\$
August 20, 2012	\$
September 20, 2012	\$

General fund or arts and cultural heritage fund block grants that are unspent in FY 2013 may be carried forward to FY 2014-15 biennium. If the Council intends to carry funds forward to FY 2014, it must provide notice to the Board by the date and method outlined in Minnesota Rules 1900.3810.

E. RESPONSIBILITIES AND DUTIES OF THE COUNCIL

The Council has the following responsibilities and duties:

1. To use the funds solely to implement programs and activities that are consistent with the constitutional purpose, and legislative intent of the arts and cultural heritage fund, as outlined in its approved fiscal years 2012-2013 biennial plan on file at the Board offices, and any plan updates submitted following Minnesota Rules, section 1900.2910 and section 1900.4110.
2. To ensure that arts and cultural heritage funds are used to supplement and not supplant traditional sources of funding.
3. To administer arts and cultural heritage funds separately from other state appropriations for program planning and outcome measurements, and expend funds in the amounts and categories established in section D.
4. To establish distinct goals and measurable outcomes for all projects and programs funded with arts and cultural heritage funds, and to require the same of all recipients of grants or other forms of financial assistance from the funds.
5. To ensure that arts and cultural heritage funds spent by either the Council or any subrecipient is spent only on activities that are directly related to and necessary to accomplish the intended program or project. Arts and cultural heritage funds may not be spent on administrative costs, indirect costs, or other institutional overhead charges that are not directly related to and necessary for a specific program or project.

6. To ensure that all requirements of Minnesota Statutes, section 129D.17 are met:
 - A project or program receiving funding from the arts and cultural heritage fund must include measurable outcomes, and a plan for measuring and evaluating results.
 - A project or program must be consistent with current scholarships, or best practices, when appropriate and incorporate state-of-the-art technology when appropriate.
 - Funding from the arts and cultural heritage fund may be granted for an entire project or for part of a project so long as the recipient provides a description and cost for the entire project and can demonstrate that it has adequate resources to ensure that the entire project will be completed.
 - Money from the arts and cultural heritage fund shall be expended for benefits across the entire region served and all its residents.
 - All information from funded project, including the proposed measurable outcomes, must be made available on the Legislative Coordinating Commission Web site, as soon as practicable. Information on the measured outcomes and evaluation must be posted as soon as it becomes available.
 - Grants funded by the arts and cultural heritage fund must be implemented according to Minnesota Statutes, section 16B.98 and must account for all expenditures of funds. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.
 - All money from the arts and cultural heritage fund must be for projects located in Minnesota.
 - A recipient of money from the arts and cultural heritage fund must display the legacy logo and include an acknowledgement in a printed program or other material funded with money from the arts and cultural heritage fund that is consistent with the acknowledgement terms in item G.
 - Future eligibility for money from the arts and cultural heritage fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law.
6. To adhere to fiscal practices consistent with generally accepted accounting principles (GAAP) established by the American Institute of Certified Public Accountants.
7. To adhere to the spirit of the Minnesota Open Meeting Law.
8. To provide the Board with reports and information described in section H.

F. NOTIFICATION

The Board and the Council mutually agree to notify each other, in writing, within 30 days of changing the authorizing official, address, or phone numbers relative to this agreement.

The Board and the Council mutually agree to provide each other with their respective governing board's names and addresses, and to file updates of these lists whenever they may change.

G. ACKNOWLEDGMENT

The Council agrees to acknowledge the Minnesota state legislative appropriations in the following manner:

For activities that are supported only by the general fund appropriation:

This activity is funded, in part, by an appropriation from the Minnesota State Legislature with money from the State's general fund.

For activities that receive funding from both the Board and Council, and that funding is derived in whole or in part from the arts and cultural heritage fund appropriation:

This activity is made possible by the voters of Minnesota through grants from the Minnesota State Arts Board and the [name of regional arts council], thanks to a legislative appropriation from the arts and cultural heritage fund.

For activities that receive funding from the Council, and that funding is derived in whole or in part from the arts and cultural heritage fund appropriation:

This activity is made possible by the voters of Minnesota through grants from the [name of regional arts council], thanks to a legislative appropriation from the arts and cultural heritage fund.

H. REPORTING

The Council agrees to provide to the Board:

1. On or before May 1, 2013, written notice indicating whether or not the Council intends to carry over FY 2013 legislative funds to FY 2014-15 biennium. If funds are to be carried over, the notification must contain an outline of the process that will be used to obligate funds, a narrative describing the intended purpose for the funds to be obligated, and a budget for their use.
2. On or before July 15, 2013, an annual report that includes information about applicants and grant recipients of dollars granted by the Council for the fiscal year ending June 30, 2013. The information must be conveyed in an accurate and timely manner consistent with a data management process established by, and acceptable to, both the Council and the Board.
3. On or before August 15, 2013, an unaudited financial statement summarizing the Council's total annual revenue and expenditures for fiscal year 2013.
4. On or before September 30, 2013, a final written report describing the activities relating to expenditures and management of its regional arts council block allocation for the biennium ending June 30, 2013. The report must include a description of the relationship between the biennial plan and the actual grants and other forms of assistance provided during the year; a listing of the grants awarded, services provided, and programs disseminated; and a description of the Council's distinct goals and measurable outcomes for arts and cultural heritage fund programs and services.

The Council must also submit a financial report, using the standard regional arts council budget format, that accounts for both general fund expenditures and arts and cultural heritage fund expenditures in each of the three established categories: 1) arts and arts access, 2) arts education, and 3) arts and cultural heritage.

5. Within six months of the close of its fiscal year 2013, the Council must submit its fiscal year 2013 certified audit. The Council may receive an extension to the deadline due to circumstances found to be acceptable by both the Board and the Council.
6. For its own programs, and for each subrecipient of a grant from arts and cultural heritage funds, the Council will be expected to provide the following information which will be posted on, and be available to the general public via, a central Web site maintained by the Legislative Coordinating Commission.
 - a. Information on all projects receiving funding, including:
 - i. the name of the project and a project description;
 - ii. the name, telephone number, members of the board or equivalent governing body, and e-mail address of the funding recipient and, when applicable, the Web site address where the public can directly access detailed information on the recipient's receipt and use of money for the project;
 - iii. the amount and source of funding, including the fiscal year of the appropriation;
 - iv. the amount and source of any additional funding or leverage;
 - v. the duration of the project;
 - vi. the number of full-time equivalents funded under the project. For the purposes of this item, "full-time equivalent" means a position directly attributed to the receipt of money from one or more of the funds covered under this section, calculated as the total number of hours planned for the position divided by 2,088;
 - vii. the direct expenses and administration costs of the project;
 - viii. proposed measurable outcomes and the plan for measuring and evaluating the results;
 - ix. for pass-through, noncompetitive grants, the entity acting as the fiscal agent or administering agency and a point of contact for additional information; and

- x. for competitive grants, the name and a brief description of the qualifications of all board members or members of an equivalent governing body ultimately responsible for awarding the grants, as well as any grant making advisory group. In addition, an entity that awards competitive grants, including but not limited to a state agency or any statewide, regional, or local organization, must report whether an employee, decision maker, advisory group member, or other person involved in the grant process disclosed a conflict of interest or potential conflict of interest. If the entity reports that a conflict of interest or potential conflict of interest was disclosed, the entity must provide the Legislative Coordinating Commission with a contact person for additional information and the Legislative Coordinating Commission must post this information on the Web site. An entity that awards competitive grants must obtain and apply the conflict of interest policies developed by the commissioner of administration under section 16B.98, subdivision 3, unless the entity maintains and applies its own documented conflict of interest policies which are substantially similar to the commissioner of administration's policies;
- b. Actual measured outcomes and evaluation of projects as required under Minnesota Statutes, section 129D.17, subdivision 2;
- c. Education about the areas and issues the projects address, including, when feasible, maps of where projects have been undertaken;
- d. All frameworks developed for future uses of each fund; and
- e. Methods by which members of the public may apply for project funds under any of the constitutionally dedicated funds.

Information that could be used to identify, contact, or locate an individual minor shall be withheld from the information required for the Web site.

- 7. Data that must be reported to the Legislative Coordinating Commission, to be posted on the Minnesota Legacy Web site, must be submitted on the following schedule:

<u>Information required</u>	<u>Must be submitted to the Board by</u>
FY 2013 arts and cultural heritage funds expended by the Council from July 1, 2012, to October 31, 2012	November 15, 2012
FY 2013 arts and cultural heritage funds expended by the Council from November 1, 2012, to February 28, 2013	March 15, 2013
FY 2013 arts and cultural heritage funds expended by the Council from March 1, 2013, to June 30, 2013	July 15, 2013
FY 2013 data collected through arts and cultural heritage fund grantees' final reports	September 30, 2014

These obligations survive the expiration date of this agreement.

I. RECORDKEEPING, AUDITS, AND MAINTENANCE OF RECORDS

The Council agrees to retain fiscal and program records related to this agreement for at least six years after submission of the reporting identified in section H of this agreement. The books, records, documents, and accounting procedures and practices of the Council relevant to this contract must be subject to examination by the Board, the legislative auditor, and the state auditor or any of their duly authorized representatives for the purpose of making audits, examinations, excerpts, transcripts, and other lawful purposes.

J. TERMINATION, RESCINDMENT, AND PENALTIES

This agreement may be terminated at any time by mutual written agreement of the Board and Council; upon Council's receipt of written notice from the Board that the Council is not in compliance with applicable laws and rules, or terms of this agreement; or based on a recommendation of the Regional Arts Council Forum that Council's regional arts council designation be removed and such recommendation receives the support of a minimum of 75 percent of the Board's eligible voting members.

In the case of noncompliance with Minnesota Rules or the fiscal agent agreement, the Board's written notice will state the basis of noncompliance and will function as a termination notice. The Board's written notice of removal of designation based on the recommendation of the Regional Arts Council Forum and approval of the Board shall function as a termination notice.

At the decision of the Board, it may, at its sole discretion, provide Council with up to 30 working days to remedy, take action, or meet certain conditions of the Board, or certain conditions as specified by the Region Arts Council Forum ethics committee. If the Council satisfies the conditions to the Board's satisfaction within the specified period, then the agreement shall not terminate, and the Board will withdraw the termination notice in writing to the Council. The Board agrees to provide the office of record of the Regional Arts Council Forum of Minnesota with copies of all written notices or actions taken regarding termination, rescindment, or noncompliance within five working days of such notice being sent to Council.

Council agrees that during the remedy period the Board, at its sole discretion, may require that all or part of the Council's legislative allocation be placed in an escrow account until final disposition of the designation process.

In the event of termination for cause, the Council agrees to return all unobligated funds and all funds that the Board determines were spent in violation of this agreement.

K. BOARD'S AUTHORIZED AGENT

The Board's authorized agent for the purposes of administration of this grant contract is its executive director.

L. NONTRANSFERABILITY

The Council must neither assign nor transfer any rights or obligations under this agreement.

M. LIABILITY

The Council agrees to indemnify, save, and hold harmless the State of Minnesota, the Board, its agents, and employees from any and all claims or causes of action arising from or relating in any way to this agreement. This clause must not be construed to bar any legal remedies Council may have for the Board's failure to fulfill its obligations pursuant to this agreement.

N. AMENDMENTS

No provision of this agreement may be amended, modified, or supplemented except in writing and signed by the Board and Council.

O. AGREEMENT ACCEPTANCE

This agreement must not be considered accepted, approved, or effective until all required signatures are affixed. The Council is responsible for the obligations contained herein. If the terms of this agreement are not clearly understood, the Council is advised to seek assistance before signing. For the purposes of execution, the signatures of two different officials having the authority to enter into this agreement on the Council's behalf are required, one of whom must be the executive director of the Council.

1.

REGIONAL ARTS COUNCIL

Executive director, printed name

Signature

Telephone number

Date

3.

MINNESOTA STATE ARTS BOARD

Susanne K. Gens, executive director
<u>(651) 215-1600</u>
Telephone number

Date

2.

REGIONAL ARTS COUNCIL

Authorizing signature as defined in section C of this agreement, printed name

Title

Signature

Telephone number

Date

Appendix Q: Arts and Cultural Heritage Statues

A bill for an act

relating to state government operations; requiring appropriation reductions for executive agencies due to savings established; requiring a tax compliance program for tax assessment and collection; allowing adjustments for end of session budgetary analysis; changing the number of members on Legislative Commission on Pensions and Retirements; establishing the sunset advisory commission and Minnesota Pay-For-Performance Act; permitting issuing and selling appropriations bonds; allowing certain cities to use a certified public accountant for audits; establishing an employee gainsharing program; establishing e-verify program for vendors and subcontractors; implementing federal offset program for collection of debts owed to state agencies; permitting state agriculture society to use either a private auditor or legislative auditor; allowing the legislative auditor to carry forward certain funds; requiring a request for proposals for recommendations on state building efficiency, state vehicle management, and strategic sourcing; implementing state employee efficient use of health care incentive program; requiring dependent verification for state employee insurance coverage; requiring state job classification and performance appraisal system redesign; determining funds for Help America Vote Act; providing for employee pension service credit during government shutdown; extending a wholesale retailer's alcohol permit and identification card for a certain period; waiving racing day requirements during government shutdown; consolidating information technology services; limiting appropriations to settle claims arising out of government shutdown; requiring reports; making certain appropriation changes; appropriating money; amending Minnesota Statutes 2010, sections 3.85, subdivision 3; 6.49; 16A.1286, subdivision 2; 16B.99, as amended; 16E.04, subdivision 2; 37.06; 161.1419, subdivision 8; 270C.41; 270C.545; 471.697, subdivision 2; Laws 2009, chapter 101, article 2, section 106; Laws 2010, chapter 215, article 6, section 4; Laws 2010, chapter 361, article 3, section 8; proposing coding for new law in Minnesota Statutes, chapters 16A; 16C; 16D; 16E; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.

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

ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. LEGISLATURE

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>63,070,000</u>	<u>\$</u>	<u>63,070,000</u>
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	<u>Appropriations by Fund</u>	
	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>62,942,000</u>	<u>62,942,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Senate</u>	<u>20,733,000</u>	<u>20,733,000</u>
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<u>Subd. 3. House of Representatives</u>	<u>27,874,000</u>	<u>27,874,000</u>
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During the biennium ending June 30, 2013, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>	<u>14,463,000</u>	<u>14,463,000</u>
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	<u>Appropriations by Fund</u>	
<u>General</u>	<u>14,335,000</u>	<u>14,335,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

3.1 From its funds, \$10,000 each year is for
3.2 purposes of the legislators' forum, through
3.3 which Minnesota legislators meet with
3.4 counterparts from South Dakota, North
3.5 Dakota, and Manitoba to discuss issues of
3.6 mutual concern.

3.7	Sec. 3. <u>GOVERNOR AND LIEUTENANT</u>			
3.8	<u>GOVERNOR</u>	\$	<u>3,195,000</u>	\$ <u>3,195,000</u>

3.9 (a) This appropriation is to fund the Office of
3.10 the Governor and Lieutenant Governor.

3.11 (b) By September 1 of each year, the
3.12 commissioner of management and budget
3.13 shall report to the chairs and ranking
3.14 minority members of the senate State
3.15 Government Innovation and Veterans Affairs
3.16 Committee and the house of representatives
3.17 State Government Finance Committee any
3.18 personnel costs incurred by the Offices of the
3.19 Governor and Lieutenant Governor that were
3.20 supported by appropriations to other agencies
3.21 during the previous fiscal year. The Office
3.22 of the Governor shall inform the chairs and
3.23 ranking minority members of the committees
3.24 before initiating any interagency agreements.

3.25 (c) During the biennium ending June 30,
3.26 2013, the Office of the Governor may not
3.27 receive payments of more than \$720,000
3.28 each fiscal year from other executive
3.29 agencies under Minnesota Statutes, section
3.30 15.53, to support office costs, not including
3.31 the residence groundskeeper, incurred by
3.32 the office. Payments received under this
3.33 paragraph must be deposited in a special
3.34 revenue account. Money in the account is
3.35 appropriated to the Office of the Governor.

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4.1 The authority in this paragraph supersedes
4.2 other law enacted in 2011 that limits the
4.3 ability of the office to enter into agreements
4.4 relating to office costs with other executive
4.5 branch agencies or prevents the use of
4.6 appropriations made to other agencies for
4.7 agreements with the office under Minnesota
4.8 Statutes, section 15.53.

4.9	Sec. 4. STATE AUDITOR	\$	8,645,000	\$	8,645,000
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4.10 The auditor must report to the legislature
4.11 by January 15, 2012, and January 15, 2013,
4.12 on counties' satisfaction with the timeliness,
4.13 quality, and cost of the auditor's work. The
4.14 report must be based on a survey of county
4.15 audit clients, and the survey responses must
4.16 be made available to the public.

4.17	Sec. 5. ATTORNEY GENERAL	\$	23,373,000	\$	23,373,000
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4.18	<u>Appropriations by Fund</u>		
4.19		<u>2012</u>	<u>2013</u>
4.20	<u>General</u>	<u>21,094,000</u>	<u>21,094,000</u>
4.21	<u>State Government</u>		
4.22	<u>Special Revenue</u>	<u>1,884,000</u>	<u>1,884,000</u>
4.23	<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
4.24	Remediation	250,000	250,000

4.25 Of this appropriation, \$65,000 in the first
4.26 year and \$65,000 in the second year are
4.27 from the general fund for transfer to the
4.28 commissioner of public safety for a grant to
4.29 the Minnesota County Attorneys Association
4.30 for prosecutor and law enforcement training.

4.31	Sec. 6. SECRETARY OF STATE	\$	5,474,000	\$	5,474,000
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4.32 \$1,240,000 for the biennium ending June
4.33 30, 2013, from the account established in
4.34 Minnesota Statutes, section 5.30, pursuant to

5.1 the Help America Vote Act, is appropriated
5.2 for the purposes and uses authorized by
5.3 federal law.
5.4 In addition, any funds provided by the United
5.5 States Department of Health and Human
5.6 Services pursuant to the Help America Vote
5.7 Act, sections 261 to 265, are appropriated to
5.8 provide grants to make voting and polling
5.9 places accessible to voters with disabilities.

5.10 Sec. 7. CAMPAIGN FINANCE AND PUBLIC
5.11 DISCLOSURE BOARD \$ 689,000 \$ 689,000

5.12 Sec. 8. INVESTMENT BOARD \$ 139,000 \$ 139,000

5.13 Sec. 9. ADMINISTRATIVE HEARINGS \$ 7,634,000 \$ 7,504,000

5.14	<u>Appropriations by Fund</u>		
5.15		<u>2012</u>	<u>2013</u>
5.16	<u>General</u>	<u>384,000</u>	<u>254,000</u>
5.17	<u>Workers'</u>		
5.18	<u>Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>

5.19 \$130,000 in the first year is for the cost
5.20 of considering complaints filed under
5.21 Minnesota Statutes, section 211B.32. Until
5.22 June 30, 2013, the chief administrative
5.23 law judge may not make any assessment
5.24 against a county or counties under Minnesota
5.25 Statutes, section 211B.37. Any amount of
5.26 this appropriation that remains unspent at
5.27 the end of the biennium must be canceled
5.28 to the general account of the state elections
5.29 campaign fund. The base for fiscal year 2014
5.30 is \$130,000, to be available for the biennium,
5.31 under the same terms.

5.32 Sec. 10. OFFICE OF ENTERPRISE
5.33 TECHNOLOGY \$ 5,181,000 \$ 5,181,000

6.1 During the biennium ending June 30, 2013,
6.2 the Office of Enterprise Technology must
6.3 not charge fees to a public noncommercial
6.4 educational television broadcast station
6.5 eligible for funding under Minnesota
6.6 Statutes, chapter 129D, for access to the
6.7 state broadcast infrastructure. If the access
6.8 fees not charged to public noncommercial
6.9 educational television broadcast stations total
6.10 more than \$400,000 for the biennium, the
6.11 office may charge for access fees in excess
6.12 of these amounts.

6.13 Sec. 11. ADMINISTRATION

6.14	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>19,764,000</u>	<u>\$</u>	<u>19,764,000</u>
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6.15 The amounts that may be spent for each
6.16 purpose are specified in the following
6.17 subdivisions.

6.18	<u>Subd. 2. Government and Citizen Services</u>		<u>16,339,000</u>		<u>16,339,000</u>
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6.19 \$74,000 the first year and \$74,000 the second
6.20 year are for the Council on Developmental
6.21 Disabilities.

6.22 \$8,158,000 the first year and \$8,158,000
6.23 the second year are for office space costs of
6.24 the legislature and veterans organizations,
6.25 ceremonial space, and statutorily free space.

6.26	<u>Subd. 3. Administrative Management Support</u>		<u>1,632,000</u>		<u>1,632,000</u>
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6.27	<u>Subd. 4. Public Broadcasting</u>		<u>1,793,000</u>		<u>1,793,000</u>
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6.28 (a) The appropriations under this section are
6.29 to the commissioner of administration for the
6.30 purposes specified.

6.31 (b) \$1,057,000 the first year and \$1,057,000
6.32 the second year are for matching grants for
6.33 public television.

7.1 (c) \$190,000 the first year and \$190,000
7.2 the second year are for public television
7.3 equipment grants. Equipment or matching
7.4 grant allocations shall be made after
7.5 considering the recommendations of the
7.6 Minnesota Public Television Association.

7.7 (d) \$264,000 the first year and \$264,000 the
7.8 second year are for community service grants
7.9 to public educational radio stations.

7.10 (e) \$92,000 the first year and \$92,000 the
7.11 second year are for equipment grants to
7.12 public educational radio stations.

7.13 (f) The grants in paragraphs (d) and (e)
7.14 must be allocated after considering the
7.15 recommendations of the Association of
7.16 Minnesota Public Educational Radio Stations
7.17 under Minnesota Statutes, section 129D.14.

7.18 (g) \$190,000 the first year and \$190,000
7.19 the second year are for equipment grants
7.20 to Minnesota Public Radio, Inc., including
7.21 upgrades to Minnesota's Emergency Alert
7.22 and AMBER Alert Systems.

7.23 (h) Any unencumbered balance remaining
7.24 the first year for grants to public television or
7.25 radio stations does not cancel and is available
7.26 for the second year.

7.27 **Sec. 12. CAPITOL AREA**
7.28 **ARCHITECTURAL AND PLANNING**
7.29 **BOARD** \$ 325,000 \$ 325,000

7.30 **Sec. 13. MINNESOTA MANAGEMENT AND**
7.31 **BUDGET** \$ 18,257,000 \$ 18,257,000

7.32 \$75,000 each year is for duties under the
7.33 Pay-for-Performance Act.

8.1	Sec. 14. <u>REVENUE</u>			
8.2	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>139,650,000</u>	<u>\$</u> <u>142,917,000</u>
8.3	<u>Appropriations by Fund</u>			
8.4		<u>2012</u>	<u>2013</u>	
8.5	<u>General</u>	<u>135,415,000</u>	<u>138,682,000</u>	
8.6	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
8.7	<u>Highway User Tax</u>			
8.8	<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>	
8.9	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>	
8.10	<u>The amounts that may be spent for each</u>			
8.11	<u>purpose are specified in subdivisions 2 and 3.</u>			
8.12	<u>\$5,251,000 for the fiscal year ending June</u>			
8.13	<u>30, 2012, and \$8,468,000 for the fiscal year</u>			
8.14	<u>ending June 30, 2013, are for purposes of the</u>			
8.15	<u>tax compliance, tax analytics and business</u>			
8.16	<u>intelligence tools in section 39. At least</u>			
8.17	<u>\$1,700,000 of the amount appropriated in</u>			
8.18	<u>the first year is for tax analytics and business</u>			
8.19	<u>intelligence tools.</u>			
8.20	<u>The commissioner must implement</u>			
8.21	<u>any reduction in funding by reducing</u>			
8.22	<u>administrative support functions before any</u>			
8.23	<u>reduction to compliance and enforcement</u>			
8.24	<u>programs.</u>			
8.25	<u>Subd. 2. Tax System Management</u>		<u>112,309,000</u>	<u>115,576,000</u>
8.26	<u>Appropriations by Fund</u>			
8.27	<u>General</u>	<u>108,074,000</u>	<u>111,341,000</u>	
8.28	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
8.29	<u>Highway User Tax</u>			
8.30	<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>	
8.31	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>	
8.32	<u>Subd. 3. Debt Collection Management</u>		<u>27,341,000</u>	<u>27,341,000</u>
8.33	Sec. 15. <u>GAMBLING CONTROL</u>	<u>\$</u>	<u>2,740,000</u>	<u>\$</u> <u>2,740,000</u>

9.1 These appropriations are from the lawful
9.2 gambling regulation account in the special
9.3 revenue fund.

9.4 Sec. 16. RACING COMMISSION \$ 899,000 \$ 899,000

9.5 These appropriations are from the racing
9.6 and card playing regulation accounts in the
9.7 special revenue fund.

9.8 Sec. 17. AMATEUR SPORTS COMMISSION \$ 248,000 \$ 248,000

9.9 Sec. 18. EXPLORE MINNESOTA TOURISM \$ 8,729,000 \$ 8,729,000

9.10 (a) Of this amount, \$12,000 each year is for a
9.11 grant to the Upper Minnesota Film Office.

9.12 (b)(1) To develop maximum private sector
9.13 involvement in tourism, \$500,000 the first
9.14 year and \$500,000 the second year must
9.15 be matched by Explore Minnesota Tourism
9.16 from nonstate sources. Each \$1 of state
9.17 incentive must be matched with \$3 of private
9.18 sector funding. Cash match is defined as
9.19 revenue to the state or documented cash
9.20 expenditures directly expended to support
9.21 Explore Minnesota Tourism programs. Up
9.22 to one-half of the private sector contribution
9.23 may be in-kind or soft match. The incentive
9.24 in the first year shall be based on fiscal
9.25 year 2011 private sector contributions. The
9.26 incentive in the second year will be based on
9.27 fiscal year 2012 private sector contributions.
9.28 This incentive is ongoing.

9.29 (2) Funding for the marketing grants is
9.30 available either year of the biennium.
9.31 Unexpended grant funds from the first year
9.32 are available in the second year.

10.1 (3) Unexpended money from the general
10.2 fund appropriations made under this section
10.3 does not cancel but must be placed in a
10.4 special marketing account for use by Explore
10.5 Minnesota Tourism for additional marketing
10.6 activities.

10.7 (c) \$325,000 the first year and \$325,000 the
10.8 second year are for the Minnesota Film and
10.9 TV Board. The appropriation in each year
10.10 is available only upon receipt by the board
10.11 of \$1 in matching contributions of money or
10.12 in-kind contributions from nonstate sources
10.13 for every \$3 provided by this appropriation,
10.14 except that each year up to \$50,000 is
10.15 available on July 1 even if the required
10.16 matching contribution has not been received
10.17 by that date.

10.18 Sec. 19. MINNESOTA HISTORICAL
10.19 SOCIETY

10.20	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>20,737,000</u>	<u>\$</u>	<u>20,633,000</u>
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10.21 The amounts that may be spent for each
10.22 purpose are specified in the following
10.23 subdivisions.

10.24	<u>Subd. 2. Education and Outreach</u>		<u>11,668,000</u>		<u>11,668,000</u>
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10.25 Notwithstanding Minnesota Statutes, section
10.26 138.668, the Minnesota Historical Society
10.27 may not charge a fee for its general tours at
10.28 the Capitol, but may charge fees for special
10.29 programs other than general tours.

10.30	<u>Subd. 3. Preservation and Access</u>		<u>8,743,000</u>		<u>8,743,000</u>
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10.31 Subd. 4. Fiscal Agent

10.32	<u>(a) Minnesota International Center</u>		<u>39,000</u>		<u>39,000</u>
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10.33	<u>(b) Minnesota Air National Guard Museum</u>		<u>14,000</u>		<u>-0-</u>
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11.1	<u>(c) Minnesota Military Museum</u>	<u>90,000</u>	<u>-0-</u>
11.2	<u>(d) Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
11.3	<u>(e) Hockey Hall of Fame</u>	<u>68,000</u>	<u>68,000</u>
11.4	<u>(f) Balances Forward</u>		
11.5	<u>Any unencumbered balance remaining in</u>		
11.6	<u>this subdivision the first year does not cancel</u>		
11.7	<u>but is available for the second year of the</u>		
11.8	<u>biennium.</u>		
11.9	Subd. 5. <u>Fund Transfer</u>		
11.10	<u>The Minnesota Historical Society may</u>		
11.11	<u>reallocate funds appropriated in and between</u>		
11.12	<u>subdivisions 2 and 3 for any program</u>		
11.13	<u>purposes and the appropriations are available</u>		
11.14	<u>in either year of the biennium.</u>		
11.15	Sec. 20. <u>BOARD OF THE ARTS</u>		
11.16	Subdivision 1. <u>Total Appropriation</u>	<u>\$ 7,506,000</u>	<u>\$ 7,506,000</u>
11.17	<u>The amounts that may be spent for each</u>		
11.18	<u>purpose are specified in the following</u>		
11.19	<u>subdivisions.</u>		
11.20	Subd. 2. <u>Operations and Services</u>	<u>567,000</u>	<u>567,000</u>
11.21	Subd. 3. <u>Grants Program</u>	<u>4,800,000</u>	<u>4,800,000</u>
11.22	Subd. 4. <u>Regional Arts Councils</u>	<u>2,139,000</u>	<u>2,139,000</u>
11.23	Subd. 5. <u>Unencumbered balance available</u>		
11.24	<u>Any unencumbered balance remaining in this</u>		
11.25	<u>section the first year does not cancel, but is</u>		
11.26	<u>available for the second year of the biennium.</u>		
11.27	Sec. 21. <u>MINNESOTA HUMANITIES</u>		
11.28	<u>CENTER</u>	<u>\$ 237,000</u>	<u>\$ 237,000</u>
11.29	Sec. 22. <u>COUNCIL ON BLACK</u>		
11.30	<u>MINNESOTANS</u>	<u>\$ 292,000</u>	<u>\$ 292,000</u>

12.1	Sec. 23. <u>COUNCIL ON ASIAN-PACIFIC</u>			
12.2	<u>MINNESOTANS</u>	\$	<u>254,000</u>	\$ <u>254,000</u>
12.3	Sec. 24. <u>COUNCIL ON AFFAIRS OF</u>			
12.4	<u>CHICANO/LATINO PEOPLE</u>	\$	<u>275,000</u>	\$ <u>275,000</u>
12.5	Sec. 25. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>462,000</u>	\$ <u>462,000</u>
12.6	<u>Of this appropriation \$167,000 each year is</u>			
12.7	<u>for a cultural resources specialist to assist the</u>			
12.8	<u>council with the duties assigned to it relating</u>			
12.9	<u>to Indian burial grounds under Minnesota</u>			
12.10	<u>Statutes, section 307.08.</u>			
12.11	Sec. 26. <u>SCIENCE MUSEUM OF</u>			
12.12	<u>MINNESOTA</u>	\$	<u>1,068,000</u>	\$ <u>1,068,000</u>
12.13	Sec. 27. <u>TORT CLAIMS</u>	\$	<u>161,000</u>	\$ <u>161,000</u>
12.14	<u>These appropriations are to be spent by the</u>			
12.15	<u>commissioner of management and budget</u>			
12.16	<u>according to Minnesota Statutes, section</u>			
12.17	<u>3.736, subdivision 7. If the appropriation for</u>			
12.18	<u>either year is insufficient, the appropriation</u>			
12.19	<u>for the other year is available for it.</u>			
12.20	Sec. 28. <u>MINNESOTA STATE RETIREMENT</u>			
12.21	<u>SYSTEM</u>			
12.22	<u>Subdivision 1. Total Appropriation</u>	\$	<u>3,122,000</u>	\$ <u>2,712,000</u>
12.23	<u>The amounts that may be spent for each</u>			
12.24	<u>purpose are specified in the following</u>			
12.25	<u>subdivisions.</u>			
12.26	<u>Subd. 2. Legislators</u>		<u>2,650,000</u>	<u>2,231,000</u>
12.27	<u>During the biennium ending June 30, 2013,</u>			
12.28	<u>up to \$4,881,000 may be paid from the</u>			
12.29	<u>general fund for retirement allowances</u>			
12.30	<u>for former legislators and their surviving</u>			
12.31	<u>spouse. Any remaining costs must be paid</u>			
12.32	<u>from the legislators retirement fund created</u>			

13.1	<u>under Minnesota Statutes, section 3A.03,</u>			
13.2	<u>subdivision 3.</u>			
13.3	<u>Subd. 3. Constitutional Officers</u>		<u>472,000</u>	<u>481,000</u>
13.4	<u>Under Minnesota Statutes, section 352C.001,</u>			
13.5	<u>if an appropriation in this section for either</u>			
13.6	<u>year is insufficient, the appropriation for the</u>			
13.7	<u>other year is available for it.</u>			
13.8	<u>Sec. 29. MERF DIVISION ACCOUNT</u>	<u>\$</u>	<u>22,750,000</u>	<u>\$ 22,750,000</u>
13.9	<u>These amounts are estimated to be needed</u>			
13.10	<u>under Minnesota Statutes, section 353.505.</u>			
13.11	<u>Sec. 30. TEACHERS RETIREMENT</u>			
13.12	<u>ASSOCIATION</u>	<u>\$</u>	<u>15,454,000</u>	<u>\$ 15,454,000</u>
13.13	<u>The amounts estimated to be needed are as</u>			
13.14	<u>follows:</u>			
13.15	<u>(a) Special direct state aid. \$12,954,000 the</u>			
13.16	<u>first year and \$12,954,000 the second year</u>			
13.17	<u>are for special direct state aid authorized</u>			
13.18	<u>under Minnesota Statutes, section 354A.12,</u>			
13.19	<u>subdivisions 3a and 3c.</u>			
13.20	<u>(b) Special direct state matching aid.</u>			
13.21	<u>\$2,500,000 the first year and \$2,500,000</u>			
13.22	<u>the second year are for special direct state</u>			
13.23	<u>matching aid authorized under Minnesota</u>			
13.24	<u>Statutes, section 354A.12, subdivision 3b.</u>			
13.25	<u>Sec. 31. ST. PAUL TEACHERS</u>			
13.26	<u>RETIREMENT FUND</u>	<u>\$</u>	<u>2,827,000</u>	<u>\$ 2,827,000</u>
13.27	<u>The amounts estimated to be needed for</u>			
13.28	<u>special direct state aid to first class city</u>			
13.29	<u>teachers retirement funds authorized under</u>			
13.30	<u>Minnesota Statutes, section 354A.12,</u>			
13.31	<u>subdivisions 3a and 3c.</u>			

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14.1	Sec. 32. <u>DULUTH TEACHERS</u>			
14.2	<u>RETIREMENT FUND</u>	\$	<u>346,000</u>	\$ <u>346,000</u>

14.3 The amounts estimated to be needed for
14.4 special direct state aid to first class city
14.5 teachers retirement funds authorized under
14.6 Minnesota Statutes, section 354A.12,
14.7 subdivisions 3a and 3c.

14.8 **Sec. 33. STATE LOTTERY**

14.9 Notwithstanding Minnesota Statutes, section
14.10 349A.10, subdivision 3, the operating budget
14.11 must not exceed \$29,000,000 in fiscal year
14.12 2012 and \$29,000,000 in fiscal year 2013.

14.13	Sec. 34. <u>GENERAL CONTINGENT</u>		
14.14	ACCOUNTS	\$ 1,000,000	\$ 500,000

14.15	<u>Appropriations by Fund</u>		
14.16		<u>2012</u>	<u>2013</u>
14.17	<u>General</u>	<u>500,000</u>	<u>-0-</u>
14.18	<u>State Government</u>		
14.19	<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
14.20	<u>Workers'</u>		
14.21	<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>

14.22 (a) The appropriations in this section
14.23 may only be spent with the approval of
14.24 the governor after consultation with the
14.25 Legislative Advisory Commission pursuant
14.26 to Minnesota Statutes, section 3.30.

14.27 (b) If an appropriation in this section for
14.28 either year is insufficient, the appropriation
14.29 for the other year is available for it.

14.30 (c) If a contingent account appropriation
14.31 is made in one fiscal year, it should be
14.32 considered a biennial appropriation.

14.33 Sec. 35. Laws 2009, chapter 101, article 2, section 106, is amended to read:

14.34 **Sec. 106. ENTERPRISE REAL PROPERTY CONTRIBUTIONS.**

On or before June 1, 2009, the commissioner of administration shall determine the amount to be contributed by each executive agency to maintain the enterprise real property technology system for the fiscal year 2010 and fiscal year 2011 biennium. On or before June 15, 2009, each executive agency shall enter into an agreement with the commissioner of administration setting forth the manner in which the executive agency shall make its contribution to the enterprise real property system, either from uncommitted fiscal year 2009 funds or by contributing from fiscal year 2010 and fiscal year 2011 funds to the real property enterprise system and services account to fund the total amount of \$399,000 for the biennium. Funds will be available for the enterprise real property technology project until June 30, 2013. Funds contributed under this section must be credited to the enterprise real property technology system and services account.

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

Sec. 36. **PROBLEM GAMBLING APPROPRIATION.**

\$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from the lottery prize fund to the Gambling Control Board for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. These services must be complementary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. Of this appropriation, \$50,000 in fiscal year 2012 and \$50,000 in fiscal year 2013 are contingent on the contribution of nonstate matching funds. Matching funds may be either cash or qualifying in-kind contributions. The commissioner of management and budget may disburse the state portion of the matching funds in increments of \$25,000 upon receipt of a commitment for an equal amount of matching nonstate funds. These are onetime appropriations.

Sec. 37. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE AGENCIES.**

Subdivision 1. **SEGIP dependent eligibility.** The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2013, by \$1,726,000 due to savings from verification of dependent eligibility for state employee

group insurance coverage. The Minnesota State Colleges and Universities is not an executive agency for purposes of this subdivision.

If savings obtained through verification of dependent eligibility for state employee group insurance coverage yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2013 must be reflected as reductions in agency base budgets for fiscal years 2014 and 2015. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee regarding the amount of reductions in spending by each agency under this subdivision.

Subd. 2. **Savings from other reforms.** If the commissioner of management and budget determines that during the biennium ending June 30, 2013, the reforms in this act other than verification of dependent eligibility result in cost savings to nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner may transfer the amount of the savings to the general fund. The commissioner must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee regarding transfers under this subdivision.

Sec. 38. **REPORTS.**

By January 15, 2012, and January 15, 2013, the Minnesota Humanities Commission, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Council on Affairs of Chicano/Latino People, and Indian Affairs Council must each report to the chairs and ranking minority members of the legislative committees with jurisdiction over the groups. The reports must describe the results obtained with the appropriations in this act, including a description and evaluation of how the groups accomplished their statutory duties in the preceding year.

Sec. 39. **TAX COMPLIANCE; TAX ANALYTICS AND BUSINESS INTELLIGENCE TOOLS.**

Subdivision 1. **Program activities.** (a) The commissioner of revenue is authorized to implement a program of tax compliance including the use of advanced tax analytics and business intelligence tools to enhance tax assessment and collection by improving the means to identify taxpayers that should be subject to audit and collection activities

and by prioritizing those activities to provide a higher rate of return on the activities of Department of Revenue employees.

(b) To implement the program authorized by this section, the commissioner of revenue may enter into contracts as the commissioner deems necessary to obtain or create tax analytics and business intelligence tools.

(c) Any contract entered into under this section is subject to Minnesota Statutes, section 16C.082.

Subd. 2. Implementation. To implement the program authorized by this section, the commissioner of revenue may hire employees as the commissioner deems necessary. The commissioner of revenue shall manage the number of full-time equivalent employees of the Department of Revenue so that by the end of fiscal year 2015 any new employees hired to carry out the program authorized by this section will be matched by a reduction in the total number of full-time equivalent employees by the end of fiscal year 2015.

Subd. 3. New general fund revenues. The program implemented by this section is expected to result in new general fund revenues of \$82,314,000 for the biennium ending June 30, 2013.

Subd. 4. Legislative report. The commissioner of revenue shall report to the chairs of the house ways and means and senate finance committees by July 1, 2012, and January 15, 2013, on the collection of new general fund revenues under the program authorized by this section.

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

Sec. 40. **END-OF-SESSION BUDGETARY ESTIMATES.**

If, in preparation of end-of-session fund statements following the 2011 first special session, the commissioner of management and budget determines the impact of the enacted fiscal years 2012-2013 omnibus appropriation bills result in a projected negative general fund unrestricted budgetary balance for the biennium ending June 30, 2013, the commissioner shall reduce the general fund cash flow account in Minnesota Statutes, section 16A.152, by an amount sufficient to balance biennial resources and expenditures after notifying the chairs of the house Ways And Means Committee and the senate Finance Committee.

ARTICLE 2

MILITARY AFFAIRS AND VETERANS AFFAIRS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. MILITARY AFFAIRS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>22,371,000</u>	\$	<u>19,371,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Maintenance of Training Facilities</u>	<u>6,660,000</u>	<u>6,660,000</u>
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Subd. 3. <u>General Support</u>	<u>2,363,000</u>	<u>2,363,000</u>
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Subd. 4. <u>Enlistment Incentives</u>	<u>13,348,000</u>	<u>10,348,000</u>
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\$3,000,000 the first year is for additional costs of enlistment incentives.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. VETERANS AFFAIRS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>57,795,000</u>	\$	<u>58,595,000</u>
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<u>Appropriations by Fund</u>		
	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>57,695,000</u>	<u>58,595,000</u>
<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>

19.1	<u>The amounts that may be spent for each</u>		
19.2	<u>purpose are specified in the following</u>		
19.3	<u>subdivisions.</u>		
19.4	<u>Subd. 2. Veterans Services</u>	<u>13,879,000</u>	<u>13,779,000</u>
19.5	<u>Appropriations by Fund</u>		
19.6		<u>2012</u>	<u>2013</u>
19.7	<u>General</u>	<u>13,779,000</u>	<u>13,779,000</u>
19.8	<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>
19.9	<u>\$100,000 in the first year is from the</u>		
19.10	<u>"Support Our Troops" account established</u>		
19.11	<u>under Minnesota Statutes, section 190.19,</u>		
19.12	<u>subdivision 2a, for a grant to the Minnesota</u>		
19.13	<u>Assistance Council for Veterans. This is a</u>		
19.14	<u>onetime appropriation.</u>		
19.15	<u>\$945,000 each year is for the higher</u>		
19.16	<u>education veterans assistance program under</u>		
19.17	<u>Minnesota Statutes, section 197.585.</u>		
19.18	<u>\$100,000 each year is for the costs of</u>		
19.19	<u>administering the Minnesota GI Bill program</u>		
19.20	<u>under Minnesota Statutes, section 197.791.</u>		
19.21	<u>\$353,000 each year is for grants to the</u>		
19.22	<u>following congressionally chartered veterans</u>		
19.23	<u>service organizations, as designated by the</u>		
19.24	<u>commissioner: Disabled American Veterans,</u>		
19.25	<u>Military Order of the Purple Heart, the</u>		
19.26	<u>American Legion, Veterans of Foreign Wars,</u>		
19.27	<u>Vietnam Veterans of America, AMVETS,</u>		
19.28	<u>and Paralyzed Veterans of America. This</u>		
19.29	<u>funding must be allocated in direct proportion</u>		
19.30	<u>to the funding currently being provided by</u>		
19.31	<u>the commissioner to these organizations.</u>		
19.32	<u>Subd. 3. Veterans Homes</u>	<u>43,916,000</u>	<u>44,816,000</u>
19.33	<u>Veterans Homes Special Revenue Account.</u>		
19.34	<u>The general fund appropriations made to</u>		
19.35	<u>the department may be transferred to a</u>		

20.1 veterans homes special revenue account in
20.2 the special revenue fund in the same manner
20.3 as other receipts are deposited according
20.4 to Minnesota Statutes, section 198.34, and
20.5 are appropriated to the department for the
20.6 operation of veterans homes facilities and
20.7 programs.

20.8 **Fergus Falls Veterans Home.** Of the
20.9 general fund appropriation, \$738,000 in
20.10 fiscal year 2013 is for operation of a new
20.11 21-bed specialty care/Alzheimer's unit at the
20.12 Minnesota Veterans Home in Fergus Falls.
20.13 Base funding for this program is \$842,000 in
20.14 fiscal years 2014 and 2015.

20.15 **Minneapolis Veterans Home.** Of the
20.16 general fund appropriation, \$162,000 in
20.17 fiscal year 2013 is for operation of a new
20.18 adult day care program at the Minnesota
20.19 Veterans Home in Minneapolis. Base
20.20 funding for this program is \$232,000 in fiscal
20.21 years 2014 and 2015.

20.22 **Veterans Homes Service Redesign.**
20.23 \$551,000 in fiscal year 2012 and \$801,000 in
20.24 fiscal year 2013, generated from additional
20.25 nongeneral fund revenue and cost savings
20.26 from operating efficiencies, are to be used to
20.27 support the operational needs of the five state
20.28 veterans homes.

20.29 Sec. 4. Laws 2010, chapter 215, article 6, section 4, is amended to read:

20.30 Sec. 4. **VETERANS HOMES**

20.31 Of the appropriation in Laws 2009, chapter
20.32 94, article 3, section 2, subdivision 3, or from
20.33 funds carried forward from fiscal year 2009:

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21.1 (1) ~~\$1,000,000~~ \$800,000 in fiscal year 2011
21.2 is for operational expenses related to the
21.3 21-bed addition at the Fergus Falls Veterans
21.4 Home; and

21.5 (2) ~~\$113,000~~ \$313,000 in fiscal year 2011 is
21.6 for start-up expenses related to the opening of
21.7 an adult daycare facility at the Minneapolis
21.8 Veterans Home.

21.9 An appropriation in this section that is
21.10 unspent at the end of fiscal year 2011 carries
21.11 forward and is available in fiscal year 2012.

21.12 Sec. 5. **REPEALER.**

21.13 Minnesota Statutes 2010, section 197.585, subdivision 5, is repealed.

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

21.15 **ARTICLE 3**

21.16 **STATE GOVERNMENT OPERATIONS**

21.17 Section 1. Minnesota Statutes 2010, section 3.85, subdivision 3, is amended to read:

21.18 Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the
21.19 senate appointed by the Subcommittee on Committees of the Committee on Rules and
21.20 Administration and ~~five~~ seven members of the house of representatives appointed by
21.21 the speaker. No more than five members from each chamber may be from the majority
21.22 caucus in that chamber. Members shall be appointed at the commencement of each regular
21.23 session of the legislature for a two-year term beginning January 16 of the first year of the
21.24 regular session. Members continue to serve until their successors are appointed. Vacancies
21.25 that occur while the legislature is in session shall be filled like regular appointments. If the
21.26 legislature is not in session, senate vacancies shall be filled by the last Subcommittee on
21.27 Committees of the senate Committee on Rules and Administration or other appointing
21.28 authority designated by the senate rules, and house of representatives vacancies shall be
21.29 filled by the last speaker of the house, or if the speaker is not available, by the last chair of
21.30 the house of representatives Rules Committee.

21.31 **EFFECTIVE DATE.** This section is effective January 16, 2013.

22.1 Sec. 2. [3D.01] SHORT TITLE.

22.2 This chapter may be cited as the "Minnesota Sunset Act."

22.3 Sec. 3. [3D.02] DEFINITIONS.

22.4 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

22.5 Subd. 2. **Advisory committee.** "Advisory committee" means a committee, council,
22.6 commission, or other entity created under state law whose primary function is to advise
22.7 a state agency.

22.8 Subd. 3. **Commission.** "Commission" means the Sunset Advisory Commission.

22.9 Subd. 4. **State agency.** "State agency" means an agency expressly made subject
22.10 to this chapter.

22.11 Sec. 4. [3D.03] SUNSET ADVISORY COMMISSION.

22.12 Subdivision 1. **Membership.** (a) The Sunset Advisory Commission consists of 12
22.13 members appointed as follows:

22.14 (1) four senators, appointed according to the rules of the senate, with no more than
22.15 three senators from the majority caucus;

22.16 (2) four members of the house of representatives, appointed by the speaker of the
22.17 house, with no more than three of the house of representatives members from the majority
22.18 caucus; and

22.19 (3) four members appointed by the governor.

22.20 (b) The first members of the Sunset Advisory Commission must be appointed before
22.21 September 1, 2011, for terms ending the first Monday in January 2013.

22.22 Subd. 2. **Public member restrictions.** An individual is eligible for appointment by
22.23 the governor if the individual or the individual's spouse is not:

22.24 (1) regulated by a state agency that the commission will review during the term for
22.25 which the individual would serve;

22.26 (2) employed by, participates in the management of, or directly or indirectly has
22.27 more than a ten percent interest in a business entity or other organization regulated by a
22.28 state agency the commission will review during the term for which the individual would
22.29 serve; or

22.30 (3) required to register as a lobbyist under chapter 10A because of the person's
22.31 activities for compensation on behalf of a profession or entity related to the operation of
22.32 an agency under review.

22.33 Subd. 3. **Removal.** It is a ground for removal of a governor's appointee from the
22.34 commission if the member is not qualified as required by subdivision 2 for appointment

23.1 to the commission at the time of appointment or does not maintain the qualifications
23.2 while serving on the commission. The validity of the commission's action is not affected
23.3 by the fact that it was taken when a ground for removal of a governor's appointee from
23.4 the commission existed.

23.5 Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing
23.6 authority. Governor's appointees serve two-year terms expiring the first Monday in
23.7 January of each odd-numbered year and may be removed at the pleasure of the governor.

23.8 Subd. 5. **Limits.** Members are subject to the following restrictions:

23.9 (1) after an individual serves four years on the commission, the individual is not
23.10 eligible for appointment to another term or part of a term;

23.11 (2) a legislative member who serves a full term may not be appointed to an
23.12 immediately succeeding term; and

23.13 (3) a governor's appointee may not serve consecutive terms, and, for purposes of this
23.14 prohibition, a member is considered to have served a term only if the member has served
23.15 more than one-half of the term.

23.16 Subd. 6. **Appointments.** Appointments must be made before the second Monday of
23.17 January of each odd-numbered year.

23.18 Subd. 7. **Legislative members.** If a legislative member ceases to be a member
23.19 of the legislative body from which the member was appointed, the member vacates
23.20 membership on the commission.

23.21 Subd. 8. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a
23.22 person to serve for the remainder of the unexpired term in the same manner as the original
23.23 appointment.

23.24 Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding
23.25 officers.

23.26 Subd. 10. **Quorum; voting.** Seven members of the commission constitute a
23.27 quorum. A final action or recommendation may not be made unless approved by a
23.28 recorded vote of at least seven members. All other actions by the commission shall be
23.29 decided by a majority of the members present and voting.

23.30 Sec. 5. **[3D.04] STAFF.**

23.31 The Legislative Coordinating Commission shall provide staff and administrative
23.32 services for the commission.

23.33 Sec. 6. **[3D.05] RULES.**

23.34 The commission may adopt rules necessary to carry out this chapter.

24.1 Sec. 7. **[3D.06] AGENCY REPORT TO COMMISSION.**

24.2 Before September 1 of the odd-numbered year before the year in which a state agency
24.3 is subject to sunset review, the agency commissioner shall report to the commission:

24.4 (1) information regarding the application to the agency of the criteria in section
24.5 3D.10;

24.6 (2) a priority-based budget for the agency;

24.7 (3) an inventory of all boards, commissions, committees, and other entities related
24.8 to the agency; and

24.9 (4) any other information that the agency commissioner considers appropriate or that
24.10 is requested by the commission.

24.11 The September 1 deadline in this section does not apply in 2011.

24.12 Sec. 8. **[3D.07] COMMISSION DUTIES.**

24.13 Before January 1 of the year in which a state agency subject to this chapter and its
24.14 advisory committees are subject to sunset review, the commission shall:

24.15 (1) review and take action necessary to verify the reports submitted by the agency;
24.16 and

24.17 (2) conduct a review of the agency based on the criteria provided in section 3D.10
24.18 and prepare a written report.

24.19 Sec. 9. **[3D.08] PUBLIC HEARINGS.**

24.20 Before February 1 of the year a state agency subject to this chapter and its advisory
24.21 committees are subject to sunset review, the commission shall conduct public hearings
24.22 concerning but not limited to the application to the agency of the criteria provided in
24.23 section 3D.10.

24.24 Sec. 10. **[3D.09] COMMISSION REPORT.**

24.25 By February 1 of each even-numbered year, the commission shall present to the
24.26 legislature and the governor a report on the agencies and advisory committees reviewed.
24.27 In the report the commission shall include:

24.28 (1) its findings regarding the criteria prescribed by section 3D.10;

24.29 (2) its recommendations based on the matters prescribed by section 3D.11; and

24.30 (3) other information the commission considers necessary for a complete review
24.31 of the agency.

24.32 Sec. 11. **[3D.10] CRITERIA FOR REVIEW.**

25.1 The commission and its staff shall consider the following criteria in determining
25.2 whether a public need exists for the continuation of a state agency or its advisory
25.3 committees or for the performance of the functions of the agency or its advisory
25.4 committees:

25.5 (1) the efficiency and effectiveness with which the agency or the advisory committee
25.6 operates;

25.7 (2) an identification of the mission, goals, and objectives intended for the agency or
25.8 advisory committee and of the problem or need that the agency or advisory committee
25.9 was intended to address and the extent to which the mission, goals, and objectives have
25.10 been achieved and the problem or need has been addressed;

25.11 (3) an identification of any activities of the agency in addition to those granted by
25.12 statute and of the authority for those activities and the extent to which those activities
25.13 are needed;

25.14 (4) an assessment of authority of the agency relating to fees, inspections,
25.15 enforcement, and penalties;

25.16 (5) whether less restrictive or alternative methods of performing any function that
25.17 the agency performs could adequately protect or provide service to the public;

25.18 (6) the extent to which the jurisdiction of the agency and the programs administered
25.19 by the agency overlap or duplicate those of other agencies, the extent to which the agency
25.20 coordinates with those agencies, and the extent to which the programs administered by the
25.21 agency can be consolidated with the programs of other state agencies;

25.22 (7) the promptness and effectiveness with which the agency addresses complaints
25.23 concerning entities or other persons affected by the agency, including an assessment of the
25.24 agency's administrative hearings process;

25.25 (8) an assessment of the agency's rulemaking process and the extent to which the
25.26 agency has encouraged participation by the public in making its rules and decisions and
25.27 the extent to which the public participation has resulted in rules that benefit the public;

25.28 (9) the extent to which the agency has complied with federal and state laws and
25.29 applicable rules regarding equality of employment opportunity and the rights and privacy
25.30 of individuals, and state law and applicable rules of any state agency regarding purchasing
25.31 guidelines and programs for historically underutilized businesses;

25.32 (10) the extent to which the agency issues and enforces rules relating to potential
25.33 conflicts of interest of its employees;

25.34 (11) the extent to which the agency complies with chapter 13 and follows records
25.35 management practices that enable the agency to respond efficiently to requests for public
25.36 information; and

26.1 (12) the effect of federal intervention or loss of federal funds if the agency is
26.2 abolished.

26.3 Sec. 12. **[3D.11] RECOMMENDATIONS.**

26.4 (a) In its report on a state agency, the commission shall:

26.5 (1) make recommendations on the abolition, continuation, or reorganization of each
26.6 affected state agency and its advisory committees and on the need for the performance of
26.7 the functions of the agency and its advisory committees;

26.8 (2) make recommendations on the consolidation, transfer, or reorganization of
26.9 programs within state agencies not under review when the programs duplicate functions
26.10 performed in agencies under review; and

26.11 (3) make recommendations to improve the operations of the agency, its policy body,
26.12 and its advisory committees, including management recommendations that do not require
26.13 a change in the agency's enabling statute.

26.14 (b) The commission shall include the estimated fiscal impact of its recommendations
26.15 and may recommend appropriation levels for certain programs to improve the operations
26.16 of the state agency.

26.17 (c) The commission shall have drafts of legislation prepared to carry out the
26.18 commission's recommendations under this section, including legislation necessary
26.19 to continue the existence of agencies that would otherwise sunset if the commission
26.20 recommends continuation of an agency.

26.21 (d) After the legislature acts on the report under section 3D.09, the commission shall
26.22 present to the legislative auditor the commission's recommendations that do not require
26.23 a statutory change to be put into effect. Subject to the legislative audit commission's
26.24 approval, the legislative auditor may examine the recommendations and include as part
26.25 of the next audit of the agency a report on whether the agency has implemented the
26.26 recommendations and, if so, in what manner.

26.27 Sec. 13. **[3D.12] MONITORING OF RECOMMENDATIONS.**

26.28 During each legislative session, the staff of the commission shall monitor legislation
26.29 affecting agencies that have undergone sunset review and shall periodically report
26.30 to the members of the commission on proposed changes that would modify prior
26.31 recommendations of the commission.

26.32 Sec. 14. **[3D.13] REVIEW OF ADVISORY COMMITTEES.**

27.1 An advisory committee, the primary function of which is to advise a particular state
27.2 agency, is subject to sunset on the date set for sunset review of the agency unless the
27.3 advisory committee is expressly continued by law.

27.4 Sec. 15. **[3D.14] CONTINUATION BY LAW.**

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

27.8 (1) a department or agency listed in section 15.01, or section 15.06, subdivision 1
27.9 or 1a; and

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

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

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

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

27.20 Sec. 16. **[3D.15] PROCEDURE AFTER TERMINATION.**

27.21 Subdivision 1. **Termination.** Unless otherwise provided by law:

27.22 (1) if after sunset review a state agency is abolished, the agency may continue in
27.23 existence until June 30 of the following year to conclude its business;

27.24 (2) abolishment does not reduce or otherwise limit the powers and authority of the
27.25 state agency during the concluding year; and

27.26 (3) a state agency is terminated and shall cease all activities at the expiration of
27.27 the one-year period.

27.28 Subd. 2. **Funds of abolished agency or advisory committee.** (a) Except as
27.29 provided by other law, any unobligated and unexpended appropriations of an abolished
27.30 agency or advisory committee lapse on June 30 of the year after abolishment.

27.31 (b) Except as provided by subdivision 4 or as otherwise provided by law, all money
27.32 in a dedicated fund of an abolished state agency or advisory committee on June 30 of the
27.33 year after abolishment is transferred to the general fund. The part of the law dedicating

28.1 the money to a specific fund of an abolished agency becomes void on June 30 of the year
28.2 after abolishment.

28.3 (c) If an appropriation exists in law for the functions or obligations transferred in
28.4 subdivision 3 or 4, that appropriation is transferred to the commissioner of administration
28.5 for the purposes of those subdivisions.

28.6 Subd. 3. **Property, rules, and functions of an abolished agency.** (a) Unless the
28.7 governor designates an appropriate state agency as prescribed by subdivision 4, property
28.8 and records in the custody of an abolished state agency or advisory committee on June 30
28.9 of the year after abolishment must be transferred to the commissioner of administration.
28.10 If the governor designates an appropriate state agency, the property and records must be
28.11 transferred to the designated state agency.

28.12 (b) Unless otherwise provided by law, statutory duties of an abolished state agency
28.13 are transferred to the commissioner of administration, and section 16B.38 applies. All
28.14 rules adopted by the abolished agency remain effective and shall be enforced by the
28.15 commissioner of administration, and rulemaking authority of the abolished agency is
28.16 transferred to the commissioner of administration. The commissioner of administration
28.17 may use authority under section 16B.37 to transfer duties of an abolished agency that have
28.18 been transferred to the commissioner of administration. Transfers under section 16B.37
28.19 are effective upon filing with the secretary of state, even if a reorganization order transfers
28.20 all or substantially all of the powers or duties of a department.

28.21 Subd. 4. **Continuing obligations.** (a) The legislature recognizes the state's
28.22 continuing obligation to pay bonded indebtedness and all other obligations, including
28.23 lease, contract, and other written obligations, incurred by a state agency or advisory
28.24 committee abolished under this chapter, and this chapter does not impair or impede the
28.25 payment of bonded indebtedness and all other obligations, including lease, contract, and
28.26 other written obligations, in accordance with their terms. If an abolished state agency or
28.27 advisory committee has outstanding bonded indebtedness or other outstanding obligations,
28.28 including lease, contract, and other written obligations, the bonds and all other obligations,
28.29 including lease, contract, and other written obligations, remain valid and enforceable in
28.30 accordance with their terms and subject to all applicable terms and conditions of the laws
28.31 and proceedings authorizing the bonds and all other obligations, including lease, contract,
28.32 and other written obligations.

28.33 (b) The governor shall designate an appropriate state agency that shall continue to
28.34 carry out all covenants contained in the bonds and in all other obligations, including lease,
28.35 contract, and other written obligations, and the proceedings authorizing them, including
28.36 the issuance of bonds, and the performance of all other obligations, including lease,

contract, and other written obligations, to complete the construction of projects or the performance of other obligations, including lease, contract, and other written obligations.

(c) The designated state agency shall provide payment from the sources of payment of the bonds in accordance with the terms of the bonds and shall provide payment from the sources of payment of all other obligations, including lease, contract, and other written obligations, in accordance with their terms, whether from taxes, revenues, or otherwise, until the bonds and interest on the bonds are paid in full and all other obligations, including lease, contract, and other written obligations, are performed and paid in full. If the proceedings so provide, all funds established by laws or proceedings authorizing the bonds or authorizing other obligations, including lease, contract, and other written obligations, must remain with the comptroller or the previously designated trustees. If the proceedings do not provide that the funds remain with the comptroller or the previously designated trustees, the funds must be transferred to the designated state agency.

Sec. 17. **[3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

The commission may request the assistance of state agencies and officers. When assistance is requested, a state agency or officer shall assist the commission. In carrying out its functions under this chapter, the commission or its designated staff member may inspect the records, documents, and files of any state agency.

Sec. 18. **[3D.17] RELOCATION OF EMPLOYEES.**

If an employee is displaced because a state agency or its advisory committee is abolished or reorganized, the state agency shall make a reasonable effort to relocate the displaced employee.

Sec. 19. **[3D.18] SAVING PROVISION.**

Except as otherwise expressly provided, abolition of a state agency does not affect rights and duties that matured, penalties that were incurred, civil or criminal liabilities that arose, or proceedings that were begun before the effective date of the abolition.

Sec. 20. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN AGENCY.**

Each bill filed in a house of the legislature that would create a new state agency or a new advisory committee to a state agency shall be reviewed by the commission. The commission shall review the bill to determine if:

(1) the proposed functions of the agency or committee could be administered by one or more existing state agencies or advisory committees;

(2) the form of regulation, if any, proposed by the bill is the least restrictive form of regulation that will adequately protect the public;

(3) the bill provides for adequate public input regarding any regulatory function proposed by the bill; and

(4) the bill provides for adequate protection against conflicts of interest within the agency or committee.

Sec. 21. **[3D.20] GIFTS AND GRANTS.**

The commission may accept gifts, grants, and donations from any organization described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding any activity under this chapter. All gifts, grants, and donations must be accepted in an open meeting by a majority of the voting members of the commission and reported in the public record of the commission with the name of the donor and purpose of the gift, grant, or donation. Money received under this section is appropriated to the commission.

Sec. 22. **[3D.21] SUNSET REVIEW.**

Subdivision 1. **Group 1.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2012: Capitol Area Architectural and Planning Board, Amateur Sports Commission, Combative Sports Commission, all health-related licensing boards listed in section 214.01, Council on Affairs of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups associated with these agencies.

Subd. 2. **Group 2.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2014: Department of Health, Department of Human Services, Department of Human Rights, Department of Education, Board of Teaching, Minnesota Office of Higher Education, and all advisory groups associated with these agencies.

Subd. 3. **Group 3.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2016: Department of Commerce, Department of Employment and Economic Development, Department of Labor and Industry, all non-health-related licensing boards listed in section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of Mediation Services, and all advisory groups associated with these agencies.

31.1 Subd. 4. **Group 4.** The following agencies are sunset and, except as provided in
31.2 section 3D.14, expire on June 30, 2018: Department of Corrections, Department of Public
31.3 Safety, Department of Transportation, Peace Officer Standards and Training Board, and all
31.4 advisory groups associated with these agencies.

31.5 Subd. 5. **Group 5.** The following agencies are sunset and, except as provided
31.6 in section 3D.14, expire on June 30, 2020: Department of Agriculture, Department of
31.7 Natural Resources, Pollution Control Agency, Board of Animal Health, Board of Water
31.8 and Soil Resources, and all advisory groups associated with these agencies.

31.9 Subd. 6. **Group 6.** The following agencies are sunset and, except as provided in
31.10 section 3D.14, expire on June 30, 2022: Department of Administration, Department
31.11 of Management and Budget, Department of Military Affairs, Department of Revenue,
31.12 Department of Veterans Affairs, Arts Board, Minnesota Zoo, Office of Administrative
31.13 Hearings, Campaign Finance and Public Disclosure Board, Office of Enterprise
31.14 Technology, Minnesota Racing Commission, and all advisory groups associated with
31.15 these agencies.

31.16 Subd. 7. **Continuation.** Following sunset review of an agency, the legislature may
31.17 act within the same legislative session in which the sunset report was received on Sunset
31.18 Advisory Commission recommendations to continue or reorganize the agency.

31.19 Subd. 8. **Other groups.** The commission may review, under the criteria in
31.20 section 3D.10, and propose to the legislature an expiration date for any agency, board,
31.21 commission, or program not listed in this section.

31.22 Sec. 23. Minnesota Statutes 2010, section 6.49, is amended to read:

31.23 **6.49 CITIES OF FIRST CLASS.**

31.24 All powers and duties conferred and imposed upon the state auditor with respect to
31.25 state and county officers, institutions, property, and improvements are hereby extended to
31.26 cities of the first class. Copies of the written report of the state auditor on the financial
31.27 condition and accounts of such city shall be filed in the state auditor's office, with the
31.28 mayor, city council, and city comptroller thereof, and with the city commissioners, if such
31.29 city have such officers. If such report disclose malfeasance, misfeasance, or nonfeasance
31.30 in office, copies thereof shall be filed with the city attorney thereof and with the county
31.31 attorney of the county in which such city is located, and these officials of the law shall
31.32 institute such proceedings, civil or criminal, as the law and the public interest require.

31.33 The state auditor shall bill said cities monthly for services rendered, including any
31.34 examination, and the officials responsible for approving and paying claims shall cause
31.35 said bill to be promptly paid.

32.1 A city that first became a city of the first class after 2009 may provide for an audit to
32.2 be performed by a certified public accountant firm meeting the requirements of section
32.3 326A.05 instead of having an audit performed by the state auditor. An audit performed
32.4 under this paragraph must meet the standards and be in the form required by the state
32.5 auditor. The state auditor may require additional information from the certified public
32.6 accountant firm that the state auditor deems in the public interest, but the state auditor
32.7 must accept the audit unless the state auditor determines that it does not meet recognized
32.8 industry auditing standards or is not in the form required by the state auditor.

32.9 Sec. 24. Minnesota Statutes 2010, section 16A.1286, subdivision 2, is amended to read:

32.10 Subd. 2. **Billing procedures.** The commissioner may bill up to ~~\$7,520,000~~
32.11 \$10,000,000 in each fiscal year for statewide systems services provided to state agencies,
32.12 judicial branch agencies, the University of Minnesota, the Minnesota State Colleges
32.13 and Universities, and other entities. Each agency shall transfer from agency operating
32.14 appropriations to the statewide systems account the amount billed by the commissioner.
32.15 Billing policies and procedures related to statewide systems services must be developed
32.16 by the commissioner in consultation with the commissioners of management and budget
32.17 and administration, the University of Minnesota, and the Minnesota State Colleges and
32.18 Universities.

32.19 **EFFECTIVE DATE.** This section is effective July 1, 2013.

32.20 Sec. 25. **[16A.90] EMPLOYEE GAINSHARING SYSTEM.**

32.21 The commissioner shall establish a program to provide onetime bonus compensation
32.22 to state employees for efforts made to reduce the costs of operating state government or for
32.23 ways of providing better or more efficient state services. The commissioner may authorize
32.24 an executive branch appointing authority to make a onetime award to an employee or
32.25 group of employees whose suggestion or involvement in a project is determined by the
32.26 commissioner to have resulted in documented cost-savings to the state. Before authorizing
32.27 awards under this section, the commissioner shall establish guidelines for the program
32.28 including but not limited to:

32.29 (1) the maximum award is ten percent of the documented savings in the first fiscal
32.30 year in which the savings are realized up to \$1,000 per individual or \$2,500 per group
32.31 of employees;

32.32 (2) the award must be paid from the appropriation to which the savings accrued; and

32.33 (3) employees whose primary job responsibility is to identify cost savings or ways
32.34 of providing better or more efficient state services are generally not eligible for bonus

33.1 compensation under this section except in extraordinary circumstances as defined by
33.2 the commissioner.

33.3 Sec. 26. **[16A.93] MINNESOTA PAY-FOR-PERFORMANCE ACT.**

33.4 Sections 16A.93 to 16A.96 may be cited as the "Minnesota Pay-for-Performance
33.5 Act of 2011."

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

33.7 Sec. 27. **[16A.94] PAY-FOR-PERFORMANCE PROGRAM.**

33.8 Subdivision 1. **Pilot program established.** The commissioner shall implement a
33.9 pilot program to demonstrate the feasibility and desirability of using state appropriation
33.10 bonds to pay for certain services based on performance and outcomes for the people served.

33.11 Subd. 2. **Oversight committee.** (a) The commissioner shall appoint an oversight
33.12 committee to:

33.13 (1) identify criteria to select one or more services to be included in the pilot program;

33.14 (2) identify the conditions of performance and desired outcomes for the people
33.15 served by each service selected;

33.16 (3) identify criteria to evaluate whether a service has met the performance
33.17 conditions; and

33.18 (4) provide any other advice or assistance requested by the commissioner.

33.19 (b) The oversight committee must include the commissioners of the Departments of
33.20 Human Services, Employment and Economic Development, and Administration, or their
33.21 designees; a representative of a nonprofit organization with experience in performance
33.22 contracting; and any other person or organization that the commissioner determines would
33.23 be of assistance in developing and implementing the pilot program.

33.24 Subd. 3. **Contracts.** The commissioner and the commissioner of the agency with a
33.25 service to be provided through the pilot program may enter into a pay-for-performance
33.26 contract with a provider that meets the criteria identified by the oversight committee.
33.27 The contract must specify the service to be provided, the time frame in which it is to be
33.28 provided, the outcome required for payment, and any other terms deemed necessary
33.29 or convenient for implementation of the pilot program. The commissioner shall pay a
33.30 provider that has met the terms and conditions of a contract with money appropriated to the
33.31 commissioner from the special appropriation bond proceeds account established in section
33.32 16A.96. At a minimum, before the commissioner pays a provider, the commissioner must
33.33 determine that the provider has met the return on investment criteria in subdivision 4.

34.1 Subd. 4. **Return on investment calculation.** The commissioner, in consultation
34.2 with the oversight committee, must establish the method and data required for calculating
34.3 the state's return on investment. The data at a minimum must include:

34.4 (1) state income taxes and any other revenues collected in the year after the service
34.5 was provided that would not have been collected without the service; and

34.6 (2) costs avoided by the state by providing the service.

34.7 Prior to entering into a contract under subdivision 3, the commissioner in
34.8 consultation with the oversight committee must determine that the services provided under
34.9 the contract will yield a positive return on investment for the state that will cover the
34.10 estimated state costs in financing and administering the pilot program through documented
34.11 increased state tax revenue or cost avoidance.

34.12 Subd. 5. **Report to governor and legislature.** The commissioner must report to the
34.13 governor and legislative committees with jurisdiction over capital investment, finance, and
34.14 ways and means, and the services included in the pilot program, by January 15 of each
34.15 year following a year in which the pilot program is operating. The report must describe
34.16 and discuss the criteria for selection and evaluation of services to be provided through
34.17 the program, the net benefits to the state of the program, the state's return on investment,
34.18 the cost of the services provided by other means in the most recent past, the time frame
34.19 for payment for the services, and the timing and costs for sale and issuance of the bonds
34.20 authorized in section 16A.96.

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

34.22 Sec. 28. **[16A.96] MINNESOTA PAY-FOR-PERFORMANCE PROGRAM;**
34.23 **APPROPRIATION BONDS.**

34.24 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this
34.25 section.

34.26 (b) "Appropriation bond" means a bond, note, or other similar instrument of the state
34.27 payable during a biennium from one or more of the following sources:

34.28 (1) money appropriated by law in any biennium for debt service due with respect
34.29 to obligations described in subdivision 2, paragraph (b);

34.30 (2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

34.31 (3) payments received for that purpose under agreements and ancillary arrangements
34.32 described in subdivision 2, paragraph (d); and

34.33 (4) investment earnings on amounts in clauses (1) to (3).

34.34 (c) "Debt service" means the amount payable in any biennium of principal, premium,
34.35 if any, and interest on appropriation bonds.

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

35.8 (b) Appropriation bonds may be sold and issued in amounts that, in the opinion of
35.9 the commissioner, are necessary to provide sufficient funds for achieving the purposes
35.10 authorized as provided under paragraph (a), and pay debt service, pay costs of issuance,
35.11 make deposits to reserve funds, pay the costs of credit enhancement, or make payments
35.12 under other agreements entered into under paragraph (d); provided, however, that bonds
35.13 issued and unpaid shall not exceed \$10,000,000 in principal amount, excluding refunding
35.14 bonds sold and issued under subdivision 4. During the biennium ending June 30, 2013,
35.15 the commissioner may sell and issue bonds only in an amount that the commissioner
35.16 determines will result in principal and interest payments less than the amount of savings to
35.17 be generated through pay-for-performance contracts under section 16A.94. For programs
35.18 achieving savings under a pay-for-performance contract, the commissioner must reduce
35.19 general fund appropriations by at least the amount of principal and interest payments on
35.20 bonds issued under this section.

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

35.24 (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any
35.25 time thereafter, so long as the appropriation bonds are outstanding, the commissioner
35.26 may enter into agreements and ancillary arrangements relating to the appropriation
35.27 bonds, including but not limited to trust indentures, liquidity facilities, remarketing or
35.28 dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,
35.29 reimbursement agreements, indexing agreements, or interest exchange agreements. Any
35.30 payments made or received according to the agreement or ancillary arrangement shall be
35.31 made from or deposited as provided in the agreement or ancillary arrangement. The
35.32 determination of the commissioner included in an interest exchange agreement that the
35.33 agreement relates to an appropriation bond shall be conclusive.

35.34 Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form
35.35 of bonds, notes, or other similar instruments, and in the manner provided in section

16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds may bear interest at a fixed or variable rate.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the bonds to be refunded or interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the appropriation bond proceeds account for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.**

The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds in any fiscal year.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation bond proceeds account are appropriated to the commissioner for payment of contract obligations under the pay-for-performance program, as permitted by state and federal law, reasonable administrative costs of the program that are directly attributable to the program, issuance costs, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds.

Subd. 8. **Appropriation for debt service.** The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each year to the commissioner from the general fund subject to the repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6.

Subd. 9. **Administrative costs.** The commissioner may accept donations from private sources to defray administrative costs under this section. Amounts received are appropriated to the commissioner.

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

Sec. 29. **[16C.075] E-VERIFY.**

A contract for services valued in excess of \$50,000 must require certification from the vendor and any subcontractors that, as of the date services on behalf of the state of Minnesota will be performed, the vendor and all subcontractors have implemented or are in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the state of Minnesota. This section does not apply to contracts entered into by the State Board of Investment.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to contracts entered into on or after that date.

Sec. 30. [16D.18] RECIPROCAL AGREEMENT.

(a) The commissioner is authorized to enter into agreements with the federal Department of the Treasury that provide for offsetting state payments against federal nontax obligations. Except as provided in paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor by deducting it from the state payment. The agreement may provide for offsetting federal payments, as authorized by federal law, against state tax and nontax obligations, and collecting the offset cost from the debtor. The agreement shall provide that the federal Department of the Treasury may deduct a fee from each administrative offset and state payment offset. Setoffs to collect state and other entity obligations under chapters 16D, 270A, 270C, and any other provision of Minnesota Statutes occur before a state payment offset. For purposes of this paragraph "administrative offset" is any offset of federal payments to collect state debts and "state payment offset" is any offset of state payments to collect federal nontax debts.

(b) A debt is eligible for offset under this program if notice of intent to offset the debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if required by federal law or an agreement with the federal Department of the Treasury. When there is an agreement for scheduled payments on an account, the debtor must be sent this notice each time an additional debt is claimed.

(c) The debtor shall have the time period required for notice under paragraph (b) to contest the offset. An agreement under this section must not allow for offset of payments if the debt that would be subject to the offset is being contested or if the time for appealing the determination of the debt has not yet expired. The treasury offset program agreement entered into by the state must not require federal agencies to provide different due process than the requirements under Code of Federal Regulations, title 31, section 285.6.

(d) Notwithstanding the fee authorized under paragraph (a), if the commissioner enters into a contingency fee agreement with a nonstate vendor to provide assistance under this section, the commissioner may charge a debtor a fee for the processing of state payment offsets for the recovery of federal nontax debts or the processing of federal payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt and may be withheld from any refund, reimbursement, or other money held for the debtor. The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply to fees charged under this paragraph.

EFFECTIVE DATE. This section is effective the day following final enactment. As soon as possible after that date, the commissioner must discuss an agreement authorized under this section with appropriate federal officials, and if an agreement is entered into,

39.1 the commissioner must begin to implement it to collect debts owed to the state as soon as
39.2 possible.

39.3 Sec. 31. Minnesota Statutes 2010, section 37.06, is amended to read:

39.4 **37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.**

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

39.13 The books and accounts of the society for the fiscal year must be examined and
39.14 audited annually by an independent auditor, either a private auditor or the legislative
39.15 auditor. If the audit is conducted by the legislative auditor, the cost of the examination
39.16 must be paid by the society to the state and credited to the general fund.

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

39.25 Sec. 32. Minnesota Statutes 2010, section 161.1419, subdivision 8, is amended to read:

39.26 Subd. 8. **Expiration.** The commission expires on June 30, ~~2012~~ 2016.

39.27 Sec. 33. Minnesota Statutes 2010, section 270C.41, is amended to read:

39.28 **~~270C.41 AGREEMENT WITH INTERNAL REVENUE SERVICE~~**
39.29 **AGREEMENTS WITH FEDERAL GOVERNMENT.**

39.30 Subdivision 1. Agreement with Internal Revenue Service. Pursuant to section
39.31 270B.12, the commissioner may enter into an agreement with the Internal Revenue
39.32 Service to identify taxpayers who have refunds due from the department and liabilities
39.33 owing to the Internal Revenue Service. In accordance with the procedures established in

the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department. For each refund levied upon, the commissioner shall first deduct from the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

Subd. 2. Reciprocal offset agreements. (a) The commissioner is authorized to enter into agreements with the federal Department of the Treasury that provide for offsetting state payments against federal nontax obligations. Except as provided in paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor by deducting it from the state payment. The agreement may provide for offsetting federal payments, as authorized by federal law, against state tax and nontax obligations, and collecting the offset cost from the debtor. The agreement shall provide that the federal Department of the Treasury may deduct a fee from each administrative offset and state payment offset. Setoffs to collect state and other entity obligations under chapters 16D, 270A, 270C, and any other provision of Minnesota Statutes, occur before a state payment offset. For purposes of this paragraph "administrative offset" is any offset of federal payments to collect state debts and "state payment offset" is any offset of state payments to collect federal nontax debts.

(b) A debt is eligible for offset under this program if notice of intent to offset the debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if required by federal law or an agreement with the federal Department of the Treasury. When there is an agreement for scheduled payments on an account, the debtor must be sent this notice each time an additional debt is claimed.

(c) The debtor shall have the time period required for notice under paragraph (b) to contest the offset. An agreement under this section must not allow for offset of payments if the debt that would be subject to the offset is being contested or if the time for appealing the determination of the debt has not yet expired. The treasury offset program agreement entered into by the state must not require federal agencies to provide different due process than the requirements under Code of Federal Regulations, title 31, section 285.6.

(d) Notwithstanding the fee authorized under paragraph (a), if the commissioner enters into a contingency fee agreement with a nonstate vendor to provide assistance under this section, the commissioner may charge a debtor a fee for the processing of state payment offsets for the recovery of federal nontax debts or the processing of federal payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt and may be withheld from any refund, reimbursement, or other money held for the debtor.

41.1 The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply
41.2 to fees charged under this paragraph.

41.3 **EFFECTIVE DATE.** This section is effective the day following final enactment. As
41.4 soon as possible after that date, the commissioner must discuss an agreement authorized
41.5 under this section with appropriate federal officials, and if an agreement is entered into,
41.6 the commissioner must begin to implement it to collect debts owed to the state as soon as
41.7 possible.

41.8 Sec. 34. Minnesota Statutes 2010, section 270C.545, is amended to read:

41.9 **270C.545 FEDERAL TAX REFUND OFFSET FEES; TIME LIMIT FOR**
41.10 **SUBMITTING CLAIMS FOR OFFSET.**

41.11 ~~For~~ If fees are charged by the Department of the Treasury of the United States for
41.12 the offset of federal tax refunds ~~that~~ or the offset of federal payments and these fees are
41.13 deducted from the refund or the federal payment amounts remitted to the commissioner,
41.14 then the unpaid debts of the taxpayers whose refunds or federal payments are being
41.15 offset to satisfy the debts are reduced only by the actual amount of the refund payments
41.16 or federal payments received by the commissioner. Notwithstanding any other provision
41.17 of law to the contrary, a claim for the offset of a federal tax refund must be submitted to
41.18 the Department of the Treasury of the United States within ten years after the date of the
41.19 assessment of the tax owed by the taxpayer whose refund is to be offset to satisfy the
41.20 debt. For court debts referred to the commissioner under section 16D.04, subdivision 2,
41.21 paragraph (a), the federal refund offset fees are deducted as provided in this section, but
41.22 the ten-year time limit prescribed in this section for tax debts does not apply.

41.23 Sec. 35. Minnesota Statutes 2010, section 471.697, subdivision 2, is amended to read:

41.24 Subd. 2. **First class city audits.** The state auditor shall continue to audit cities of
41.25 the first class pursuant to section 6.49, subject to the authority in section 6.49 for certain
41.26 cities of the first class to have audits performed by a certified public accountant firm.

41.27 Sec. 36. Laws 2010, chapter 361, article 3, section 8, is amended to read:

41.28 Sec. 8. **USE OF CARRYFORWARD.**

41.29 The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried
41.30 forward from one biennium to another shall not apply to money the legislative auditor
41.31 carried forward from the ~~previous~~ biennium ~~for use in fiscal years 2010 and 2011~~ ending
41.32 June 30, 2009, or the biennium ending June 30, 2011. The legislative auditor may use the

42.1 carry forward money for costs related to the conduct of audits related to funds authorized
42.2 in the Minnesota Constitution, Article XI, section 15, and audits related to the institutions,
42.3 offices, and functions of the Minnesota State Colleges and Universities.

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

42.5 Sec. 37. **STATE BUILDING EFFICIENCY.**

42.6 Subdivision 1. **Request for proposals.** By September 1, 2011, the commissioner of
42.7 administration shall issue one or more requests for proposals for a contract or contracts to
42.8 provide services or systems that promote efficiencies in state building management. The
42.9 requests for proposals shall include requirements that maximize the use of data analytics
42.10 to influence energy consumption, including equipment and system performance, facility
42.11 operations, and facility maintenance. To the extent applicable to the solicitation, and if
42.12 determined by the commissioner to be in the best interest of the state, the request for
42.13 proposals shall require the vendor or vendors to provide a system that provides concurrent
42.14 building monitoring, energy consumption optimization, and equipment performance
42.15 information.

42.16 Subd. 2. **Standards-based platform system with data analytics.** To the extent
42.17 applicable to the solicitation, and if determined by the commissioner to be in the best
42.18 interest of the state, the request for proposals must require the vendor or vendors to
42.19 provide: (1) a standards-based platform system with the capability to integrate and
42.20 coordinate a variety of control systems, including their data, and the ability to manage
42.21 all state buildings and their control systems; and (2) a system that uses data analytics to
42.22 integrate corrective action notification and work order management.

42.23 Subd. 3. **Proof of concept phase.** To the extent applicable to the solicitation, and
42.24 if determined by the commissioner to be in the best interest of the state, the request for
42.25 proposals shall require the selected vendor or vendors, at no cost to the state, to conduct a
42.26 proof of concept phase to demonstrate savings provided by the proposed solution. Prior to
42.27 execution of any contract for implementation of a proposed solution, a vendor and the
42.28 state must agree on how savings during a full implementation phase would be defined,
42.29 measured, and verified, to ensure that the contract will provide the highest possible return
42.30 on investment to the state.

42.31 Subd. 4. **Contingency fee authorized.** Contracts entered into pursuant to this
42.32 section may be paid for by the state from the savings attributable to the work done by the
42.33 vendor, according to the terms and performance measures negotiated in the contract.

42.34 Subd. 5. **Selection of vendor.** The commissioner of administration shall select
42.35 a vendor from the responses to the request for proposal by January 1, 2012, if the

43.1 commissioner determines proceeding with a contract or contracts is in the best interest of
43.2 the state.

43.3 Subd. 6. **Progress report.** The commissioner shall provide a report describing the
43.4 progress made under this section to the governor and the chairs and ranking minority
43.5 members of the legislative committees with jurisdiction over the commissioner of
43.6 administration by January 15, 2012. The report shall provide a dynamic scoring analysis
43.7 of the work described in the report.

43.8 Sec. 38. **FLEET MANAGEMENT IMPROVEMENTS.**

43.9 Subdivision 1. **Request for proposals.** By September 1, 2011, the commissioner of
43.10 administration shall issue a request for proposals to improve the procurement, allocation,
43.11 control, energy efficiency, maintenance, and in-service life of state vehicles. The request
43.12 for proposal may include recommendations and solutions that address:

43.13 (1) a life-cycle solution for vehicle management, covering all stages from
43.14 procurement through disposal of state vehicles; and

43.15 (2) the integration of data analytics to provide vehicle tracking, usage, and proactive
43.16 maintenance management.

43.17 Subd. 2. **Proof of concept phase.** The request for proposals shall reserve the right
43.18 of the state to require a proof of concept phase to demonstrate the cost-savings potential of
43.19 the recommendations and solutions proposed. During a proof of concept phase, the vendor
43.20 and the state must agree on how savings would be defined, measured, and verified, to
43.21 ensure that the contract will provide the highest possible return on investment to the state.

43.22 Subd. 3. **Contingency fee authorized.** Contracts entered into pursuant to this
43.23 section may be paid by the state from the savings attributable to the work done by the
43.24 vendor, according to the terms and performance measures negotiated in the contract.

43.25 Subd. 4. **Selection of vendor.** The commissioner of administration shall select
43.26 a vendor from the responses to the request for proposal by January 1, 2012, if the
43.27 commissioner determines proceeding with a contract or contracts is in the best interests of
43.28 the state.

43.29 Subd. 5. **Progress report.** The commissioner shall provide a report describing the
43.30 progress made under this section to the governor and the chairs and ranking minority
43.31 members of the legislative committees with jurisdiction over the commissioner of
43.32 administration by January 15, 2012. The report shall provide a dynamic scoring analysis
43.33 of the work described in the report.

44.1 Sec. 39. **STATE EMPLOYEE EFFICIENT USE OF HEALTH CARE**
44.2 **INCENTIVE PROGRAM.**

44.3 The commissioner of management and budget may develop and implement a
44.4 program that creates an incentive for efficient use by state employees of State Employee
44.5 Group Insurance Program (SEGIP). The program may reward employees covered by
44.6 SEGIP as a group if per capita employee health care costs paid by SEGIP for a calendar
44.7 year prove to be less than estimated by the commissioner prior to the beginning of the
44.8 calendar year. The reward may consist of payments of one-half of the cost-savings into
44.9 the employees' health reimbursement accounts, to be made no later than June 30 of the
44.10 following calendar year.

44.11 Sec. 40. **STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT**
44.12 **ELIGIBILITY VERIFICATION AUDIT SERVICES.**

44.13 Subdivision 1. **Request for proposals.** By October 1, 2011, the commissioner
44.14 of management and budget shall issue a request for proposals for a contract to provide
44.15 dependent eligibility verification audit services for state-paid hospital, medical, and dental
44.16 benefits provided to participants in the state employee group insurance program and their
44.17 dependents. The request for proposals must require that the vendor will:

44.18 (1) conduct a document-model dependent eligibility verification audit of all plans
44.19 offered under Minnesota Statutes, sections 43A.22 to 43A.31;

44.20 (2) identify ineligible dependents covered by the plans and report those findings to
44.21 the commissioner and third-party administrators of the state's employee health plans, as
44.22 directed by the commissioner; and

44.23 (3) implement a process for ongoing eligibility verification following the conclusion
44.24 of the dependent eligibility verification audit required by this section.

44.25 Subd. 2. **Additional vendor criteria.** The request for proposals required by
44.26 subdivision 1 must require the vendor to provide the following minimum capabilities and
44.27 experience in performing the services described in subdivision 1:

44.28 (1) a rules-based process for making objective eligibility determinations;

44.29 (2) assigned eligibility advocates to assist employees through the verification
44.30 process;

44.31 (3) a formal claims and appeals process; and

44.32 (4) experience in the performance of dependent eligibility verification audits.

44.33 Subd. 3. **Contract required.** By January 1, 2012, the commissioner must enter
44.34 into a contract for the services specified in subdivision 1. The contract may incorporate

45.1 a performance-based vendor financing option that compensates the vendor based on the
45.2 amount of savings generated by the work performed under the contract.

45.3 Sec. 41. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

45.4 Subdivision 1. **Request for proposals.** By September 1, 2011, the commissioner
45.5 of administration shall issue a request for proposals for a contract to promote the use
45.6 of data analytics to promote efficiencies in strategic sourcing. For the purposes of
45.7 this section, "strategic sourcing" has the meaning given in Minnesota Statutes, section
45.8 16C.02, subdivision 20. The request for proposals may require the vendor to provide
45.9 recommendations for improvements to methods used by the commissioner to analyze and
45.10 reduce spending on goods and services, including, but not limited to, spend analysis,
45.11 product standardization, contract consolidation, negotiations, multiple jurisdiction
45.12 purchasing alliances, reverse and forward auctions, life-cycle costing, and other
45.13 techniques.

45.14 Subd. 2. **Proof of concept phase.** The request for proposal shall reserve the right of
45.15 the state to require a proof of concept phase, at no cost to the state, to demonstrate the
45.16 savings provided by the recommendations.

45.17 Subd. 3. **Contingency fee authorized.** Contracts entered into pursuant to this
45.18 section may be paid for by the state from the savings attributable to the work done by the
45.19 vendor, according to the terms and performance measures negotiated in the contract.

45.20 Subd. 4. **Selection of vendor.** The commissioner of administration shall select,
45.21 from qualified respondents, a vendor or vendors from the responses to the request for
45.22 proposal by January 1, 2012, if the commissioner determines proceeding with a contract
45.23 or contracts is in the best interests of the state.

45.24 Subd. 5. **Progress report.** The commissioner shall provide a report describing the
45.25 progress made under this section to the governor and the chairs and ranking minority
45.26 members of the legislative committees with jurisdiction over the commissioner of
45.27 administration by January 15, 2012.

45.28 Sec. 42. **STATE JOB CLASSIFICATIONS.**

45.29 The commissioner of management and budget shall report to the legislature by
45.30 January 15, 2012, on a process to redesign and consolidate the job classification plan for
45.31 executive branch employees, with a goal of assigning all classified positions to no more
45.32 than 50 job families. The process must lead to development of a new job classification
45.33 plan designed to enhance the ability of state agencies to flexibly manage their workforces
45.34 to meet changing needs and demands of the agency, and to enhance the ability of state

employees to transfer to other positions for which they are qualified. In developing this process, the commissioner must meet and confer with the exclusive representatives of each affected bargaining unit. The report to the legislature must identify implementation issues.

Sec. 43. **HELP AMERICA VOTE ACT.**

(a) If the secretary of state determines that this state is otherwise eligible to receive an additional requirements payment of federal money under the Help America Vote Act, Public Law 107-252, the secretary must certify to the commissioner of management and budget the amount, if any, needed to meet the matching requirement of section 253(b)(5) of the Help America Vote Act. In the certification, the secretary shall specify the portion of the match that should be taken from an unencumbered general fund appropriation to the Office of the Secretary of State not designated for a different purpose. Upon receipt of that certification, or as soon as an unencumbered general fund appropriation becomes available, whichever occurs later, the commissioner must transfer the specified amount to the Help America Vote Act account. Funds under the Help America Vote Act may be spent only following legislative approval.

(b) This section expires on June 30, 2013.

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

Sec. 44. **PERFORMANCE APPRAISAL SYSTEM REPORT.**

The commissioner of management and budget must report to the legislature by January 15, 2012 on a plan for redesign and implementation of the performance appraisal system for executive branch employees. The redesigned system must include three components:

(1) evaluation of the individual employee's performance relative to goals for that individual, which must constitute a majority of the overall determination of an employee's performance;

(2) evaluation of the performance of individual employee's program, defined by the agency head, toward meeting targeted outcomes for the program; and

(3) evaluation of the performance of the entire agency toward meeting targeted outcomes for the agency.

The redesigned system under the report must provide that an employee may not receive an increase in salary or wages based on progression to another step or lane unless the employee's supervisor certifies that the employee's performance has been satisfactory.

Sec. 45. **SERVICE CREDIT AND CREDITED SALARY.**

47.1 A state employee as defined in Minnesota Statutes, chapter 43A or 352, who was
47.2 laid off or placed on unpaid leave during July 2011 and accepts recall during July 2011
47.3 shall receive service credit and credited salary in a retirement plan as if the employee had
47.4 actually been employed during the period of layoff or unpaid leave during July 2011.

47.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
47.6 and is retroactive to July 1, 2011.

47.7 Sec. 46. **FTE REPORT.**

47.8 The commissioner of management and budget must report to the legislature on
47.9 July 31, 2012, and July 31, 2013, on the reduction in the number of full-time equivalent
47.10 executive branch employees as of June 30, 2012, and June 30, 2013, compared to the
47.11 number on June 30, 2011. Each report must list the number of full-time equivalent
47.12 employees in each executive agency.

47.13 Sec. 47. **BUYER'S CARD; TEMPORARY EXTENSION.**

47.14 A retailer whose retailer card authorized under Minnesota Rules, part 7515.0210,
47.15 subpart 3, has expired between June 15, 2011, and July 25, 2011, may purchase alcohol
47.16 using an expired card, and a licensed Minnesota wholesaler may accept a card as
47.17 legitimate until July 31, 2011.

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

47.19 Sec. 48. **RACING DAYS LOST DUE TO SHUTDOWN.**

47.20 The Minnesota Racing Commission shall waive racing days requirements in
47.21 Minnesota Statutes, chapter 240, including those in Minnesota Statutes, section 240.30,
47.22 for the 2011 racing season, to the extent the commission determines a racetrack was
47.23 unable to meet racing days requirements due to the July 2011 state government shutdown.

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

47.25 Sec. 49. **WAIVER OF LATE FEES.**

47.26 Notwithstanding any law to the contrary, a state agency may waive a late fee or
47.27 penalty in connection with issuance or renewal of a license, permit, or registration
47.28 document issued by the agency, if the agency determines that the lateness was due in
47.29 whole or in part to agency operations being affected by the state government shutdown
47.30 in July 2011.

ARTICLE 4

CONSOLIDATION OF INFORMATION TECHNOLOGY SERVICES

Section 1. Minnesota Statutes 2010, section 16B.99, as amended by Laws 2011, chapter 68, sections 1 and 2, is amended to read:

16B.99 GEOSPATIAL INFORMATION OFFICE.

Subdivision 1. **Creation.** The Minnesota Geospatial Information Office is created under the supervision of the ~~commissioner of administration~~ chief geospatial information officer, who is appointed by the chief information officer.

Subd. 2. **Responsibilities; authority.** The office has authority to provide coordination, guidance, and leadership, and to plan the implementation of Minnesota's geospatial information technology. The office must identify, coordinate, and guide strategic investments in geospatial information technology systems, data, and services to ensure effective implementation and use of Geospatial Information Systems (GIS) by state agencies to maximize benefits for state government as an enterprise.

Subd. 3. **Duties.** The office must:

(1) coordinate and guide the efficient and effective use of available federal, state, local, and public-private resources to develop statewide geospatial information technology, data, and services;

(2) provide leadership and outreach, and ensure cooperation and coordination for all Geospatial Information Systems (GIS) functions in state and local government, including coordination between state agencies, intergovernment coordination between state and local units of government, and extragovernment coordination, which includes coordination with academic and other private and nonprofit sector GIS stakeholders;

(3) review state agency and intergovernment geospatial technology, data, and services development efforts involving state or intergovernment funding, including federal funding;

(4) provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(5) coordinate management of geospatial technology, data, and services between state and local governments;

(6) provide coordination, leadership, and consultation to integrate government technology services with GIS infrastructure and GIS programs;

(7) work to avoid or eliminate unnecessary duplication of existing GIS technology services and systems, including services provided by other public and private organizations while building on existing governmental infrastructures;

(8) promote and coordinate consolidated geospatial technology, data, and services and shared geospatial Web services for state and local governments; and

(9) promote and coordinate geospatial technology training, technical guidance, and project support for state and local governments.

Subd. 4. **Duties of chief ~~geospatial~~ information officer.** (a) In consultation with the state geospatial advisory council, the commissioner of administration, the commissioner of management and budget, and the ~~Minnesota~~ chief geospatial information officer, the chief ~~geospatial~~ information officer must identify when it is cost-effective for agencies to develop and use shared information and geospatial technology systems, data, and services. The chief ~~geospatial~~ information officer may require agencies to use shared information and geospatial technology systems, data, and services.

(b) The chief ~~geospatial~~ information officer, in consultation with the state geospatial advisory council, must establish reimbursement rates in cooperation with the commissioner of management and budget to bill agencies and other governmental entities sufficient to cover the actual development, operation, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Subd. 5. **Fees.** (a) The chief ~~geospatial~~ information officer must set fees under section 16A.1285 that reflect the actual cost of providing information products and services to clients. Fees collected must be deposited in the state treasury and credited to the Minnesota Geospatial Information Office revolving account. Money in the account is appropriated to the chief ~~geospatial~~ information officer for providing Geospatial Information Systems (GIS) consulting services, software, data, Web services, and map products on a cost-recovery basis, including the cost of services, supplies, material, labor, and equipment as well as the portion of the general support costs and statewide indirect costs of the office that is attributable to the delivery of these products and services. Money in the account must not be used for the general operation of the Minnesota Geospatial Information Office.

(b) The chief ~~geospatial~~ information officer may require a state agency to make an advance payment to the revolving account sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving account is abolished or liquidated, the total net profit from the operation of the account must be distributed to the various funds from which purchases were made. For a given period of time, the amount of total net profit to be distributed to each fund must reflect the same ratio of total purchases attributable to each fund divided by the total purchases from all funds.

50.1 Subd. 6. **Accountability.** The chief geospatial information officer is appointed by
50.2 ~~the commissioner of administration and must work closely with the~~ Minnesota chief
50.3 information officer who shall advise on technology projects, standards, and services.

50.4 Subd. 7. **Discretionary powers.** The office may:

50.5 (1) enter into contracts for goods or services with public or private organizations
50.6 and charge fees for services it provides;

50.7 (2) apply for, receive, and expend money from public agencies;

50.8 (3) apply for, accept, and disburse grants and other aids from the federal government
50.9 and other public or private sources;

50.10 (4) enter into contracts with agencies of the federal government, local government
50.11 units, the University of Minnesota and other educational institutions, and private persons
50.12 and other nongovernment organizations as necessary to perform its statutory duties;

50.13 (5) appoint committees and task forces to assist the office in carrying out its duties;

50.14 (6) sponsor and conduct conferences and studies, collect and disseminate
50.15 information, and issue reports relating to geospatial information and technology issues;

50.16 (7) participate in the activities and conferences related to geospatial information
50.17 and communications technology issues;

50.18 (8) review the Geospatial Information Systems (GIS) technology infrastructure
50.19 of regions of the state and cooperate with and make recommendations to the governor,
50.20 legislature, state agencies, local governments, local technology development agencies,
50.21 the federal government, private businesses, and individuals for the realization of GIS
50.22 information and technology infrastructure development potential;

50.23 (9) sponsor, support, and facilitate innovative and collaborative geospatial systems
50.24 technology, data, and services projects; and

50.25 (10) review and recommend alternative sourcing strategies for state geospatial
50.26 information systems technology, data, and services.

50.27 Subd. 8. **Geospatial advisory councils created.** The chief ~~geospatial~~ information
50.28 officer must establish a governance structure that includes advisory councils to provide
50.29 recommendations for improving the operations and management of geospatial technology
50.30 within state government and also on issues of importance to users of geospatial technology
50.31 throughout the state.

50.32 (a) A statewide geospatial advisory council must advise the Minnesota Geospatial
50.33 Information Office regarding the improvement of services statewide through the
50.34 coordinated, affordable, reliable, and effective use of geospatial technology. The
50.35 ~~commissioner of administration~~ chief information officer must appoint the members of the
50.36 council. The members must represent a cross-section of organizations including counties,

cities, universities, business, nonprofit organizations, federal agencies, tribal governments, and state agencies. No more than 20 percent of the members may be employees of a state agency. In addition, the chief geospatial information officer must be a nonvoting member.

(b) A state government geospatial advisory council must advise the Minnesota Geospatial Information Office on issues concerning improving state government services through the coordinated, affordable, reliable, and effective use of geospatial technology. ~~The commissioner of administration~~ chief information officer must designate up to 15 state government agencies and constitutional offices, including the Office of Enterprise Technology and the Minnesota Geospatial Information Office, to be represented on the council. The council must be chaired by the chief geographic information officer. A representative of the statewide geospatial advisory council must serve as a nonvoting member.

(c) Members of both the statewide geospatial advisory council and the state government advisory council must be recommended by a process that ensures that each member is designated to represent a clearly identified agency or interested party category. Members of the statewide geospatial advisory council must be selected in compliance with the state's open appointment process. Members of the state government geospatial advisory council must be appointed by the heads of their respective agencies or constitutional offices. One member of the state government geospatial advisory council must be appointed by the Legislative Coordinating Commission. Members shall serve a term of two years.

(d) The Minnesota Geospatial Information Office must provide administrative support for both geospatial advisory councils.

(e) This subdivision expires June 30, 2015.

Subdivision 9 repealed by Laws 2011, chapter 68, section 2.

Sec. 2. [16E.0151] RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to state agencies:

(1) state data centers;

(2) mainframes including system software;

(3) servers including system software;

(4) desktops including system software;

(5) laptop computers including system software;

- 52.1 (6) a data network including system software;
52.2 (7) database, electronic mail, office systems, reporting, and other standard software
52.3 tools;
52.4 (8) business application software and related technical support services;
52.5 (9) help desk for the components listed in clauses (1) to (8);
52.6 (10) maintenance, problem resolution, and break-fix for the components listed in
52.7 clauses (1) to (8);
52.8 (11) regular upgrades and replacement for the components listed in clauses (1)
52.9 to (8); and
52.10 (12) network-connected output devices.
52.11 (b) All state agency employees whose work primarily involves functions specified
52.12 in paragraph (a) are employees of the Office of Enterprise Technology. This includes
52.13 employees who directly perform the functions in paragraph (a), as well as employees
52.14 whose work primarily involves managing, supervising, or providing administrative
52.15 services or support services to employees who directly perform these functions. The
52.16 chief information officer may assign employees of the office to perform work exclusively
52.17 for another state agency.
52.18 (c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow
52.19 a state agency to obtain services specified in paragraph (a) through a contract with an
52.20 outside vendor when the chief information officer and the agency head agree that a
52.21 contract would provide best value, as defined in section 16C.02, under the service-level
52.22 agreement. The chief information officer must require that agency contracts with outside
52.23 vendors ensure that systems and services are compatible with standards established by the
52.24 Office of Enterprise Technology.
52.25 (d) The Minnesota State Retirement System, the Public Employees Retirement
52.26 Association, the Teachers Retirement Association, the State Board of Investment, the
52.27 Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide
52.28 Radio Board are not state agencies for purposes of this section.

52.29 **EFFECTIVE DATE.** This section is effective October 1, 2011.

52.30 Sec. 3. **[16E.036] ADVISORY COMMITTEE.**

- 52.31 (a) The Technology Advisory Committee is created to advise the chief information
52.32 officer. The committee consists of six members appointed by the governor who are
52.33 individuals actively involved in business planning for state executive branch agencies,
52.34 one county member designated by the Association of Minnesota Counties, one member
52.35 appointed by the governor as a representative of a union that represents state information

53.1 technology employees, and one member appointed by the governor to represent private
53.2 businesses.

53.3 (b) Membership terms, removal of members, and filling of vacancies are as provided
53.4 in section 15.059. Members do not receive compensation or reimbursement for expenses.

53.5 (c) The committee shall select a chair from its members. The chief information
53.6 officer shall provide administrative support to the committee.

53.7 (d) The committee shall advise the chief information officer on:

53.8 (1) development and implementation of the state information technology strategic
53.9 plan;

53.10 (2) critical information technology initiatives for the state;

53.11 (3) standards for state information architecture;

53.12 (4) identification of business and technical needs of state agencies;

53.13 (5) strategic information technology portfolio management, project prioritization,
53.14 and investment decisions;

53.15 (6) the office's performance measures and fees for service agreements with executive
53.16 branch agencies;

53.17 (7) management of the state enterprise technology revolving fund; and

53.18 (8) the efficient and effective operation of the office.

53.19 Sec. 4. Minnesota Statutes 2010, section 16E.04, subdivision 2, is amended to read:

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

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

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

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

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

(c) The office shall ~~assist~~, in cooperation with state agencies ~~in the planning and management~~, plan and manage the development and improvement of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions. The office shall review and approve agency technology plans to ensure consistency with enterprise information and telecommunications technology strategy. By January 15 of each year, the chief information officer must report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over the office regarding the assistance provided under this paragraph. The report must include a listing of agencies that have developed or are developing plans under this paragraph.

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

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

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

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

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

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

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

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

Sec. 5. [16E.145] INFORMATION TECHNOLOGY APPROPRIATION.

An appropriation for a state agency information and telecommunications technology project must be made to the chief information officer. The chief information officer must manage and disburse the appropriation on behalf of the sponsoring state agency. Any appropriation for an information and telecommunications technology project made to a state agency other than the Office of Enterprise Technology is transferred to the chief information officer.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to appropriations made on or after that date.

Sec. 6. **TRANSFERS; TRANSITION.**

(a) Powers, duties, responsibilities, personnel, and assets relating to functions assigned to the chief information officer in Minnesota Statutes, section 16E.0151, are transferred to the Office of Enterprise Technology from all other state agencies, as defined in Minnesota Statutes, section 16E.03, subdivision 1, paragraph (e), by October 1, 2011, with the exception of state agency chief information officers which are transferred 30 days after final enactment.

(b) The chief information officer, with assistance from the commissioner of Minnesota Management and Budget, must enter into a service-level agreement with each state agency governing the provision of information technology systems and services, assets, and personnel in Minnesota Statutes, section 16E.0151, by July 1, 2012. The agreements must specify the services to be provided and the charges or cost allocation for these services. As specified in Minnesota Statutes, section 16E.0151, the chief information officer may allow an agency to obtain these services from an outside vendor, rather than from the Office of Enterprise Technology when appropriate. Authority to enter into agreements under this paragraph is effective the day following final enactment, with the resulting agreements in place no later than July 1, 2012. By January 15, 2012, the chief information officer shall submit to the legislature any statutory changes needed to complete implementation of any transfer in this section.

(c) By July 1, 2013, the state chief information officer shall control and direct all information and telecommunication technology spending authorized under Minnesota Statutes, section 16E.0151. This shall be reflected in the fiscal year 2014-2015 biennial budget.

(d) After approval by the state chief information officer, powers, duties, responsibilities, assets, personnel, and appropriations relating to geospatial information systems are transferred from the commissioner of administration to the Office of Enterprise Technology by July 1, 2013.

(e) Minnesota Statutes, section 15.039, applies to transfers in this section. Executive branch officials may use authority under Minnesota Statutes, section 16B.37, as necessary to implement this section.

(f) The transfer of authority to the Office of Enterprise Technology in this article does not require expansion or consolidation of office space, data centers, help desks, or other systems. The chief information officer may implement expansion, relocation, or consolidation to the extent feasible and desirable with existing resources, or to the extent that savings resulting from the expansions or consolidations will pay for the costs associated with these activities during the biennium ending June 30, 2013.

(g) State agencies must cooperate and comply with the Office of Enterprise Technology in the transfer of functions and other implementation of sections 1 to 6. In consultation with the commissioners of Minnesota Management and Budget and administration, the state chief information officer has final authority in determining the meaning of sections 1 to 6. The state chief information officer may establish policies and standards to implement and clarify the meaning of sections 1 to 6.

Sec. 7. **STUDY.**

The chief information officer in the Office of Enterprise Technology shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15, 2014, on the feasibility and desirability of the office entering into service-level agreements with the State Lottery, the Statewide Radio Board, Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, and the Campaign Finance and Public Disclosure Board regarding provision of information technology systems and services to those entities.

Sec. 8. **REVISOR'S INSTRUCTION.**

Upon enactment of section 6, paragraph (d), the revisor of statutes shall recodify Minnesota Statutes, section 16B.99, into Minnesota Statutes, chapter 16E.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 8 are effective the day following final enactment unless stated otherwise.

ARTICLE 5

GENERAL PROVISIONS

Section 1. **PAYMENT FOR 2011 GOVERNMENT SHUTDOWN CAUSES OF ACTION.**

No appropriation under this or any other law, regardless of when enacted, may be used to pay or settle judgments for damages by contractors or third parties arising out of, or related to, the government shutdown of July 2011. This limitation does not apply if the contract expressly provides for the payment by the state or an agency of the state for measures or activities undertaken by the contractor or third party arising from or caused by the government shutdown.

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

Sec. 2. **EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.**

Unless otherwise specified, this act is effective retroactively from July 1, 2011, and supersedes and replaces funding authorized by order of the Second Judicial District Court in Case No. 62-CV-11-5203.

HOUSE RESEARCH

Bill Summary

FILE NUMBER: 11-3660
Version: To be introduced

DATE: July 18, 2011

Authors: Urdahl

Subject: Omnibus Legacy Bill – Special Session 2011

Analyst: Janelle Taylor (Articles 1-3)
Colbey Sullivan (Articles 4-5)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/hrd.htm.

Overview

This bill provides appropriations from sales tax revenues deposited in four dedicated funds under Article XI, section 15, of the Minnesota Constitution (the outdoor heritage fund, clean water fund, parks and trails fund, and arts and cultural heritage fund). In general, appropriations and policy items in this bill would be effective retroactively to July 1, 2011.

Section

Article 1: Outdoor Heritage Fund

Overview

This article includes appropriations from the outdoor heritage fund based on the recommendations of the Lessard-Sams Outdoor Heritage Council (LSOHC) that is charged with making recommendations on the use of the funds in the outdoor heritage fund.

- 1 **Outdoor heritage appropriation.** Technical
- 2 **Outdoor heritage.**

Subd. 1. Total appropriation. Provides a total appropriation of \$86,484,000 from the outdoor heritage fund in fiscal year 2012, and \$471,000 in fiscal year 2013.

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Subd. 2. Prairies and grasslands. Provides a total appropriation of \$32,671,000 in fiscal year 2012 for the following prairie projects:

- (a) \$3,931,000 to the Department of Natural Resources (DNR) to acquire wildlife management areas (WMAs), scientific and natural areas (SNAs), and native prairie bank easements;
- (b) \$1,652,000 to the DNR to accelerate restoration and enhancement of WMAs, SNAs, and land under native prairie bank easements;
- (c) \$2,249,000 to the Board of Water and Soil Resources (BWSR) for conservation easements on riparian buffers;
- (d) \$1,720,000 for an agreement with the Nature Conservancy to acquire land or permanent easements on lands to be added to the Northern Tallgrass Prairie National Wildlife Refuge;
- (e) \$4,500,000 for an agreement with the Nature Conservancy to acquire native prairie and savanna and restore and enhance grasslands and savanna;
- (f) \$1,533,000 for an agreement with the Trust for Public Land to acquire and restore lands for a WMA in the Cannon River watershed;
- (g) \$5,500,000 for an agreement with Pheasants Forever to acquire prairie and other habitat areas for WMAs;
- (h) \$9,815,000 for an agreement with the Pheasants Forever to acquire wetlands and grasslands to be added to the waterfowl production area system; and
- (i) \$1,771,000 for an agreement with the Redwood Area Development Corporation to acquire and restore for WMAs or aquatic management areas (AMAs).

Subd. 3. Forests. Provides a total appropriation of \$14,371,000 for the following forest projects:

- (a) \$5,409,000 to the DNR to acquire forest easements through the Minnesota forests for the future program;
- (b) \$4,632,000 for an agreement with the Trust for Public Land to acquire land adjacent to LaSalle Lake;
- (c) \$826,000 to the DNR to restore and enhance lands in state forests;
- (d) \$988,000 for an agreement with Pheasants Forever, in cooperation with the Minnesota Sharp-Tailed Grouse Society, to acquire and enhance WMAs;
- (e) \$707,000 to the DNR to acquire and enhance habitat in the lower Root River and lower Zumbro River watersheds;
- (f) \$604,000 for an agreement with Cass County to acquire land for forest wildlife

Section

habitat; and

(g) \$1,205,000 to the DNR to acquire land and permanent management access easements for state forests.

Subd. 4. Wetlands. Provides a total appropriation of \$15,827,000 for the following wetland projects:

- (a) \$13,000,000 to BWSR for permanent easements and restoration of wetlands and associated uplands through the Reinvest in Minnesota (RIM) Reserve program and Wetlands Reserve Program;
- (b) \$936,000 to the DNR to develop engineering designs for shallow lakes and wetlands and restore and enhance shallow lakes; and
- (c) \$1,891,000 for an agreement with BWSR and Ducks Unlimited to acquire, in fee and through conservation easement, wild rice lake shoreland habitat.

Subd. 5. Habitat. Provides a total appropriation of \$22,914,000 for the following habitat projects:

- (a) \$6,500,000 to the DNR to acquire lands, in fee and through conservation easement, for AMAs and to restore and enhance aquatic habitat;
- (b) \$1,533,000 for an agreement with Trout Unlimited to restore, enhance, and protect cold water river and stream habitats;
- (c) \$577,000 for an agreement with Chisago County to acquire land to be added to the Janet Johnson Memorial WMA;
- (d) \$5,000,000 to the DNR for agreements with various partners to acquire interests in land and to restore and enhance natural systems associated with the Mississippi, Minnesota, and St. Croix Rivers;
- (e) \$1,098,000 for agreements with the Leech Lake Watershed Foundation and the Minnesota Land Trust to cover acquisition expenses and monitoring costs associated with donated permanent conservation easements on sensitive shorelands in north central Minnesota;
- (f) \$2,577,000 for an agreement with the Shell Lake Watershed District to acquire land at the headwaters of the Shell Rock River for AMA purposes; and
- (g) \$5,629,000 to the DNR for the Outdoor Heritage Conservation Partners Grant Program, a competitive grant program administered by the DNR. The grants are available to local, regional, state, and national organizations for enhancement, restoration, or protection of forests, wetlands, prairies, and habitat for fish, game, or wildlife. The grants may be awarded in an amount up to \$400,000 and require a nonstate cash match of 10 percent for grants of \$100,000 or less and 15 percent for grants over \$100,000.

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Subd. 6. Administration. Provides a total appropriation of \$701,000 in fiscal year 2012 and \$471,000 in fiscal year 2013 for administration, including: \$175,000 in fiscal year 2012 for contract management services from the DNR; \$471,000 each year for the administrative expenses of the LSOHC and expense reimbursement of council members; \$13,000 in fiscal year 2012 for the costs of developing the Web site tracking expenditures from the outdoor heritage fund and other constitutionally dedicated funds; and \$42,000 for a technical evaluation panel to conduct restoration evaluations.

Subd. 7. Availability of appropriation. States that money appropriated may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the accomplishment plan and may not be spent on indirect costs or other institutional overhead charges. States that appropriations are available until June 30, 2014, unless otherwise specified. States that appropriations for restoration or enhancement work are available until June 30, 2016, or four years after acquisition of the land being restored or enhanced, whichever is later. States that appropriations for projects receiving federal funds are extended to equal the availability of federal funding. States that funds for acquisition may be used to restore, enhance, and provide for the public use of lands acquired and that public use facilities must have minimal impact on habitat.

Subd. 8. Accomplishment plans. States that it is a condition of accepting an appropriation under this section that the recipient submits an accomplishment plan and periodic accomplishment reports to the LSOHC. Prohibits money from being spent unless the LSOHC approves the accomplishment plan.

Subd. 9. Project requirements. Establishes certain requirements for projects (similar to requirements placed on project recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR)), such as requiring easements to be permanent and have a long-term stewardship plan, requiring restorations to have an ecological restoration and management plan, and requiring all restorations to be on public waters or lands permanently protected unless otherwise provided.

Subds. 10 to 12. Provide additional criteria and requirements for the appropriations that are similar to requirements used by the LCCMR as part of their recommendations, including specifying payment conditions, and requiring recipients to follow state recyclable materials purchasing requirements and Americans with Disabilities Act (ADA) accessibility guidelines.

Subd. 13. Land acquisition restrictions. Establishes certain restrictions on lands acquired with funds appropriated in this section, including requiring LSOHC approval prior to conveying the property acquired or altering the intended use of the property.

Subd. 14. Real property interest report. Requires a recipient of funds appropriated in this section used to acquire an interest in real property to submit an annual report (due by Dec. 1) to the LSOHC on the status of the property.

Subd. 15. Easement monitoring and enforcement requirements. Requires funds

Section

appropriated for easement monitoring and enforcement to be spent only on activities specified in an easement monitoring and enforcement plan within the accomplishment plan and requires the funds to be kept in a monitoring and enforcement fund dedicated for those purposes. Requires an entity receiving monitoring and enforcement funds to submit an annual report to the LSOHC. States that such funds revert to the state if the easement is transferred to the state, the entity fails to file the required report following notification, or the entity fails to comply with the terms of the monitoring and enforcement plan following notification.

Subd. 16. Successor organization. Permits the LSOHC to approve the continuation of a project with an organization that has adopted a new name, but requires the LSOHC to notify the legislature and present proposed legislation to the legislature accepting or rejecting involvement with an organization that has undergone a significant change in mission, structure, or purpose.

Subd. 17. Appropriations adjustment. Provides authorization for the deposit of previously appropriated funds into a monitoring and enforcement account.

- 3 **Forests for the future conservation easement account.** Adds § 84.68. Establishes a forests for the future conservation easement account to be used by the DNR to cover the costs of managing forests for the future conservation easements held by the department.
- 4 **Definitions.** Adds § 97A.056, subd. 1a. Adds a definition of “recipient” for purposes of outdoor heritage fund appropriations and provides for a retroactive effective date from July 1, 2009.
- 5 **Lessard-Sams Outdoor Heritage Council.** Amends § 97A.056, subd. 2. Modifies the terms of members of the LSOHC to state that public members of the council serve four-year terms and appointed legislative members serve at the pleasure of the appointing authority. States that terms of public members are as provided under the general law for appointed bodies under section 15.0575 (four years with the terms ending on the first Monday in January). Removes a requirement that the approval of the LCC is required for council staff.
- 6 **Council recommendations.** Amends § 97A.056, subd. 3. Allows the LSOHC to adopt definitions of “restore,” “enhance,” and “protect” for purposes of making council recommendations which was prohibited last session.
- 7 **Audit.** Amends § 97A.056, subd. 6. Removes a requirement that LSOHC expenditures be audited every two years.
- 8 **Lands in public domain.** Amends § 97A.056, subd. 9. Removes a requirement of the LSOHC to notify the LCC when a decision will be made to purchase land held in fee or conservation easement by a public entity 15 days prior to making that decision.
- 9 **Restoration evaluations.** Amends § 97A.056, subd. 10. Makes restoration evaluations of restorations funded by the outdoor heritage fund optional, rather than required.
- 10 **Forests.** Amends Laws 2009, ch. 172, art. 1, § 2, subd. 2. Allows up to \$750,000 from the

Section

fiscal year 2011 appropriation for the Upper Mississippi Forest Project (UPM Blandin) under the Minnesota forests for the future program to be used for long-term monitoring and enforcement of easements acquired with outdoor heritage funds and deposits the funds in the account created in section 3. Removes language stating that the appropriation was only available if, by August 15, 2009, a binding agreement was reached with the DNR and at least \$9,000,000 of private donations were available.

Effective date: This section is effective retroactively from June 29, 2011.

- 11 Real property interest report.** Amends Laws 2009, ch. 172, art. 1, § 2, subd. 15. Removes a requirement of an entity being transferred property acquired with outdoor heritage funds from having to certify to the LSOHC acceptance of all obligations and responsibilities held by the prior owner.
- 12 Real property interest report.** Amends Laws 2010, ch. 361, art. 1, § 2, subd. 14. Removes a requirement of an entity being transferred property acquired with outdoor heritage funds from having to certify to the LSOHC acceptance of all obligations and responsibilities held by the prior owner.
- 13 Effective date; relationship to other appropriations.** Provides a retroactive effective date for this article of July 1, 2011. This article supersedes and replaces any applicable core services funding authorized by the Ramsey County District Court.

Article 2: Clean Water Fund

Overview

This article appropriates funds from the clean water fund largely based on the recommendations of the Clean Water Council. It also makes modifications to the Clean Water Legacy Act, including adding groundwater related activities and purposes to be consistent with the purposes of the clean water fund, as well as modifying the Clean Water Council to include legislators as nonvoting members and statutorily requiring the council to provide recommendations to the legislature on use of the funds from the clean water fund.

- 1 Clean water fund appropriations.** Technical.
- 2 Clean water.** Provides a total appropriation of \$90,517,000 from the clean water fund in fiscal year 2012, and \$88,912,000 in fiscal year 2013. States that money appropriated in the article may not be spent on activities unless they are directly related to and necessary for a specific appropriation and must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Makes the funds available for two years or, when federal funds are involved, for the time period equal to the federal funding availability.
- 3 Department of Agriculture.** Appropriates \$7,700,000 each year to the Department of Agriculture, including money:

Section

- to monitor pesticides and pesticide degradates in ground and surface waters;
- to increase monitoring and evaluation of trends in nitrate concentrations;
- for the agricultural best management loan program;
- for research, pilot projects, and technical assistance related on proper implementation of best management practices;
- to quantify agricultural contributions to impaired waters; and
- for a research inventory database.

4 Public Facilities Authority. Appropriates \$11,185,000 each year to the Public Facilities Authority (PFA) for the total maximum daily load (TMDL) grant program; \$4,275,000 each year for the clean water legacy phosphorus reduction grant program; and \$1,250,000 each year for grants and loans for small community wastewater treatment.

5 Pollution Control Agency. Appropriates \$24,212,000 in fiscal year 2012 and \$23,558,000 in fiscal year 2013 to the Pollution Control Agency, including money for:

- completion of 20 percent of the needed statewide surface water assessments;
- the development of TMDL studies and TMDL implementation plans;
- groundwater assessment;
- a restoration project in the lower St. Louis River and Duluth harbor;
- the clean water partnership program;
- storm water research and guidance;
- TMDL research and database development;
- national pollutant discharge elimination system (NPDES) wastewater and storm water TMDL implementation;
- the Environmental Quality Board to characterize groundwater flow and aquifer properties in the I-94 corridor;
- a wild rice standards study; and
- county subsurface sewage treatment systems (SSTS) delivery systems.

6 Department of Natural Resources. Appropriates \$10,860,000 in fiscal year 2012 and \$9,860,000 in fiscal year 2013 to the Department of Natural Resources, including money for:

- stream flow monitoring;
- lake Index of Biological Integrity (IBI) assessments;
- assessing mercury contamination of fish;
- TMDL development and implementation plans;
- water supply planning, aquifer protection, and monitoring activities;
- development of a Web-based electronic permitting system for water appropriations;
- shoreland stewardship and TMDL implementation coordination;

Section

- high-resolution digital elevation data (LiDAR) to be used in mapping; and
- continuation of metropolitan groundwater work initiated last session.

7 Board of Water and Soil Resources. Appropriates \$27,534,000 each year to the Board of Water and Soil Resources, including money for:

- pollution reduction and restoration grants to local governments and joint powers organizations;
- targeted local resource protection and enhancement grants;
- state oversight and accountability of local implementation efforts;
- technical assistance and grants for the conservation drainage program;
- acquisition and restoration of permanent conservation easements on riparian buffers;
- permanent conservation easements on wellhead protection areas;
- community partners grants; and
- a technical evaluation panel to conduct restoration evaluations required by statute last session.

Requires the board to contract with the Conservation Corps Minnesota for \$500,000 each year under the programs funded in this section.

8 Department of Health. Appropriates \$2,988,000 in fiscal year 2012 and \$3,050,00 in fiscal year 2013 to the Department of Health, including money for:

- addressing public health concerns related to drinking water contaminants of emerging concern;
- drinking water source protection;
- cost-share assistance to public and private well owners; and
- expansion of the county well index.

9 Metropolitan Council. Appropriates \$500,000 each year to the Metropolitan Council for implementation of the master water supply plan.

10 Legislature. Appropriates \$13,000 in fiscal year 2012 to the Legislative Coordinating Commission for the costs of developing the Web site tracking expenditures from the clean water fund and other constitutionally dedicated funds.

11 Carryforward. Allows the carryforward of four previous appropriations to the PCA and one to the Department of Agriculture.

12 Public official. Amends § 10A.01, subd. 35. Classifies citizen members of the Clean Water Council as public officials.

13 Legislative purpose and findings. Amends § 114D.10. Amends the purpose of the Clean Water Legacy Act to be consistent with the purpose of the clean water fund, including the addition of groundwater.

Section

- 14 Coordination and cooperation.** Amends § 114D.20, subd. 1. Amends the implementation policies of the Clean Water Legacy Act related to coordination and cooperation to include groundwater.
- 15 Goals for implementation.** Amends § 114D.20, subd. 2. Amends the implementation goals of the Clean Water Legacy Act to include goals related to groundwater.
- 16 Implementation policies.** Amends § 114D.20, subd. 3. Amends the implementation policies of the Clean Water Legacy Act to include groundwater restoration and protection.
- 17 Priorities for restoration of impaired waters.** Amends § 114D.20, subd. 6. Technical.
- 18 Priorities for funding prevention actions.** Amends § 114D.20, subd. 7. Amends the priorities for funding under the Clean Water Legacy Act to include groundwater activities.
- 19 Clean Water Council.** Amends § 114D.30. Modifies the existing Clean Water Council, including:
- adding the commissioner of health and four legislative members (two from each body representing the majority and minority parties) as nonvoting members of the Clean Water Council and states that legislative members are compensated as determined by the appointing authority;
 - prohibiting a voting member of the council from being a legislator; and
 - requiring the council to provide recommendations to the legislature on how the money from the clean water fund should be appropriated and requires those recommendations to be consistent with the constitutional and statutory purposes of the fund, including the addition of groundwater activities.
- 20 Public and stakeholder participation; scientific review; education.** Amends § 114D.35. Amends provisions related to public and stakeholder participation under the Clean Water Legacy Act to include the identification of degraded groundwater, and in protecting and restoring groundwater resources.
- 21 Restoration evaluations.** Amends § 114D.50, subd. 6. Makes restoration evaluations of restorations funded by the clean water fund optional, rather than required.
- 22 Beneficial use of wastewater and storm water; capital grants for demonstration projects.** Adds projects reusing storm water to the beneficial use of wastewater grant program and removes the \$500,000 cap on individual grants.
- 23 Pollution Control Agency.** Amends Laws 2009, ch. 172, art. 2, § 4. Adds projects reusing storm water to the beneficial use of wastewater grant program appropriation from 2009 and allows the funding to be available until spent.
- Effective date:** This section is effective retroactively from June 29, 2011.
- 24 Clean water fund; 2009 appropriation adjustments.** Amends Laws 2010, ch. 361, art. 2, § 3. Technical.

Section

- 25** **Civic engagement and public education.** Requires a recipient of funds to incorporate civic engagement and public education when implementing the projects and programs funded under the bill.
- 26** **Repealer.** Repeals § 114D.45. Eliminates the obsolete clean water legacy account no longer needed with the establishment of the clean water fund.
- 27** **Effective date; relationship to other appropriations.** Provides a retroactive effective date for this article of July 1, 2011. This article supersedes and replaces any applicable core services funding authorized by the Ramsey County District Court.

Article 3: Parks and Trails Fund

Overview

This article provides appropriations from the parks and trails fund. The article provides appropriations to the Department of Natural Resources (DNR) for state parks, trails, recreation areas, and for the parks and trails legacy grant program, and to the Metropolitan Council for metropolitan regional parks and trails.

- 1** **Parks and trails fund appropriations.** Technical.
- 2** **Parks and trails.** Provides a total appropriation of \$39,676,000 from the parks and trails fund in fiscal year 2012, and \$38,468,000 in fiscal year 2013. States that money appropriated in the article may not be spent on activities unless they are directly related to and necessary for a specific appropriation and must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Makes the funds available for three years or, when federal funds are involved, for the time period equal to the federal funding availability.
- 3** **Natural resources.** Appropriates \$23,906,000 in fiscal year 2012 and \$22,327,000 in fiscal year 2013 to the DNR for the following purposes:
- \$14,262,000 in fiscal year 2012 and \$14,603,000 in fiscal year 2013 for state parks, recreation areas, and trails to:
 - (1) connect people to the outdoors;
 - (2) acquire land and create opportunities;
 - (3) maintain existing holdings; and
 - (4) improve cooperation with partners to implement the 25-year parks and trails legacy plan;
 - \$2,100,000 in fiscal year 2012 for acquisition of land for a state recreation area on LaSalle Lake;

Section

- \$7,506,000 in fiscal year 2012 and \$7,686,000 in fiscal year 2013 for regional parks and trails grants, including \$175,000 for a grant to the Greater Minnesota Regional Park and Trail Coalition to gather information and develop a plan for the greater Minnesota regional park system. The remaining amount is available for grants to regional parks and trails outside of the metropolitan area. The nonstate cash match requirement is reduced (from 25 percent) to ten percent for fiscal year 2012 and the commissioner is allowed to reduce nonstate cash match requirements (up to a 25 percent reduction) for grants to groups of three or more entities if it is a financial burden for them;
- \$38,000 each year for a technical assistance panel to conduct restoration audits required under statute;
- Requires the commissioner to contract with the Conservation Corps Minnesota for at least \$500,000 each year; and
- Requires the commissioner to convene a working group of nine members to make recommendations to the legislature on parks and trails fund appropriations for the next biennium.

- 4 Metropolitan Council.** Appropriates \$15,763,000 in fiscal year 2012 and \$16,141,000 in fiscal year 2013 for metropolitan regional parks and trails to be distributed under the metropolitan area distribution formula established in statute. Allows the Metropolitan Council to use a portion of the appropriation for grants to metropolitan parks and trails of regional or statewide significance not eligible under the current distribution formula. Requires the Metropolitan Council to submit a report on the use of the appropriations.
- 5 Legislature.** Appropriates \$7,000 in fiscal year 2012 to the Legislative Coordinating Commission for the costs of developing the Web site tracking expenditures from the parks and trails fund and other constitutionally dedicated funds.
- 6 La Salle Lake State Recreation Area, Hubbard County.** Technical.
- 7 Restoration evaluations.** Amends § 85.53, subd. 5. Makes restoration evaluations of restorations funded by the parks and trails fund optional, rather than required.
- 8 LaSalle Lake State Recreation Area.** Establishes the LaSalle Lake State Recreation Area and requires it to be administered as a satellite unit of Itasca State Park.
- 9 LaSalle Lake State Recreation Area Management Options.** Requires the DNR to submit a report, by March 1, 2012, on management options for the LaSalle Lake State Recreation Area.
- 10 Effective date; relationship to other appropriations.** Provides a retroactive effective date for this article of July 1, 2011. This article supersedes and replaces any applicable core services funding authorized by the Ramsey County District Court.

Section

Article 4: Arts and Cultural Heritage Fund

Overview

This article appropriates money from the arts and cultural heritage fund for fiscal years 2012 and 2013 and contains related policy provisions.

1 Arts and Cultural Heritage Fund Appropriations. Boilerplate appropriation language.

2 Arts and Cultural Heritage.

Subd. 1. Total Appropriation. Appropriates \$52.6 million in fiscal year 2012 and \$52.714 million in fiscal year 2013.

Subd. 2. Availability of appropriation. States that money appropriated in the article may not be spent on activities unless they are directly related to and necessary for a specific appropriation and must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation.

Subd. 3. Minnesota State Arts Board. Appropriates a total of \$22,167 million the first year and \$23,314 million the second year to the Arts Board (70 percent) and the Regional Arts Councils (30 percent) for arts, arts education, and arts access. Prohibits the Arts Board, Regional Arts Councils, and any grant recipients from using these funds to substitute for traditional sources of funding.

Of this amount:

- \$17.003 million the first year and \$18.15 million the second year are to support Minnesota artists and arts organizations, to overcome barriers to accessing arts, and to instill arts into community and public life. Provides that a portion of this amount may be used to pay attendance fees and travel costs for youth to visit art museums, arts performances, or other arts activities or to bring artists to schools, libraries or other community centers or organizations.
- \$3.276 million each year are for arts education. Provides that a portion of this amount may be used for grants to school districts to provide materials or resources to teachers, students, and parents to promote achievement of K-12 academic standards in the arts.
- \$1.073 million each year are for events and activities that represent diverse ethnic and cultural arts traditions.
- \$815,000 each year are for administration, technical services, fiscal oversight, and accountability.

Section

Requires the Board of the Arts, in partnership with regional arts councils, to maintain a census of Minnesota artists and artistic organizations.

Provides that 30 percent of the total appropriated in each of the categories above is for grants to regional arts councils.

Subd. 4. Department of Education. Appropriates \$3 million each year for grants to the 12 Minnesota Regional Library Systems, distributed according to an existing formula in law. The formula considers population, service area, and net tax capacity of each region. Provides that the funds may be used to sponsor programs provided by libraries or to provide grants to local arts and cultural heritage programs in partnership with libraries.

Subd. 5. Minnesota Historical Society. Appropriates a total of \$12.05 million each year to preserve and enhance access to Minnesota's history and its cultural and historical resources. Requires that funds be used to supplement and not supplant traditional sources of funding. Extends the availability of funds used for certain purposes.

Of these amounts:

- \$5.25 million each year are for history programs and projects operated or conducted through local, county, regional, or other historical or cultural organizations; or for activities to preserve significant historic and cultural resources. Funds are to be distributed through a competitive grants process administered by the Historical Society. Requires the Historical Society to reappoint a historic resources advisory council to provide policy and grant making guidance on expenditure of funds.
- \$4.8 million each year are for programs and purposes related to the historical and cultural heritage of Minnesota, conducted by the Minnesota Historical Society.
- \$1.5 million each year are for history and cultural heritage partnerships between multiple organizations, which may include the Historical Society.
- \$250,000 each year are for surveys of Minnesota's sites of historical, archaeological, and cultural significance.
- \$250,000 each year are for a digital library project to preserve, digitize, and share Minnesota images, documents, and historic materials.

Subd. 6. Department of Administration. Appropriates a total of \$9.175 million the first year and \$8.15 million the second year. Provides that up to one percent may be used by the Department of Administration for grants administration. Requires that money be used to supplement, not substitute for, traditional sources of funding.

Of these amounts:

- \$2.65 million each year are for competitive public radio grants.

Section

- \$3.7 million each year are for grants to the Minnesota Public Television Association.
- \$475,000 the first year is for grants to the Disabled Veterans Rest Camp (\$400k) and Veterans on the Lake Resort (\$75k).
- \$300,000 each year are for grants to the Como Park Zoo (\$200k) and the Lake Superior Zoo (\$100k).
- \$500,000 each year are for grants to the Minnesota Children's Museum.
- \$500,000 each year are for grants to the Science Museum of Minnesota.
- \$500,000 each year are for grants to Minnesota Film and TV Board.
- \$550,000 the first year is for the Department of Administration to support the State Capitol Preservation Commission established in this article.

Subd. 7. Minnesota Zoological Garden. Appropriates \$1.5 million each year to the Minnesota Zoo for programmatic development.

Subd. 8. Minnesota Humanities Center. Appropriates a total of \$1.575 million each year to the Minnesota Humanities Center.

Of these amounts:

- \$325,000 each year are for the programs and purposes of the Minnesota Humanities Center. The Humanities Center is authorized to consider museums and organizations celebrating ethnic identities of Minnesotans for grants from these funds.
- \$500,000 each year are for competitive grants to the Minnesota Councils of Color.
- \$250,000 each year are for competitive civics education grants.
- \$500,000 each year are for competitive children's museum grants.

Subd. 9. Perpich Center for Arts Education. Appropriates \$850,000 each year to the Perpich Center.

Subd. 10. Department of Agriculture. Appropriates \$1.4 million each year for noncompetitive and competitive grants to county fairs.

Subd. 11. Indian Affairs Councils. Appropriates \$850,000 each year to the Indian Affairs Council.

Of these amounts:

- \$75,000 each year are for continuation of a Working Group on Dakota and Ojibwe Language Revitalization and Preservation.
- \$550,000 each year are for grants to programs that preserve Dakota and Ojibwe

Section

languages and foster education programs.

- \$250,000 each year are for grants of \$125,000/year to the Niigaane Ojibwe Immersion School and the Wicoie Nandagikendan Urban Immersion Project for specified purposes.

Subd. 12. **Legislature.** Appropriates \$8,000 in fiscal year 2012 to the Legislative Coordinating Commission for the mandatory legacy tracking Web site www.legacy.leg.mn

- 3 **State Capitol Preservation Commission.** Establishes a new 22-member commission to perform several specified tasks including coordinating the restoration and preservation of the State Capitol building and developing a comprehensive pre-design plan. The commission does not expire. Meetings of the commission are subject to the Open Meeting Law in chapter 13D.
- 4 **Capitol building powers and duties.** Assigns specific Capitol-related tasks to the Capitol Area Architectural and Planning Board, including assisting the Capitol Commission.
- 5 **Capitol building powers and duties.** Assigns specific Capitol-related tasks to the Department of Administration, including assisting the Capitol Commission.
- 6 **Conditions.** Modifies an existing requirement that public television stations that receive grants from the Arts and Cultural Heritage Fund must offer free public performance rights to public educational institutions. Instead, these stations would be required to offer free classroom use of a program produced with money from the Arts and Cultural Heritage Fund, unless the station does not have the rights to distribute the program.
- 7 **Reporting.** Modifies an existing reporting requirement for public television stations that receive Arts and Cultural Heritage Fund grants. Requires a station to report to the Legislative Coordinating Commission. The report must include the information required of all legacy money recipients, plus the TV-specific items already required by law. Modifies one reporting item – instead of reporting the number of times the program was downloaded, a public television station would report the number of hours of legacy program content available for people to watch via streaming media online.
- 8 **Reporting.** Modifies an existing reporting requirement for public educational radio stations that receive Arts and Cultural Heritage Fund grants. Requires a station to report to the Legislative Coordinating Commission. The report must include the information required of all legacy money recipients, plus the radio-specific items already required by law.
- 9 **Capitol building powers and duties.** Assigns specific Capitol-related tasks to the Historical Society, including assisting the Capitol Commission.
- 10 **Report.** Extends the sunset date of the Working Group on Dakota and Ojibwe language Revitalization and Preservation to February 16, 2013 – the day after the workgroup submits its second report to various legislative committees.

Section

- 11 State Capitol Preservation Commission appointments and first meeting.** Requires Capitol Commission member-appointing authorities to complete initial appointments no later than August 1, 2011. The governor or the governor's designee must convene the first meeting within 30 days after the initial appointments are made.
- 12 Effective date; relationship to other appropriations.** Provides a retroactive effective date for this article of July 1, 2011. This article supersedes and replaces any applicable core services funding authorized by the Ramsey County District Court.

Article 5: General Provisions; All Legacy Funds

Overview

This article contains provisions, restrictions, and requirements that apply to appropriations from the four legacy funds.

- 1 Constitutionally dedicated funding accountability.** Specifies the information that recipients must submit to the Legislative Coordinating Commission for posting on www.legacy.leg.mn. Requires direct appropriation recipients (e.g., DNR, State Arts Board, MPCA) to compile and submit this information for grant recipients or other subrecipients of legacy funds.
- 2 – 5 Expenditures; accountability/Recipient requirements.** These sections make comparable changes to the individual statutes that govern each of the four legacy funds. Reporting components and deadlines are clarified and linked to the list of information required under section 1 of this article (above). Requires direct appropriation recipients to post the standard Legacy Amendment logo on their Web site homepage. Ties future legacy fund eligibility to the recipient's fulfillment of all relevant reporting and other requirements contained in statute and applicable session law (i.e., this FY 2012-2013 legacy appropriations bill).
- 6 Applicability.** States that sections 7-10 apply to all legacy fund appropriations in this bill.
- 7 General provisions.** Establishes requirements for recipients of money under this bill.

Subd. 1. Grants. Requires an entity awarding grants from legacy funds to adhere to a standard set of state grant making requirements (e.g., grant recipients must agree to minimize administrative costs; employees or others involved in recommending, awarding, or administering grants must follow Department of Administration conflict of interest policies; etc.). Requires the responsible entity to account for each expenditure of funds.

Subd. 2. Constitution. Requires a recipient of legacy funds to comply with the legacy language in the Minnesota Constitution, including the prohibition against substituting legacy funds for traditional sources of funding.

Subd. 3. Trust and similar instruments. Prohibits a recipient from depositing legacy money in a trust, endowment, or similar instrument unless the recipient reports

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annually to Minnesota Management and Budget and the legislature and submits to regular audits by the Office of the Legislative Auditor.

- 8** **In the event of lawsuit.** States that an appropriation or portion of an appropriation authorized in this bill is cancelled if a court rules that the funds were used to unconstitutionally substitute for traditional sources of funding for that activity. Requires all grant agreements to contain this provision.
- 9** **Legacy accounting; technical assistance.** Requires Minnesota Management and Budget to develop and distribute legacy accounting guidance to all relevant state agencies.
- 10** **Effective date; relationship to other appropriations.** Provides a retroactive effective date for this article of July 1, 2011. This article supersedes and replaces any applicable core services funding authorized by the Ramsey County District Court.

A bill for an act

relating to state government; appropriating money from the outdoor heritage fund, clean water fund, parks and trails fund, and arts and cultural heritage fund; modifying certain outdoor heritage provisions; establishing accounts; creating state recreation area; modifying restoration evaluations; modifying grant programs; modifying accountability requirements; modifying definitions; modifying the Clean Water Legacy Act; modifying Clean Water Council; establishing State Capitol Preservation Commission; providing for Capitol building powers and duties; providing appointments; modifying reporting and other requirements for legacy fund recipients; modifying previous appropriations; requiring reports; amending Minnesota Statutes 2010, sections 3.303, subdivision 10; 10A.01, subdivision 35; 85.013, by adding a subdivision; 85.53, subdivisions 2, 5; 97A.056, subdivisions 2, 3, 6, 9, 10, by adding subdivisions; 114D.10; 114D.20, subdivisions 1, 2, 3, 6, 7; 114D.30; 114D.35; 114D.50, subdivisions 4, 6; 116.195; 129D.17, subdivision 2; 129D.18, subdivisions 3, 4; 129D.19, subdivision 5; Laws 2009, chapter 172, article 1, section 2, subdivisions 3, 15; article 2, section 4, as amended; article 4, section 9, subdivision 5; Laws 2010, chapter 361, article 1, section 2, subdivision 14; article 2, section 3; proposing coding for new law in Minnesota Statutes, chapters 15B; 16B; 84; 138; repealing Minnesota Statutes 2010, section 114D.45.

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

ARTICLE 1

OUTDOOR HERITAGE FUND

Section 1. **OUTDOOR HERITAGE APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the outdoor heritage fund and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively.

2.1 "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium"
2.2 is fiscal years 2012 and 2013. The appropriations in this article are onetime.

2.3	<u>APPROPRIATIONS</u>	
2.4	<u>Available for the Year</u>	
2.5	<u>Ending June 30</u>	
2.6	<u>2012</u>	<u>2013</u>

2.7 Sec. 2. **OUTDOOR HERITAGE**

2.8	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>86,484,000</u>	<u>\$</u>	<u>471,000</u>
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2.9 This appropriation is from the outdoor
2.10 heritage fund. The amounts that may be
2.11 spent for each purpose are specified in the
2.12 following subdivisions.

2.13	<u>Subd. 2. Prairies</u>	<u>32,671,000</u>	<u>-0-</u>
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2.14 **(a) Wildlife Management Area, Scientific**
2.15 **and Natural Areas, and Prairie Bank**
2.16 **Easement Acquisition - Phase III**

2.17 \$3,931,000 the first year is to the
2.18 commissioner of natural resources to:

2.19 (1) acquire land in fee for wildlife
2.20 management area purposes under Minnesota
2.21 Statutes, sections 86A.05, subdivision 8, and
2.22 97A.145;

2.23 (2) acquire land in fee for scientific and
2.24 natural area purposes under Minnesota
2.25 Statutes, sections 84.033 and 86A.05,
2.26 subdivision 5; and

2.27 (3) acquire native prairie bank easements
2.28 under Minnesota Statutes, section 84.96.

2.29 A list of proposed land or permanent
2.30 conservation easement acquisitions must
2.31 be provided as part of the required
2.32 accomplishment plan. The accomplishment
2.33 plan must include an easement monitoring
2.34 and enforcement plan. Up to \$14,000 is for

3.1 establishing a monitoring and enforcement
3.2 fund as approved in the accomplishment
3.3 plan, and subject to subdivision 15. An
3.4 annual financial report is required for
3.5 any monitoring and enforcement fund
3.6 established, including expenditures from the
3.7 fund.

3.8 **(b) Accelerated Prairie Restoration and**
3.9 **Enhancement on DNR Lands - Phase III**

3.10 \$1,652,000 the first year is to the
3.11 commissioner of natural resources to
3.12 accelerate the restoration and enhancement
3.13 on wildlife management areas, scientific and
3.14 natural areas, and land under native prairie
3.15 bank easements.

3.16 **(c) Minnesota Buffers for Wildlife and**
3.17 **Water**

3.18 \$2,249,000 the first year is to the Board of
3.19 Water and Soil Resources in cooperation
3.20 with Pheasants Forever to acquire permanent
3.21 conservation easements to enhance habitat
3.22 by expanding riparian wildlife buffers on
3.23 private land. A list of proposed easement
3.24 acquisitions must be provided as part of
3.25 the required accomplishment plan. The
3.26 accomplishment plan must include an
3.27 easement monitoring and enforcement
3.28 plan. Up to \$200,000 is for establishing
3.29 a monitoring and enforcement fund as
3.30 approved in the accomplishment plan
3.31 and subject to subdivision 15. An annual
3.32 financial report is required for any monitoring
3.33 and enforcement fund established, including
3.34 expenditures from the fund.

**(d) Northern Tallgrass Prairie National
Wildlife Refuge Land Acquisition - Phase
III**

\$1,720,000 the first year is to the
commissioner of natural resources for an
agreement with The Nature Conservancy
to acquire land or permanent easements
within the Northern Tallgrass Prairie Habitat
Preservation Area in western Minnesota for
addition to the Northern Tallgrass Prairie
National Wildlife Refuge. A list of proposed
land acquisitions must be provided as part
of the required accomplishment plan. The
accomplishment plan must include an
easement monitoring and enforcement plan.

**(e) Minnesota Prairie Recovery Project -
Phase II**

\$4,500,000 the first year is to the
commissioner of natural resources for an
agreement with The Nature Conservancy to
acquire native prairie and savanna and restore
and enhance grasslands and savanna. A list of
proposed land acquisitions must be provided
as part of the required accomplishment plan.
Acquisitions, restorations, and enhancements
must be within the two existing and two
additional pilot focus areas contained in
the accomplishment plan. Annual income
statements and balance sheets for income
and expenses from land acquired with
appropriations from the outdoor heritage
fund must be submitted to the Lessard-Sams
Outdoor Heritage Council.

**(f) Cannon River Headwaters Habitat
Complex - Phase I**

5.1 \$1,533,000 the first year is to the
5.2 commissioner of natural resources for an
5.3 agreement with The Trust for Public Land
5.4 to acquire and restore lands in the Cannon
5.5 River watershed for wildlife management
5.6 area purposes under Minnesota Statutes,
5.7 section 86A.05, subdivision 8, or aquatic
5.8 management areas under Minnesota Statutes,
5.9 sections 86A.05, subdivision 14, and
5.10 97C.02. A list of proposed land acquisitions
5.11 must be provided as part of the required
5.12 accomplishment plan.

5.13 **(g) Accelerating the Wildlife Management**
5.14 **Area Program - Phase III**

5.15 \$5,500,000 the first year is to the
5.16 commissioner of natural resources for an
5.17 agreement with Pheasants Forever to acquire
5.18 prairie and other habitat areas for wildlife
5.19 management area purposes under Minnesota
5.20 Statutes, section 86A.05, subdivision
5.21 8. A list of proposed land acquisitions
5.22 must be provided as part of the required
5.23 accomplishment plan.

5.24 **(h) Accelerating the Waterfowl Production**
5.25 **Area Program - Phase III**

5.26 \$9,815,000 the first year is to the
5.27 commissioner of natural resources for
5.28 an agreement with Pheasants Forever to
5.29 accelerate the acquisition of wetlands and
5.30 grasslands to be added to the waterfowl
5.31 production area system in Minnesota in
5.32 cooperation with the United States Fish and
5.33 Wildlife Service. A list of proposed land
5.34 acquisitions must be provided as part of the
5.35 required accomplishment plan.

6.1	<u>(i) The Green Corridor Legacy Program -</u>		
6.2	<u>Phase III</u>		
6.3	<u>\$1,771,000 the first year is to the</u>		
6.4	<u>commissioner of natural resources for</u>		
6.5	<u>an agreement with the Redwood Area</u>		
6.6	<u>Development Corporation to acquire land</u>		
6.7	<u>for wildlife management area purposes</u>		
6.8	<u>under Minnesota Statutes, section 86A.05,</u>		
6.9	<u>subdivision 8, or aquatic management areas</u>		
6.10	<u>under Minnesota Statutes, sections 86A.05,</u>		
6.11	<u>subdivision 14, and 97C.02. A list of</u>		
6.12	<u>proposed land acquisitions must be provided</u>		
6.13	<u>as part of the required accomplishment plan.</u>		
6.14	<u>Subd. 3. Forests</u>	<u>14,371,000</u>	<u>-0-</u>
6.15	<u>(a) Minnesota Forests for the Future -</u>		
6.16	<u>Phase III</u>		
6.17	<u>\$5,409,000 the first year is to the</u>		
6.18	<u>commissioner of natural resources to</u>		
6.19	<u>acquire forest and wetland habitat through</u>		
6.20	<u>working forest easements and fee acquisition</u>		
6.21	<u>under the Minnesota forests for the future</u>		
6.22	<u>program pursuant to Minnesota Statutes,</u>		
6.23	<u>section 84.66. A conservation easement</u>		
6.24	<u>acquired with money appropriated under this</u>		
6.25	<u>paragraph must comply with subdivision</u>		
6.26	<u>13. A list of proposed land acquisitions</u>		
6.27	<u>must be provided as part of the required</u>		
6.28	<u>accomplishment plan. The accomplishment</u>		
6.29	<u>plan must include an easement monitoring</u>		
6.30	<u>and enforcement plan. Up to \$150,000 is for</u>		
6.31	<u>establishing a monitoring and enforcement</u>		
6.32	<u>fund as approved in the accomplishment plan</u>		
6.33	<u>and subject to subdivision 15. An annual</u>		
6.34	<u>financial report is required for any monitoring</u>		

7.1 and enforcement fund established, including
7.2 expenditures from the fund.

7.3 **(b) LaSalle Lake: Protecting Critical**
7.4 **Mississippi Headwaters Habitat**

7.5 \$4,632,000 the first year is to the
7.6 commissioner of natural resources for an
7.7 agreement with The Trust for Public Land
7.8 to acquire land adjacent to LaSalle Lake in
7.9 Hubbard County. A list of proposed land
7.10 acquisitions must be provided as part of
7.11 the required accomplishment plan. If the
7.12 acquisition is not completed by July 15,
7.13 2012, or if a balance remains after acquisition
7.14 of land, the money under this paragraph is
7.15 available for acquisition under subdivision
7.16 2, paragraph (a).

7.17 **(c) Accelerated Forest Habitat**
7.18 **Enhancement - Phase II**

7.19 \$826,000 the first year is to the commissioner
7.20 of natural resources to restore and enhance
7.21 lands in state forests, pursuant to Minnesota
7.22 Statutes, section 89.021.

7.23 **(d) Northeastern Minnesota Sharp-Tailed**
7.24 **Grouse Habitat Partnership - Phase II**

7.25 \$988,000 the first year is to the commissioner
7.26 of natural resources for an agreement with
7.27 Pheasants Forever in cooperation with the
7.28 Minnesota Sharp-Tailed Grouse Society
7.29 to acquire and enhance lands for wildlife
7.30 management area purposes under Minnesota
7.31 Statutes, section 86A.05, subdivision
7.32 8. A list of proposed land acquisitions
7.33 must be provided as part of the required
7.34 accomplishment plan.

8.1 **(e) Lower Mississippi River Habitat**

8.2 **Partnership - Phase II**

8.3 \$707,000 the first year is to the commissioner
8.4 of natural resources to acquire and enhance
8.5 habitat in the lower Root River and
8.6 lower Zumbro River watersheds, pursuant
8.7 to Minnesota Statutes, section 86A.05,
8.8 subdivisions 7 and 8. A list of proposed land
8.9 acquisitions must be provided as part of the
8.10 required accomplishment plan.

8.11 **(f) Protect Key Forest Habitat Lands in**

8.12 **Cass County - Phase II**

8.13 \$604,000 the first year is to the commissioner
8.14 of natural resources for an agreement with
8.15 Cass County to acquire land in fee for forest
8.16 wildlife habitat. A list of proposed land
8.17 acquisitions must be provided as part of the
8.18 required accomplishment plan.

8.19 **(g) State Forest Acquisition**

8.20 \$1,205,000 the first year is to the
8.21 commissioner of natural resources to acquire
8.22 land in fee and permanent management
8.23 access easements for state forests under
8.24 Minnesota Statutes, section 86A.05,
8.25 subdivision 7. A list of proposed land
8.26 acquisitions must be provided as part of the
8.27 required accomplishment plan.

8.28 **Subd. 4. Wetlands**

15,827,000

-0-

8.29 **(a) Reinvest in Minnesota Wetlands**

8.30 **Reserve Acquisition and Restoration**

8.31 **Program Partnership - Phase III**

8.32 \$13,000,000 the first year is to the Board
8.33 of Water and Soil Resources to acquire
8.34 permanent conservation easements and

9.1 restore wetlands and associated upland
9.2 habitat in cooperation with the United States
9.3 Department of Agriculture Wetlands Reserve
9.4 Program. A list of proposed land acquisitions
9.5 must be provided as part of the required
9.6 accomplishment plan. The accomplishment
9.7 plan must include an easement monitoring
9.8 and enforcement plan. Up to \$112,000 is for
9.9 establishing a monitoring and enforcement
9.10 fund as approved in the accomplishment plan
9.11 and subject to subdivision 15. An annual
9.12 financial report is required for any monitoring
9.13 and enforcement fund established, including
9.14 expenditures from the fund and a description
9.15 of monitoring and enforcement activities.

9.16 **(b) Accelerated Shallow Lakes and**
9.17 **Wetlands Restoration and Enhancement -**
9.18 **Phase III**
9.19 \$936,000 the first year is to the commissioner
9.20 of natural resources to develop engineering
9.21 designs for shallow lakes and wetlands and
9.22 restore and enhance shallow lakes.

9.23 **(c) Shallow Lake Shoreland Protection:**
9.24 **Wild Rice Lakes**
9.25 \$1,891,000 the first year is to the Board of
9.26 Water and Soil Resources for an agreement
9.27 with Ducks Unlimited to acquire wild
9.28 rice lake shoreland habitat in fee and as
9.29 permanent conservation easements as
9.30 follows: \$500,000 to the Department of
9.31 Natural Resources; \$1,100,000 to the Board
9.32 of Water and Soil Resources; and \$291,000
9.33 to Ducks Unlimited. A list of proposed
9.34 land acquisitions must be provided as
9.35 part of the required accomplishment plan.

10.1	<u>The accomplishment plan must include</u>		
10.2	<u>an easement monitoring and enforcement</u>		
10.3	<u>plan. Up to \$18,000 is for establishing</u>		
10.4	<u>a monitoring and enforcement fund as</u>		
10.5	<u>approved in the accomplishment plan</u>		
10.6	<u>and subject to subdivision 15. An annual</u>		
10.7	<u>financial report is required for any monitoring</u>		
10.8	<u>and enforcement fund established, including</u>		
10.9	<u>expenditures from the fund.</u>		
10.10	<u>Subd. 5. Habitat</u>	<u>22,914,000</u>	<u>-0-</u>
10.11	<u>(a) Accelerated Aquatic Management</u>		
10.12	<u>Area Habitat Program - Phase III</u>		
10.13	<u>\$6,500,000 the first year is to the</u>		
10.14	<u>commissioner of natural resources to</u>		
10.15	<u>acquire interests in land in fee or permanent</u>		
10.16	<u>conservation easements for aquatic</u>		
10.17	<u>management areas under Minnesota Statutes,</u>		
10.18	<u>sections 86A.05, subdivision 14, and 97C.02,</u>		
10.19	<u>and to restore and enhance aquatic habitat. A</u>		
10.20	<u>list of proposed acquisitions and stream and</u>		
10.21	<u>lake habitat restorations and enhancements</u>		
10.22	<u>must be provided as part of the required</u>		
10.23	<u>accomplishment plan. The accomplishment</u>		
10.24	<u>plan must include an easement monitoring</u>		
10.25	<u>and enforcement plan.</u>		
10.26	<u>(b) Coldwater Fish Habitat Enhancement</u>		
10.27	<u>Program - Phase III</u>		
10.28	<u>\$1,533,000 the first year is to the</u>		
10.29	<u>commissioner of natural resources for an</u>		
10.30	<u>agreement with Minnesota Trout Unlimited</u>		
10.31	<u>to restore, enhance, and protect coldwater</u>		
10.32	<u>river and stream habitats in Minnesota. A list</u>		
10.33	<u>of proposed projects, describing types and</u>		
10.34	<u>locations of restorations and enhancements,</u>		

- 11.1 must be provided as part of the required
11.2 accomplishment plan.
- 11.3 **(c) Land Addition to the Janet Johnson**
11.4 **Memorial Wildlife Management Area**
- 11.5 \$577,000 the first year is to the commissioner
11.6 of natural resources for an agreement with
11.7 Chisago County to acquire land in fee to
11.8 be added to the Janet Johnson Memorial
11.9 Wildlife Management Area under Minnesota
11.10 Statutes, section 86A.05, subdivision
11.11 8. A list of proposed land acquisitions
11.12 must be provided as part of the required
11.13 accomplishment plan.
- 11.14 **(d) Metro Big Rivers Habitat - Phase II**
- 11.15 \$5,000,000 the first year is to the
11.16 commissioner of natural resources for
11.17 agreements to acquire interests in land in
11.18 fee or permanent conservation easements
11.19 and to restore and enhance natural systems
11.20 associated with the Mississippi, Minnesota,
11.21 and St. Croix Rivers as follows: \$960,000
11.22 to the Minnesota Valley National Wildlife
11.23 Refuge Trust, Inc.; \$150,000 to Great
11.24 River Greening; \$840,000 to Minnesota
11.25 Land Trust; \$150,000 to Friends of the
11.26 Mississippi River; and \$2,900,000 to The
11.27 Trust for Public Land. A list of proposed
11.28 projects, describing types and locations of
11.29 acquisitions, restorations, and enhancements,
11.30 must be provided as part of the required
11.31 accomplishment plan. The accomplishment
11.32 plan must include an easement monitoring
11.33 and enforcement plan. Money appropriated
11.34 from the outdoor heritage fund for easement
11.35 acquisition may be used to establish a

12.1 monitoring and enforcement fund as
12.2 approved in the accomplishment plan
12.3 and subject to subdivision 15. An annual
12.4 financial report is required for any monitoring
12.5 and enforcement fund established, including
12.6 expenditures from the fund.

12.7 **(e) Protecting Sensitive Shorelands in**
12.8 **North Central Minnesota**

12.9 \$1,098,000 the first year is to the
12.10 commissioner of natural resources for
12.11 agreements with the Leech Lake Watershed
12.12 Foundation and the Minnesota Land Trust
12.13 as follows: \$339,000 to the Leech Lake
12.14 Watershed Foundation; \$741,000 to the
12.15 Minnesota Land Trust; and \$18,000 to the
12.16 Department of Natural Resources to pay for
12.17 acquisition-related expenses and monitoring
12.18 costs of donated permanent conservation
12.19 easements on sensitive shorelands in north
12.20 central Minnesota. A list of proposed land
12.21 acquisitions must be provided as part of
12.22 the required accomplishment plan. The
12.23 accomplishment plan must include an
12.24 easement monitoring and enforcement
12.25 plan. Up to \$342,000 is for establishing
12.26 a monitoring and enforcement fund as
12.27 approved in the accomplishment plan
12.28 and subject to subdivision 15. An annual
12.29 financial report is required for any monitoring
12.30 and enforcement fund established, including
12.31 expenditures from the fund.

12.32 **(f) Restoring Native Habitat and Water**
12.33 **Quality to Shell Rock River - Phase II**

12.34 \$2,577,000 the first year is to the
12.35 commissioner of natural resources for

13.1 an agreement with the Shell Rock River
13.2 Watershed District to acquire land in fee
13.3 at the headwaters of the Shell Rock River
13.4 for aquatic management area purposes
13.5 under Minnesota Statutes, sections 86A.05,
13.6 subdivision 14, and 97C.02, to restore
13.7 and enhance aquatic habitat. The leases
13.8 for gravel mining existing at the time of
13.9 acquisition may not be extended and all gross
13.10 income generated from mining operations
13.11 must be transferred to the commissioner of
13.12 management and budget and credited to the
13.13 outdoor heritage fund. A list of proposed
13.14 land acquisitions must be provided as part of
13.15 the required accomplishment plan.

13.16 **(g) Outdoor Heritage Conservation**

13.17 **Partners Grant Program - Phase III**

13.18 \$5,629,000 the first year is to the
13.19 commissioner of natural resources for a
13.20 program to provide competitive, matching
13.21 grants of up to \$400,000 to local, regional,
13.22 state, and national organizations for
13.23 enhancement, restoration, or protection of
13.24 forests, wetlands, prairies, and habitat for
13.25 fish, game, or wildlife in Minnesota. Grants
13.26 shall not be made for activities required to
13.27 fulfill the duties of owners of lands subject
13.28 to conservation easements. Grants shall
13.29 not be made from appropriations in this
13.30 paragraph for projects that have a total
13.31 project cost exceeding \$475,000. \$319,000
13.32 of this appropriation may be spent for
13.33 personnel costs and other administrative
13.34 costs. Grantees may acquire land or interests
13.35 in land. Easements must be permanent.
13.36 Land acquired in fee must be open to

14.1 hunting and fishing during the open season
14.2 unless otherwise provided by state law. The
14.3 program shall require a match of at least ten
14.4 percent from nonstate sources for grants of
14.5 \$100,000 or less and a match of at least 15
14.6 percent from nonstate sources for grants over
14.7 \$100,000. Up to one-third of the match may
14.8 be in-kind resources. For grant applications
14.9 of \$25,000 or less, the commissioner shall
14.10 provide a separate, simplified application
14.11 process. The criteria for evaluating grant
14.12 applications over \$25,000 must include the
14.13 amount of habitat restored, enhanced, or
14.14 protected; local support; encouragement
14.15 of a local conservation culture; urgency;
14.16 capacity to achieve multiple benefits;
14.17 habitat benefits provided; consistency with
14.18 current conservation science; adjacency
14.19 to protected lands; full funding of the
14.20 project; supplementing existing funding;
14.21 public access for hunting and fishing during
14.22 the open season; sustainability; degree
14.23 of collaboration; and use of native plant
14.24 materials. All projects must conform to
14.25 the Minnesota statewide conservation and
14.26 preservation plan. Wildlife habitat projects
14.27 must also conform to the Minnesota wildlife
14.28 action plan. Subject to the evaluation
14.29 criteria and requirements of this paragraph
14.30 and Minnesota Statutes, the commissioner
14.31 of natural resources shall give priority to
14.32 organizations that have a history of receiving
14.33 or charter to receive private contributions
14.34 for local conservation or habitat projects
14.35 when evaluating projects of equal value. If
14.36 acquiring land or a conservation easement,

15.1 priority shall be given to projects associated
 15.2 with existing wildlife management areas
 15.3 under Minnesota Statutes, section 86A.05,
 15.4 subdivision 8; scientific and natural areas
 15.5 under Minnesota Statutes, sections 84.033
 15.6 and 86A.05, subdivision 5; and aquatic
 15.7 management areas under Minnesota Statutes,
 15.8 sections 86A.05, subdivision 14, and 97C.02.
 15.9 All restoration or enhancement projects
 15.10 must be on land permanently protected by a
 15.11 conservation easement or public ownership
 15.12 or in public waters as defined in Minnesota
 15.13 Statutes, section 103G.005, subdivision
 15.14 15. Priority shall be given to restoration
 15.15 and enhancement projects on public lands.
 15.16 Subdivision 9 applies to grants awarded
 15.17 under this paragraph. This appropriation is
 15.18 available until June 30, 2015. No less than
 15.19 five percent of the amount of each grant
 15.20 must be held back from reimbursement until
 15.21 the grant recipient has completed a grant
 15.22 accomplishment report by the deadline and
 15.23 in the form prescribed by and satisfactory to
 15.24 the Lessard-Sams Outdoor Heritage Council.
 15.25 The commissioner shall provide notice of the
 15.26 grant program in the 2011 game and fish law
 15.27 summaries that are prepared under Minnesota
 15.28 Statutes, section 97A.051, subdivision 2.

15.29	<u>Subd. 6. Administration</u>	<u>701,000</u>	<u>471,000</u>
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15.30 **(a) Contract Management**
 15.31 \$175,000 the first year is to the commissioner
 15.32 of natural resources for contract management
 15.33 duties assigned in this section. The
 15.34 commissioner shall provide documentation

16.1 to the Legislative Coordinating Commission
16.2 on the expenditure of these funds.

16.3 **(b) Legislative Coordinating Commission**

16.4 (1) \$471,000 the first year and \$471,000
16.5 the second year are to the Legislative
16.6 Coordinating Commission for two years of
16.7 administrative expenses of the Lessard-Sams
16.8 Outdoor Heritage Council and for two years
16.9 of compensation and expense reimbursement
16.10 of council members.

16.11 (2) \$13,000 the first year is to the Legislative
16.12 Coordinating Commission for the Web site
16.13 required under Minnesota Statutes, section
16.14 3.303, subdivision 10.

16.15 **(c) Technical Evaluation Panel**

16.16 \$42,000 the first year is to the commissioner
16.17 of natural resources for a technical evaluation
16.18 panel to conduct up to ten restoration
16.19 evaluations under Minnesota Statutes,
16.20 section 97A.056, subdivision 10.

16.21 **Subd. 7. Availability of Appropriation**

16.22 Money appropriated in this section may
16.23 not be spent on activities unless they are
16.24 directly related to and necessary for a
16.25 specific appropriation and are specified
16.26 in the accomplishment plan. Money
16.27 appropriated in this section must not be
16.28 spent on indirect costs or other institutional
16.29 overhead charges that are not directly related
16.30 to and necessary for a specific appropriation.
16.31 Unless otherwise provided, the amounts
16.32 in this section are available until June 30,
16.33 2014, when projects must be completed and
16.34 final accomplishments reported. Funds for

17.1 restoration or enhancement are available
17.2 until June 30, 2016, or four years after
17.3 acquisition, whichever is later, in order to
17.4 complete restoration or enhancement work.
17.5 If a project receives federal funds, the time
17.6 period of the appropriation is extended to
17.7 equal the availability of federal funding.
17.8 Funds appropriated for fee title acquisition
17.9 of land may be used to restore, enhance, and
17.10 provide for the public use of land acquired
17.11 with the appropriation. Public use facilities
17.12 must have a minimal impact on habitat on
17.13 acquired lands.

17.14 Subd. 8. **Accomplishment Plans**

17.15 It is a condition of acceptance of the
17.16 appropriations made under this section that
17.17 the agency or entity using the appropriation
17.18 submit to the Lessard-Sams Outdoor
17.19 Heritage Council an accomplishment plan
17.20 and periodic accomplishment reports in
17.21 the form determined by the council. The
17.22 accomplishment plan must identify the
17.23 project manager responsible for expending
17.24 the appropriation and the final product. The
17.25 accomplishment plan must account for the
17.26 use of the appropriation and outcomes of
17.27 the expenditure in measures of wetlands,
17.28 prairies, forests, and fish, game, and wildlife
17.29 habitat restored, protected, and enhanced.
17.30 The plan must include an evaluation of
17.31 results. None of the money provided in this
17.32 section may be expended unless the council
17.33 has approved the pertinent accomplishment
17.34 plan.

17.35 Subd. 9. **Project Requirements**

18.1 (a) As a condition of accepting an
18.2 appropriation made under this section, an
18.3 agency or entity receiving an appropriation
18.4 must comply with this subdivision for any
18.5 project funded in whole or in part with funds
18.6 from the appropriation.

18.7 (b) All conservation easements acquired with
18.8 money appropriated under this section must:
18.9 (1) be permanent; (2) specify the parties to
18.10 the easement; (3) specify all of the provisions
18.11 of an agreement that are permanent; (4)
18.12 specify the habitat types and location
18.13 being protected; (5) where appropriate for
18.14 conservation or water protection outcomes,
18.15 require the grantor to employ practices
18.16 retaining water on the eased land as long as
18.17 practicable; (6) specify the responsibilities
18.18 of the parties for habitat enhancement and
18.19 restoration and the associated costs of these
18.20 activities; (7) be sent to the office of the
18.21 Lessard-Sams Outdoor Heritage Council; (8)
18.22 include a long-term stewardship plan and
18.23 identify the sources and amount of funding
18.24 for monitoring and enforcing the easement
18.25 agreement; and (9) identify the parties
18.26 responsible for monitoring and enforcing the
18.27 easement agreement.

18.28 (c) For all restorations, a recipient must
18.29 prepare and retain an ecological restoration
18.30 and management plan that, to the degree
18.31 practicable, is consistent with current
18.32 conservation science and ecological goals
18.33 for the restoration site. Consideration should
18.34 be given to soil, geology, topography, and
18.35 other relevant factors that would provide
18.36 the best chance for long-term success and

19.1 durability of the restoration projects. The
19.2 plan must include the proposed timetable for
19.3 implementing the restoration, including, but
19.4 not limited to, site preparation, establishment
19.5 of diverse plant species, maintenance, and
19.6 additional enhancement to establish the
19.7 restoration; identify long-term maintenance
19.8 and management needs of the restoration
19.9 and how the maintenance, management,
19.10 and enhancement will be financed; and use
19.11 current conservation science to achieve the
19.12 best restoration.

19.13 (d) For new lands acquired, a recipient
19.14 must prepare a restoration and management
19.15 plan in compliance with paragraph (c),
19.16 including identification of sufficient funding
19.17 for implementation.

19.18 (e) To ensure public accountability for the
19.19 use of public funds, a recipient must provide
19.20 to the Lessard-Sams Outdoor Heritage
19.21 Council documentation of the process
19.22 used to select parcels acquired in fee or as
19.23 permanent conservation easements and must
19.24 provide the council with documentation
19.25 of all related transaction costs, including,
19.26 but not limited to, appraisals, legal fees,
19.27 recording fees, commissions, other similar
19.28 costs, and donations. This information
19.29 must be provided for all parties involved
19.30 in the transaction. The recipient must
19.31 also report to the Lessard-Sams Outdoor
19.32 Heritage Council any difference between the
19.33 acquisition amount paid to the seller and the
19.34 state-certified or state-reviewed appraisal, if
19.35 a state-certified or state-reviewed appraisal
19.36 was conducted. Acquisition data such

20.1 as appraisals may remain private during
20.2 negotiations but must ultimately be made
20.3 public according to Minnesota Statutes,
20.4 chapter 13.

20.5 (f) Except as otherwise provided in this
20.6 section, all restoration and enhancement
20.7 projects funded with money appropriated
20.8 under this section must be on land
20.9 permanently protected by a conservation
20.10 easement or public ownership or in public
20.11 waters as defined in Minnesota Statutes,
20.12 section 103G.005, subdivision 15.

20.13 (g) To the extent an appropriation is used to
20.14 acquire an interest in real property, a recipient
20.15 of an appropriation under this section must
20.16 provide to the Lessard-Sams Outdoor
20.17 Heritage Council and the commissioner
20.18 of management and budget an analysis of
20.19 increased operations and maintenance costs
20.20 likely to be incurred by public entities as
20.21 a result of the acquisition and of how these
20.22 costs are to be paid.

20.23 (h) A recipient of money from an
20.24 appropriation under this section must give
20.25 consideration to and make timely written
20.26 contact with Conservation Corps Minnesota
20.27 for possible use of the corps' services to
20.28 contract for restoration and enhancement
20.29 services. A copy of the written contact
20.30 must be filed with the Lessard-Sams
20.31 Outdoor Heritage Council within 15 days of
20.32 execution.

20.33 (i) A recipient of money under this section
20.34 must erect signage according to Laws 2009,
20.35 chapter 172, article 5, section 10.

21.1 Subd. 10. **Payment Conditions and Capital**
21.2 **Equipment Expenditures**

21.3 All agreements, grants, or contracts referred
21.4 to in this section must be administered on
21.5 a reimbursement basis unless otherwise
21.6 provided in this section. Notwithstanding
21.7 Minnesota Statutes, section 16A.41,
21.8 expenditures directly related to each
21.9 appropriation's purpose made on or after July
21.10 1, 2011, are eligible for reimbursement unless
21.11 otherwise provided in this section. Periodic
21.12 reimbursement must be made upon receiving
21.13 documentation that the deliverable items
21.14 articulated in the approved accomplishment
21.15 plan have been achieved, including partial
21.16 achievements as evidenced by approved
21.17 progress reports. Reasonable amounts may
21.18 be advanced to projects to accommodate
21.19 cash flow needs, support future management
21.20 of acquired lands, or match a federal share.
21.21 The advances must be approved as part of
21.22 the accomplishment plan. Capital equipment
21.23 expenditures for specific items in excess of
21.24 \$10,000 must be itemized in and approved as
21.25 part of the accomplishment plan.

21.26 Subd. 11. **Purchase of Recycled and Recyclable**
21.27 **Materials**

21.28 A political subdivision, public or private
21.29 corporation, or other entity that receives an
21.30 appropriation under this section must use the
21.31 appropriation in compliance with Minnesota
21.32 Statutes, sections 16B.121, regarding
21.33 purchase of recycled, repairable, and durable
21.34 materials, and 16B.122, regarding purchase
21.35 and use of paper stock and printing.

22.1 Subd. 12. Accessibility

22.2 Structural and nonstructural facilities must
22.3 meet the design standards in the Americans
22.4 with Disabilities Act (ADA) accessibility
22.5 guidelines.

22.6 Subd. 13. Land Acquisition Restrictions

22.7 (a) An interest in real property, including, but
22.8 not limited to, an easement or fee title that
22.9 is acquired with money appropriated under
22.10 this section must be used in perpetuity or for
22.11 the specific term of an easement interest for
22.12 the purpose for which the appropriation was
22.13 made.

22.14 (b) A recipient of funding who acquires
22.15 an interest in real property subject to this
22.16 subdivision may not alter the intended use
22.17 of the interest in real property or convey
22.18 any interest in the real property acquired
22.19 with the appropriation without the prior
22.20 review and approval of the Lessard-Sams
22.21 Outdoor Heritage Council or its successor.
22.22 The council shall notify the chairs and
22.23 ranking minority members of the legislative
22.24 committees and divisions with jurisdiction
22.25 over the outdoor heritage fund at least 15
22.26 business days before approval under this
22.27 paragraph. The council shall establish
22.28 procedures to review requests from recipients
22.29 to alter the use of or convey an interest in
22.30 real property. These procedures shall allow
22.31 for the replacement of the interest in real
22.32 property with another interest in real property
22.33 meeting the following criteria: (1) the
22.34 interest must be at least equal in fair market
22.35 value, as certified by the commissioner

23.1 of natural resources, to the interest being
23.2 replaced; and (2) the interest must be in a
23.3 reasonably equivalent location and have a
23.4 reasonably equivalent useful conservation
23.5 purpose compared to the interest being
23.6 replaced, taking into consideration all effects
23.7 from fragmentation of the whole habitat.

23.8 (c) A recipient of funding who acquires an
23.9 interest in real property under paragraph
23.10 (a) must separately record a notice of
23.11 funding restrictions in the appropriate local
23.12 government office where the conveyance
23.13 of the interest in real property is filed. The
23.14 notice of funding agreement must contain:
23.15 (1) a legal description of the interest in real
23.16 property covered by the funding agreement;
23.17 (2) a reference to the underlying funding
23.18 agreement; (3) a reference to this section; and
23.19 (4) the following statement: "This interest
23.20 in real property shall be administered in
23.21 accordance with the terms, conditions, and
23.22 purposes of the grant agreement controlling
23.23 the acquisition of the property. The interest
23.24 in real property, or any portion of the interest
23.25 in real property, shall not be sold, transferred,
23.26 pledged, or otherwise disposed of or further
23.27 encumbered without obtaining the prior
23.28 written approval of the Lessard-Sams
23.29 Outdoor Heritage Council or its successor.
23.30 The ownership of the interest in real property
23.31 shall transfer to the state if: (1) the holder of
23.32 the interest in real property fails to comply
23.33 with the terms and conditions of the grant
23.34 agreement or accomplishment plan; or
23.35 (2) restrictions are placed on the land that

24.1 preclude its use for the intended purpose as
24.2 specified in the appropriation."

24.3 **Subd. 14. Real Property Interest Report**

24.4 By December 1 each year, a recipient of
24.5 money appropriated under this section that
24.6 is used for the acquisition of an interest in
24.7 real property, including, but not limited to,
24.8 an easement or fee title, must submit annual
24.9 reports on the status of the real property to
24.10 the Lessard-Sams Outdoor Heritage Council
24.11 or its successor in a form determined by the
24.12 council. The responsibility for reporting
24.13 under this section may be transferred by
24.14 the recipient of the appropriation to another
24.15 person or entity that holds the interest in the
24.16 real property. To complete the transfer of
24.17 reporting responsibility, the recipient of the
24.18 appropriation must: (1) inform the person
24.19 to whom the responsibility is transferred of
24.20 that person's reporting responsibility; (2)
24.21 inform the person to whom the responsibility
24.22 is transferred of the property restrictions
24.23 under subdivision 13; and (3) provide written
24.24 notice to the council of the transfer of
24.25 reporting responsibility, including contact
24.26 information for the person to whom the
24.27 responsibility is transferred. After the
24.28 transfer, the person or entity that holds the
24.29 interest in the real property is responsible for
24.30 reporting requirements under this section.

24.31 **Subd. 15. Easement Monitoring and**
24.32 **Enforcement Requirements**

24.33 Money appropriated under this section
24.34 for easement monitoring and enforcement
24.35 may be spent only on activities included in

25.1 an easement monitoring and enforcement
25.2 plan contained within the accomplishment
25.3 plan. Money received for monitoring
25.4 and enforcement, including earnings on
25.5 the money received, shall be kept in a
25.6 monitoring and enforcement fund held by
25.7 the organization and is appropriated for
25.8 monitoring and enforcing conservation
25.9 easements within Minnesota. Within 120
25.10 days after the close of the entity's fiscal
25.11 year, an entity receiving appropriations for
25.12 easement monitoring and enforcement must
25.13 provide an annual financial report to the
25.14 Lessard-Sams Outdoor Heritage Council on
25.15 the easement monitoring and enforcement
25.16 fund as specified in the accomplishment plan.
25.17 Money appropriated under this section for
25.18 monitoring and enforcement of easements
25.19 and earnings on the money appropriated
25.20 shall revert to the state if: (1) the easement
25.21 transfers to the state under subdivision 13;
25.22 (2) the holder of the easement fails to file
25.23 an annual report and then fails to cure that
25.24 default within 30 days of notification of the
25.25 default by the state; or (3) the holder of the
25.26 easement fails to comply with the terms
25.27 of the monitoring and enforcement plan
25.28 contained within the accomplishment plan
25.29 and fails to cure that default within 90 days
25.30 of notification of the default by the state.
25.31 **Subd. 16. Successor Organizations**
25.32 The Lessard-Sams Outdoor Heritage Council
25.33 may approve the continuation of a project
25.34 with an organization that has adopted
25.35 a new name. Continuation of a project
25.36 with an organization that has undergone

26.1 a significant change in mission, structure,
26.2 or purpose requires: (1) notice to the
26.3 chairs of the legislative committees with
26.4 relevant jurisdiction; and (2) presentation
26.5 by the council of proposed legislation either
26.6 ratifying or rejecting continued involvement
26.7 with the new organization.

26.8 **Subd. 17. Appropriations Adjustment**

26.9 **(a) Mississippi River Bluffland Prairie**
26.10 **Protection Initiative.**

26.11 Of the amount appropriated in Laws 2009,
26.12 chapter 172, article 1, section 2, subdivision
26.13 2, paragraph (f), up to \$65,000 is for deposit
26.14 in a monitoring and enforcement account as
26.15 authorized in subdivision 15.

26.16 **(b) Critical Shoreline Habitat Protection**
26.17 **Program**

26.18 Of the amount appropriated in Laws 2010,
26.19 chapter 361, article 1, section 2, subdivision
26.20 3, paragraph (a), up to \$187,000 is for deposit
26.21 in a monitoring and enforcement account as
26.22 authorized in subdivision 15.

26.23 **(c) Riparian and Lakeshore Protection in**
26.24 **Dakota County**

26.25 Of the amount appropriated in Laws 2010,
26.26 chapter 361, article 1, section 2, subdivision
26.27 5, paragraph (d), up to \$80,000 is for deposit
26.28 in a monitoring and enforcement account as
26.29 authorized in subdivision 15.

26.30 **(d) Valley Creek Protection Partnership**

26.31 Of the amount appropriated in Laws 2010,
26.32 chapter 361, article 1, section 2, subdivision
26.33 5, paragraph (e), up to \$12,000 is for deposit
26.34 in a monitoring and enforcement account as
26.35 authorized in subdivision 15.

27.1 Sec. 3. **[84.68] FORESTS FOR THE FUTURE CONSERVATION EASEMENT**
27.2 **ACCOUNT.**

27.3 Subdivision 1. **Account established; sources.** The forests for the future
27.4 conservation easement account is created in the natural resources fund in the state treasury.

27.5 The following revenue shall be deposited in the account:

- 27.6 (1) contributions to the account or specified for any purposes of the account;
27.7 (2) financial contributions required under section 84.66, subdivision 11, or other
27.8 applicable law; and
27.9 (3) money appropriated or transferred for the purposes described in subdivision 2.

27.10 Interest earned on money in the account accrues to the account.

27.11 Subd. 2. **Appropriation; purposes of account.** Four percent of the balance on July
27.12 1 in the forests for the future conservation easement account is annually appropriated
27.13 to the commissioner of natural resources and may be spent only to cover the costs of
27.14 managing forests for the future conservation easements held by the Department of Natural
27.15 Resources, including costs incurred from monitoring, landowner contracts, record keeping,
27.16 processing landowner notices, requests for approval or amendments, and enforcement.

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

27.18 Sec. 4. Minnesota Statutes 2010, section 97A.056, is amended by adding a subdivision
27.19 to read:

27.20 Subd. 1a. **Definitions.** For the purpose of appropriations from the outdoor heritage
27.21 fund, "recipient" means the entity responsible for deliverables financed by the outdoor
27.22 heritage fund.

27.23 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2009.

27.24 Sec. 5. Minnesota Statutes 2010, section 97A.056, subdivision 2, is amended to read:

27.25 Subd. 2. **Lessard-Sams Outdoor Heritage Council.** (a) The Lessard-Sams
27.26 Outdoor Heritage Council of 12 members is created in the legislative branch, consisting of:

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

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

27.30 (3) four public members appointed by the governor;

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

28.1 (5) two members of the house of representatives appointed by the speaker of the
28.2 house.

28.3 (b) Members appointed under paragraph (a) must not be registered lobbyists.

28.4 In making appointments, the governor, senate Subcommittee on Committees of the
28.5 Committee on Rules and Administration, and the speaker of the house shall consider
28.6 geographic balance, gender, age, ethnicity, and varying interests including hunting and
28.7 fishing. The governor's appointments to the council are subject to the advice and consent
28.8 of the senate.

28.9 (c) Public members appointed under paragraph (a) shall have practical experience
28.10 or expertise or demonstrated knowledge in the science, policy, or practice of restoring,
28.11 protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and
28.12 wildlife.

28.13 (d) Legislative members appointed under paragraph (a) shall include the chairs
28.14 of the legislative committees with jurisdiction over environment and natural resources
28.15 finance or their designee, one member from the minority party of the senate, and one
28.16 member from the minority party of the house of representatives.

28.17 (e) Public members serve four-year terms and. Appointed legislative members serve
28.18 at the pleasure of the appointing authority. Public and legislative members continue to
28.19 serve until their successors are appointed. Public members shall be initially appointed
28.20 according to the following schedule of terms:

28.21 (1) two public members appointed by the governor for a term ending the first
28.22 Monday in January 2011;

28.23 (2) one public member appointed by the senate Subcommittee on Committees of the
28.24 Committee on Rules and Administration for a term ending the first Monday in January
28.25 2011;

28.26 (3) one public member appointed by the speaker of the house for a term ending
28.27 the first Monday in January 2011;

28.28 (4) two public members appointed by the governor for a term ending the first
28.29 Monday in January 2013;

28.30 (5) one public member appointed by the senate Subcommittee on Committees of the
28.31 Committee on Rules and Administration for a term ending the first Monday in January
28.32 2013; and

28.33 (6) one public member appointed by the speaker of the house for a term ending the
28.34 first Monday in January 2013; and.

28.35 ~~(7) two members of the senate appointed by the senate Subcommittee on Committees~~
28.36 ~~of the Committee on Rules and Administration for a term ending the first Monday in~~

~~January 2013, and two members of the house of representatives appointed by the speaker of the house for a term ending the first Monday in January 2013.~~

(f) ~~Compensation~~ Terms, compensation, and removal of public members are as provided in section 15.0575. A vacancy on the council may be filled by the appointing authority for the remainder of the unexpired term.

(g) The first meeting of the council shall be convened by the chair of the Legislative Coordinating Commission no later than December 1, 2008. 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.

(h) Upon coordination with ~~and approval by~~ the Legislative Coordinating Commission, the council may appoint nonpartisan staff and contract with consultants as necessary to carry out the functions of the council. Up to one percent of the money appropriated from the fund may be used to pay for administrative expenses of the council and for compensation and expense reimbursement of council members.

Sec. 6. Minnesota Statutes 2010, section 97A.056, subdivision 3, is amended to read:

Subd. 3. **Council recommendations.** (a) The council shall make recommendations to the legislature on appropriations of money from the outdoor heritage fund that are consistent with the Constitution and state law and that will achieve the outcomes of existing natural resource plans, including, but not limited to, the Minnesota Statewide Conservation and Preservation Plan, that directly relate to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie. In making recommendations, the council shall consider a range of options that would best restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife, ~~and shall not adopt definitions of "restore", "protect", or "enhance" that would limit the council from considering options that are consistent with the Constitution. The council shall submit its initial recommendations to the legislature no later than April 1, 2009. Subsequent.~~ The council's recommendations shall be submitted no later than January 15 each year. The council shall present its recommendations to the senate and house of representatives committees with jurisdiction over the environment and natural resources budget by February 15 in odd-numbered years, and within the first four weeks of the legislative session in even-numbered years. The council's budget recommendations to the legislature shall be separate from the Department of Natural Resource's budget recommendations.

(b) To encourage and support local conservation efforts, the council shall establish a conservation partners program. Local, regional, state, or national organizations may apply for matching grants for restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation, encouragement of forest consolidation, and expansion of restored native prairie.

(c) The council may work with the Clean Water Council to identify projects that are consistent with both the purpose of the outdoor heritage fund and the purpose of the clean water fund.

(d) The council may make recommendations to the Legislative-Citizen Commission on Minnesota Resources on scientific research that will assist in restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

(e) Recommendations of the council, including approval of recommendations for the outdoor heritage fund, require an affirmative vote of at least nine members of the council.

(f) The council may work with the Clean Water Council, the Legislative-Citizen Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and water conservation districts, and experts from Minnesota State Colleges and Universities and the University of Minnesota in developing the council's recommendations.

(g) The council shall develop and implement a process that ensures that citizens and potential recipients of funds are included throughout the process, including the development and finalization of the council's recommendations. The process must include a fair, equitable, and thorough process for reviewing requests for funding and a clear and easily understood process for ranking projects.

(h) The council shall use the regions of the state based upon the ecological ~~regions~~ sections and ~~subregions~~ subsections developed by the Department of Natural Resources and establish objectives for each region and subregion to achieve the purposes of the fund outlined in the state constitution.

(i) The council shall develop and submit to the Legislative Coordinating Commission plans for the first ten years of funding, and a framework for 25 years of funding, consistent with statutory and constitutional requirements. The council may use existing plans from other legislative, state, and federal sources, as applicable.

Sec. 7. Minnesota Statutes 2010, section 97A.056, subdivision 6, is amended to read:

Subd. 6. **Audit.** The legislative auditor shall audit the outdoor heritage fund expenditures, including administrative and staffing expenditures, ~~every two years~~ to

31.1 ensure that the money is spent ~~to restore, protect, and enhance wetlands, prairies, forests,~~
31.2 ~~and habitat for fish, game, and wildlife~~ in compliance with all applicable law and the
31.3 Constitution.

31.4 Sec. 8. Minnesota Statutes 2010, section 97A.056, subdivision 9, is amended to read:

31.5 Subd. 9. **Lands in public domain.** Money appropriated from the outdoor heritage
31.6 fund shall not be used to purchase any land in fee title or a permanent conservation
31.7 easement if the land in question is fully or partially owned by the state of Minnesota
31.8 or a political subdivision of the state, unless: (1) the purchase creates additional direct
31.9 benefit to protect, restore, or enhance the state's wetlands, prairies, forests, or habitat
31.10 for fish, game, and wildlife; and (2) the purchase is approved by an affirmative vote of
31.11 at least nine members of the council. ~~At least 15 business days prior to a decision under~~
31.12 ~~this subdivision, the council shall submit the planned decision item to the Legislative~~
31.13 ~~Coordinating Commission. The planned decision item takes effect 15 business days~~
31.14 ~~after it is submitted by the council.~~

31.15 Sec. 9. Minnesota Statutes 2010, section 97A.056, subdivision 10, is amended to read:

31.16 Subd. 10. **Restoration evaluations.** ~~Beginning July 1, 2011,~~ The commissioner
31.17 of natural resources and the Board of Water and Soil Resources ~~shall~~ may convene
31.18 a technical evaluation panel comprised of five members, including one technical
31.19 representative from the Board of Water and Soil Resources, one technical representative
31.20 from the Department of Natural Resources, one technical expert from the University of
31.21 Minnesota or the Minnesota State Colleges and Universities, and two representatives
31.22 with expertise in the project being evaluated. The board and the commissioner may add
31.23 a technical representative from a unit of federal or local government. The members of
31.24 the technical evaluation panel may not be associated with the restoration, may vary
31.25 depending upon the projects being reviewed, and shall avoid any potential conflicts of
31.26 interest. Each year, the board and the commissioner ~~shall~~ may assign a coordinator to
31.27 identify a sample of up to ten habitat restoration projects completed with outdoor heritage
31.28 funding. The coordinator shall secure the restoration plans for the projects specified and
31.29 direct the technical evaluation panel to evaluate the restorations relative to the law, current
31.30 science, and the stated goals and standards in the restoration plan and, when applicable, to
31.31 the Board of Water and Soil Resources' native vegetation establishment and enhancement
31.32 guidelines. The coordinator shall summarize the findings of the panel and provide a report
31.33 to the chair of the Lessard-Sams Outdoor Heritage Council and the chairs of the respective
31.34 house of representatives and senate policy and finance committees with jurisdiction over

32.1 natural resources and spending from the outdoor heritage fund. The report shall determine
32.2 if the restorations are meeting planned goals, any problems with the implementation of
32.3 restorations, and, if necessary, recommendations on improving restorations. The report
32.4 shall be focused on improving future restorations. Up to one-tenth of one percent of
32.5 forecasted receipts from the outdoor heritage fund may be used for restoration evaluations
32.6 under this section.

32.7 Sec. 10. Laws 2009, chapter 172, article 1, section 2, subdivision 3, is amended to read:

32.8 Subd. 3. Forests	18,000,000	18,000,000
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32.9 \$18,000,000 in fiscal year 2010 and
32.10 \$18,000,000 in fiscal year 2011 are to the
32.11 commissioner of natural resources to acquire
32.12 land or permanent working forest easements
32.13 on private forests in areas identified through
32.14 the Minnesota forests for the future program
32.15 under Minnesota Statutes, section 84.66.

32.16 Up to \$750,000 in fiscal year 2011 may
32.17 be transferred to the forests for the future
32.18 conservation easement account and used
32.19 for the purposes specified under Minnesota
32.20 Statutes, section 84.68, subdivision 2.

32.21 Priority must be given to acquiring land
32.22 or interests in private lands within existing
32.23 Minnesota state forest boundaries. Any
32.24 easements acquired must have a forest
32.25 management plan as defined in Minnesota
32.26 Statutes, section 290C.02, subdivision 7.

32.27 A list of proposed fee title and easement
32.28 acquisitions must be provided as part of the
32.29 required accomplishment plan. ~~The fiscal~~
32.30 ~~year 2011 appropriation is available only for~~
32.31 ~~acquisitions that, by August 15, 2009, are:~~

32.32 ~~(1) subject to a binding agreement with the~~
32.33 ~~commissioner, and~~

33.1 ~~(2) matched by at least \$9,000,000 in private~~
33.2 ~~donations.~~

33.3 **EFFECTIVE DATE.** This section is effective retroactively from June 29, 2011.

33.4 Sec. 11. Laws 2009, chapter 172, article 1, section 2, subdivision 15, is amended to
33.5 read:

33.6 Subd. 15. **Real Property Interest Report**

33.7 By December 1 each year, a recipient of
33.8 money appropriated under this section that
33.9 is used for the acquisition of an interest in
33.10 real property, including but not limited to
33.11 an easement or fee title, must submit annual
33.12 reports on the status of the real property to
33.13 the Lessard Outdoor Heritage Council or
33.14 its successor in a form determined by the
33.15 council. The responsibility for reporting
33.16 under this section may be transferred by
33.17 the recipient of the appropriation to another
33.18 person or entity that holds the interest in the
33.19 real property. To complete the transfer of
33.20 reporting responsibility, the recipient of the
33.21 appropriation must:

33.22 (1) inform the person to whom the
33.23 responsibility is transferred of that person's
33.24 reporting responsibility;

33.25 (2) inform the person to whom the
33.26 responsibility is transferred of the property
33.27 restrictions under subdivision 14; and

33.28 (3) provide written notice to the council
33.29 of the transfer of reporting responsibility,
33.30 including contact information for the person
33.31 to whom the responsibility is transferred.

33.32 ~~Before the transfer, the entity receiving~~
33.33 ~~the transfer of property must certify to the~~

34.1 ~~Lessard Outdoor Heritage Council, or its~~
34.2 ~~successor, acceptance of all obligations and~~
34.3 ~~responsibilities held by the prior owner.~~

34.4 After the transfer, the person or entity that
34.5 holds the interest in the real property is
34.6 responsible for reporting requirements under
34.7 this section.

34.8 Sec. 12. Laws 2010, chapter 361, article 1, section 2, subdivision 14, is amended to
34.9 read:

34.10 Subd. 14. **Real Property Interest Report**

34.11 By December 1 each year, a recipient of
34.12 money appropriated under this section that
34.13 is used for the acquisition of an interest in
34.14 real property, including, but not limited to,
34.15 an easement or fee title, must submit annual
34.16 reports on the status of the real property to
34.17 the Lessard-Sams Outdoor Heritage Council
34.18 or its successor in a form determined by the
34.19 council. The responsibility for reporting
34.20 under this section may be transferred by
34.21 the recipient of the appropriation to another
34.22 person or entity that holds the interest in the
34.23 real property. To complete the transfer of
34.24 reporting responsibility, the recipient of the
34.25 appropriation must: (1) inform the person
34.26 to whom the responsibility is transferred of
34.27 that person's reporting responsibility; (2)
34.28 inform the person to whom the responsibility
34.29 is transferred of the property restrictions
34.30 under subdivision 13; and (3) provide written
34.31 notice to the council of the transfer of
34.32 reporting responsibility, including contact
34.33 information for the person to whom the
34.34 responsibility is transferred; ~~and (4) provide~~

~~the Lessard-Sams Outdoor Heritage Council~~
~~or its successor written documentation from~~
~~the person or entity holding the interest in~~
~~real property certifying its acceptance of all~~
~~reporting obligations and responsibilities~~
~~previously held by the recipient of the~~
~~appropriation.~~ After the transfer, the person
or entity that holds the interest in the
real property is responsible for reporting
requirements under this section.

Sec. 13. **EFFECTIVE DATE; RELATIONSHIP TO OTHER**
APPROPRIATIONS.

Unless otherwise specified, this article is effective retroactively from July 1, 2011,
and supersedes and replaces funding authorized by order of the Second Judicial District
Court in Case No. 62-CV-11-5203.

ARTICLE 2
CLEAN WATER FUND

Section 1. **CLEAN WATER FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the
agencies and for the purposes specified in this article. The appropriations are from the
clean water fund and are available for the fiscal years indicated for allowable activities
under the Minnesota Constitution, article XI, section 15. The figures "2012" and "2013"
used in this article mean that the appropriation listed under them are available for the
fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal
year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012
and 2013. The appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. **CLEAN WATER**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>90,517,000</u>	<u>\$</u>	<u>88,912,000</u>
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36.1 The amounts that may be spent for each
36.2 purpose are specified in the following
36.3 sections.
36.4 Subd. 2. **Availability of Appropriation**

36.5 Money appropriated in this article may
36.6 not be spent on activities unless they are
36.7 directly related to and necessary for a specific
36.8 appropriation. Money appropriated in this
36.9 article must not be spent on indirect costs
36.10 or other institutional overhead charges that
36.11 are not directly related to and necessary for
36.12 a specific appropriation. Notwithstanding
36.13 Minnesota Statutes, section 16A.28, and
36.14 unless otherwise specified in this article,
36.15 fiscal year 2012 appropriations are available
36.16 until June 30, 2013, and fiscal year 2013
36.17 appropriations are available until June 30,
36.18 2014. If a project receives federal funds, the
36.19 time period of the appropriation is extended
36.20 to equal the availability of federal funding.

36.21 Sec. 3. **DEPARTMENT OF AGRICULTURE** \$ 7,700,000 \$ 7,700,000

36.22 (a) \$350,000 the first year and \$350,000 the
36.23 second year are to increase monitoring for
36.24 pesticides and pesticide degradates in surface
36.25 water and groundwater and to use data
36.26 collected to assess pesticide use practices.

36.27 (b) \$850,000 the first year and \$850,000
36.28 the second year are to increase monitoring
36.29 and evaluate trends in the concentration of
36.30 nitrates in groundwater in high-risk areas
36.31 and regionally and to promote and evaluate
36.32 regional and crop-specific nutrient best
36.33 management practices. This appropriation is
36.34 available until June 30, 2016.

37.1 (c) \$4,500,000 the first year and \$4,500,000
37.2 the second year are for the agriculture best
37.3 management practices loan program. At
37.4 least \$3,500,000 the first year and at least
37.5 \$3,900,000 the second year are for transfer to
37.6 the clean water agricultural best management
37.7 practices loan account and are available
37.8 for pass-through to local governments
37.9 and lenders for low-interest loans under
37.10 Minnesota Statutes, section 17.117. Any
37.11 unencumbered balance that is not used for
37.12 pass-through to local governments does not
37.13 cancel at the end of the first year and is
37.14 available for the second year.

37.15 (d) \$775,000 the first year and \$775,000
37.16 the second year are for research, pilot
37.17 projects, and technical assistance on proper
37.18 implementation of best management
37.19 practices and more precise information on
37.20 nonpoint contributions to impaired waters.
37.21 This appropriation is available until June 30,
37.22 2016.

37.23 (e) \$1,050,000 the first year and \$1,050,000
37.24 the second year are for research to quantify
37.25 agricultural contributions to impaired waters
37.26 and for development and evaluation of
37.27 best management practices to protect and
37.28 restore water resources while maintaining
37.29 productivity. This appropriation is available
37.30 until June 30, 2016.

37.31 (f) \$175,000 the first year and \$175,000 the
37.32 second year are for a research inventory
37.33 database containing water-related research
37.34 activities. This appropriation is available
37.35 until June 30, 2016.

38.1	Sec. 4. <u>PUBLIC FACILITIES AUTHORITY</u>	\$	<u>16,710,000</u>	\$	<u>16,710,000</u>
38.2	<u>(a) \$11,185,000 the first year and</u>				
38.3	<u>\$11,185,000 the second year are for the total</u>				
38.4	<u>maximum daily load grant program under</u>				
38.5	<u>Minnesota Statutes, section 446A.073. This</u>				
38.6	<u>appropriation is available until June 30, 2016.</u>				
38.7	<u>(b) \$4,275,000 the first year and \$4,275,000</u>				
38.8	<u>the second year are for the clean water legacy</u>				
38.9	<u>phosphorus reduction grant program under</u>				
38.10	<u>Minnesota Statutes, section 446A.074. This</u>				
38.11	<u>appropriation is available until June 30, 2016.</u>				
38.12	<u>(c) \$1,250,000 the first year and \$1,250,000</u>				
38.13	<u>the second year are for small community</u>				
38.14	<u>wastewater treatment grants and loans under</u>				
38.15	<u>Minnesota Statutes, section 446A.075. This</u>				
38.16	<u>appropriation is available until June 30, 2016.</u>				
38.17	<u>(d) If there are any uncommitted funds at the</u>				
38.18	<u>end of each fiscal year under paragraph (a),</u>				
38.19	<u>(b), or (c), the Public Facilities Authority</u>				
38.20	<u>may transfer the remaining funds to eligible</u>				
38.21	<u>projects under any of the programs listed</u>				
38.22	<u>in this section based on their priority rank</u>				
38.23	<u>on the Pollution Control Agency's project</u>				
38.24	<u>priority list.</u>				
38.25	Sec. 5. <u>POLLUTION CONTROL AGENCY</u>	\$	<u>24,212,000</u>	\$	<u>23,558,000</u>
38.26	<u>(a) \$7,500,000 the first year and \$7,500,000</u>				
38.27	<u>the second year are for completion of 20</u>				
38.28	<u>percent of the needed statewide assessments</u>				
38.29	<u>of surface water quality and trends. Of</u>				
38.30	<u>this amount, \$100,000 the first year and</u>				
38.31	<u>\$100,000 the second year are for grants</u>				
38.32	<u>to the Red River Watershed Management</u>				
38.33	<u>Board to enhance and expand the existing</u>				
38.34	<u>water quality and watershed monitoring river</u>				

39.1 watch activities in the schools in the Red
39.2 River of the North. The Red River Watershed
39.3 Management Board shall provide a report to
39.4 the commissioner of the Pollution Control
39.5 Agency and the legislative committees and
39.6 divisions with jurisdiction over environment
39.7 and natural resources finance and policy and
39.8 the clean water fund by February 15, 2013,
39.9 on the expenditure of these funds.

39.10 (b) \$9,400,000 the first year and \$9,400,000
39.11 the second year are to develop total maximum
39.12 daily load (TMDL) studies and TMDL
39.13 implementation plans for waters listed on
39.14 the United States Environmental Protection
39.15 Agency approved impaired waters list in
39.16 accordance with Minnesota Statutes, chapter
39.17 114D. The agency shall complete an average
39.18 of ten percent of the TMDL's each year over
39.19 the biennium.

39.20 (c) \$1,125,000 the first year and \$1,125,000
39.21 the second year are for groundwater
39.22 assessment, including enhancing the
39.23 ambient monitoring network, modeling,
39.24 and continuing to monitor for and assess
39.25 contaminants of emerging concern.

39.26 (d) \$750,000 the first year and \$750,000
39.27 the second year are for water quality
39.28 improvements in the lower St. Louis River
39.29 and Duluth harbor. This appropriation must
39.30 be matched at a rate of 65 percent nonstate
39.31 money to 35 percent state money.

39.32 (e) \$1,000,000 the first year and \$1,000,000
39.33 the second year are for the clean water
39.34 partnership program to provide grants
39.35 to protect and improve the basins and

40.1 watersheds of the state and provide financial
40.2 and technical assistance to study waters
40.3 with nonpoint source pollution problems.
40.4 Priority shall be given to projects preventing
40.5 impairments and degradation of lakes, rivers,
40.6 streams, and groundwater in accordance
40.7 with Minnesota Statutes, section 114D.20,
40.8 subdivision 2, clause (4). Any balance
40.9 remaining in the first year does not cancel
40.10 and is available for the second year.
40.11 (f) \$400,000 the first year and \$400,000 the
40.12 second year are for storm water research and
40.13 guidance.
40.14 (g) \$1,150,000 the first year and \$1,150,000
40.15 the second year are for TMDL research and
40.16 database development.
40.17 (h) \$800,000 the first year and \$800,000
40.18 the second year are for national pollutant
40.19 discharge elimination system wastewater and
40.20 storm water TMDL implementation efforts.
40.21 (i) \$225,000 the first year and \$225,000
40.22 the second year are transferred to the
40.23 commissioner of administration for the
40.24 Environmental Quality Board in cooperation
40.25 with the United States Geological Survey
40.26 to characterize groundwater flow and
40.27 aquifer properties in the I-94 corridor in
40.28 cooperation with local units of government.
40.29 This appropriation is available until June 30,
40.30 2016.
40.31 (j) \$1,000,000 the first year and \$500,000
40.32 the second year are for a wild rice standards
40.33 study.
40.34 (k) \$862,000 the first year and \$708,000
40.35 the second year are for groundwater

41.1 protection or prevention of groundwater

41.2 degradation activities through enhancing the

41.3 county-level delivery system for subsurface

41.4 sewage treatment systems (SSTS). The

41.5 commissioner shall consult with the SSTS

41.6 Compliance Task Force in developing a

41.7 distribution allocation for the county base

41.8 grants.

41.9 (l) Notwithstanding Minnesota Statutes,

41.10 section 16A.28, the appropriations

41.11 encumbered on or before June 30, 2013,

41.12 as grants or contracts in this section are

41.13 available until June 30, 2016.

41.14 **Sec. 6. DEPARTMENT OF NATURAL**

41.15 **RESOURCES** **\$ 10,860,000 \$ 9,860,000**

41.16 (a) \$1,825,000 the first year and \$1,825,000

41.17 the second year are for the continuation and

41.18 expansion of stream flow monitoring.

41.19 (b) \$1,150,000 the first year and \$1,150,000

41.20 the second year are for lake Index of

41.21 Biological Integrity (IBI) assessments,

41.22 including assessment of 400 additional lakes

41.23 and technical analysis to develop an aquatic

41.24 plant IBI analysis. The commissioner shall

41.25 work with the commissioner of the Pollution

41.26 Control Agency on the development of an

41.27 assessment tool.

41.28 (c) \$130,000 the first year and \$130,000

41.29 the second year are for assessing mercury

41.30 contamination of fish, including monitoring

41.31 to track the status of waters impaired by

41.32 mercury and mercury reduction efforts over

41.33 time.

41.34 (d) \$1,730,000 the first year and \$1,730,000

41.35 the second year are for TMDL development

42.1 and TMDL implementation plans for waters
42.2 listed on the United States Environmental
42.3 Protection Agency approved impaired waters
42.4 list in accordance with Minnesota Statutes,
42.5 chapter 114D, and for development of a
42.6 watershed assessment tool.

42.7 (e) \$1,500,000 the first year and \$1,500,000
42.8 the second year are for water supply
42.9 planning, aquifer protection, and monitoring
42.10 activities.

42.11 (f) \$450,000 the first year and \$450,000 the
42.12 second year are for establishing a Web-based
42.13 electronic permitting system to capture water
42.14 appropriation use information.

42.15 (g) \$1,725,000 the first year and \$1,725,000
42.16 the second year are for shoreland
42.17 stewardship, TMDL implementation
42.18 coordination, providing technical assistance
42.19 to the Drainage Work Group and Drainage
42.20 Management Team, and maintaining and
42.21 updating data. Of this amount, \$235,000
42.22 each year is for maintaining and updating
42.23 watershed boundaries and integrating
42.24 high-resolution digital elevation data with
42.25 watershed modeling and \$40,000 each year
42.26 is for a biomonitoring database. TMDL
42.27 implementation coordination efforts shall be
42.28 focused on major watersheds with TMDL
42.29 implementation plans, including forested
42.30 watersheds.

42.31 (h) \$1,350,000 the first year and \$1,350,000
42.32 the second year are to acquire and distribute
42.33 high-resolution digital elevation data using
42.34 light detection and ranging to aid with
42.35 impaired waters modeling and TMDL

43.1 implementation under Minnesota Statutes,
43.2 chapter 114D. The money shall be used
43.3 to collect data for areas of the state that
43.4 have not acquired the data prior to January
43.5 1, 2007, or to complete acquisition and
43.6 distribution of the data for those areas of
43.7 the state that have not previously received
43.8 state funds for acquiring and distributing the
43.9 data. The distribution of data acquired under
43.10 this paragraph must be conducted under
43.11 the auspices of the Minnesota Geospatial
43.12 Information Office, which shall receive up
43.13 to 2.5 percent of the appropriation in this
43.14 paragraph to support coordination of data
43.15 acquisition and distribution. Mapping and
43.16 data set distribution under this paragraph
43.17 must be completed within three years of
43.18 funds availability. The commissioner shall
43.19 utilize department staff whenever possible.
43.20 The commissioner may contract for services
43.21 only if the services cannot otherwise be
43.22 provided by the department.

43.23 (i) \$1,000,000 the first year is for
43.24 implementation of the metropolitan
43.25 groundwater monitoring and protection
43.26 activities under Minnesota Laws 2010,
43.27 chapter 361, article 2, section 4, subdivision
43.28 2.

43.29	Sec. 7. <u>BOARD OF WATER AND SOIL</u>			
43.30	<u>RESOURCES</u>	\$	<u>27,534,000</u>	\$ <u>27,534,000</u>

43.31 (a) \$13,750,000 the first year and
43.32 \$13,750,000 the second year are for
43.33 pollution reduction and restoration grants
43.34 to local government units and joint powers
43.35 organizations of local government units to

44.1 protect surface water and drinking water; to
44.2 keep water on the land; to protect, enhance,
44.3 and restore water quality in lakes, rivers,
44.4 and streams; and to protect groundwater
44.5 and drinking water, including feedlot water
44.6 quality and subsurface sewage treatment
44.7 system (SSTS) projects and stream bank,
44.8 stream channel, and shoreline restoration
44.9 projects. The projects must be of long-lasting
44.10 public benefit, include a match, and be
44.11 consistent with TMDL implementation plans
44.12 or local water management plans.

44.13 (b) \$3,000,000 the first year and \$3,000,000
44.14 the second year are for targeted local
44.15 resource protection and enhancement grants.

44.16 The board shall give priority consideration
44.17 to projects and practices that complement,
44.18 supplement, or exceed current state standards
44.19 for protection, enhancement, and restoration
44.20 of water quality in lakes, rivers, and streams
44.21 or that protect groundwater from degradation.

44.22 Of this amount, at least \$1,500,000 each year
44.23 is for county SSTS implementation.

44.24 (c) \$900,000 the first year and \$900,000 the
44.25 second year are to provide state oversight
44.26 and accountability, evaluate results, and
44.27 measure the value of conservation program
44.28 implementation by local governments,
44.29 including submission to the legislature
44.30 by March 1 each year an annual report
44.31 prepared by the board, in consultation with
44.32 the commissioners of natural resources,
44.33 health, agriculture, and the Pollution Control
44.34 Agency, detailing the recipients and projects
44.35 funded under this section. The board shall
44.36 require grantees to specify the outcomes that

45.1 will be achieved by the grants prior to any
45.2 grant awards.

45.3 (d) \$1,000,000 the first year and \$1,000,000
45.4 the second year are for technical assistance
45.5 and grants for the conservation drainage
45.6 program in consultation with the Drainage
45.7 Work Group, created under Minnesota
45.8 Statutes, section 103B.101, subdivision
45.9 13, that consists of projects to retrofit
45.10 existing drainage systems with water quality
45.11 improvement practices, evaluate outcomes,
45.12 and provide outreach to landowners, public
45.13 drainage authorities, drainage engineers and
45.14 contractors, and others.

45.15 (e) \$6,000,000 the first year and \$6,000,000
45.16 the second year are to purchase and restore
45.17 permanent conservation easements on
45.18 riparian buffers adjacent to public waters,
45.19 excluding wetlands, to keep water on the
45.20 land in order to decrease sediment, pollutant,
45.21 and nutrient transport; reduce hydrologic
45.22 impacts to surface waters; and increase
45.23 infiltration for groundwater recharge. The
45.24 riparian buffers must be at least 50 feet
45.25 unless there is a natural impediment, a road,
45.26 or other impediment beyond the control
45.27 of the landowner. This appropriation may
45.28 be used for restoration of riparian buffers
45.29 protected by easements purchased with
45.30 this appropriation and for stream bank
45.31 restorations when the riparian buffers have
45.32 been restored.

45.33 (f) \$1,300,000 the first year and \$1,300,000
45.34 the second year are for permanent
45.35 conservation easements on wellhead

46.1 protection areas under Minnesota Statutes,
46.2 section 103F.515, subdivision 2, paragraph
46.3 (d). Priority must be placed on land that
46.4 is located where the vulnerability of the
46.5 drinking water supply is designated as high
46.6 or very high by the commissioner of health.

46.7 (g) \$1,500,000 the first year and \$1,500,000
46.8 the second year are for community partners
46.9 grants to local units of government for:
46.10 (1) structural or vegetative management
46.11 practices that reduce storm water runoff
46.12 from developed or disturbed lands to reduce
46.13 the movement of sediment, nutrients, and
46.14 pollutants for restoration, protection, or
46.15 enhancement of water quality in lakes, rivers,
46.16 and streams and to protect groundwater
46.17 and drinking water; and (2) installation
46.18 of proven and effective water retention
46.19 practices including, but not limited to, rain
46.20 gardens and other vegetated infiltration
46.21 basins and sediment control basins in order
46.22 to keep water on the land. The projects
46.23 must be of long-lasting public benefit,
46.24 include a local match, and be consistent with
46.25 TMDL implementation plans or local water
46.26 management plans. Local government unit
46.27 staff and administration costs may be used
46.28 as a match.

46.29 (h) \$84,000 the first year and \$84,000 the
46.30 second year are for a technical evaluation
46.31 panel to conduct up to ten restoration
46.32 evaluations under Minnesota Statutes,
46.33 section 114D.50, subdivision 6.

46.34 (i) The board shall contract for services
46.35 with Conservation Corps Minnesota for

47.1	<u>restoration, maintenance, and other activities</u>			
47.2	<u>under this section for \$500,000 the first year</u>			
47.3	<u>and \$500,000 the second year.</u>			
47.4	<u>(j) The board may shift grant or cost-share</u>			
47.5	<u>funds in this section and may adjust the</u>			
47.6	<u>technical and administrative assistance</u>			
47.7	<u>portion of the funds to leverage federal or</u>			
47.8	<u>other nonstate funds or to address oversight</u>			
47.9	<u>responsibilities or high-priority needs</u>			
47.10	<u>identified in local water management plans.</u>			
47.11	<u>(k) The appropriations in this section are</u>			
47.12	<u>available until June 30, 2016.</u>			
47.13	Sec. 8. <u>DEPARTMENT OF HEALTH</u>	\$	<u>2,988,000</u>	\$ <u>3,050,000</u>
47.14	<u>(a) \$1,020,000 the first year and \$1,020,000</u>			
47.15	<u>the second year are for addressing public</u>			
47.16	<u>health concerns related to contaminants</u>			
47.17	<u>found in Minnesota drinking water for which</u>			
47.18	<u>no health-based drinking water standard</u>			
47.19	<u>exists.</u>			
47.20	<u>(b) \$1,415,000 the first year and \$1,415,000</u>			
47.21	<u>the second year are for protection of drinking</u>			
47.22	<u>water sources.</u>			
47.23	<u>(c) \$250,000 the first year and \$250,000 the</u>			
47.24	<u>second year are for cost-share assistance to</u>			
47.25	<u>public and private well owners for up to 50</u>			
47.26	<u>percent of the cost of sealing unused wells.</u>			
47.27	<u>(d) \$303,000 the first year and \$365,000 the</u>			
47.28	<u>second year are to expand the county well</u>			
47.29	<u>index.</u>			
47.30	Sec. 9. <u>METROPOLITAN COUNCIL</u>	\$	<u>500,000</u>	\$ <u>500,000</u>
47.31	<u>\$500,000 the first year and \$500,000 the</u>			
47.32	<u>second year are for implementation of the</u>			

48.1	<u>master water supply plan developed under</u>			
48.2	<u>Minnesota Statutes, section 473.1565.</u>			
48.3	Sec. 10. <u>LEGISLATURE</u>	<u>\$</u>	<u>13,000</u> <u>\$</u>	<u>-0-</u>
48.4	<u>\$13,000 the first year is for the Legislative</u>			
48.5	<u>Coordinating Commission for the costs of</u>			
48.6	<u>developing and implementing a Web site to</u>			
48.7	<u>contain information on projects receiving</u>			
48.8	<u>appropriations from the clean water fund and</u>			
48.9	<u>other constitutionally dedicated funds.</u>			
48.10	Sec. 11. <u>CARRYFORWARD</u>			
48.11	<u>(a) The appropriations in Laws 2009, chapter</u>			
48.12	<u>172, article 2, section 4, paragraph (g), as</u>			
48.13	<u>amended by Laws 2010, chapter 361, article</u>			
48.14	<u>2, section 2, are available until June 30,</u>			
48.15	<u>2013, and may be spent to continue research</u>			
48.16	<u>and testing on the potential for coal tar</u>			
48.17	<u>contamination of waters, on the study of</u>			
48.18	<u>treatment and disposal options, and for grants</u>			
48.19	<u>to local units of government.</u>			
48.20	<u>(b) The appropriation in Laws 2010, chapter</u>			
48.21	<u>361, article 2, section 4, subdivision 1, for</u>			
48.22	<u>nitrogen and nitrate water quality standards</u>			
48.23	<u>rulemaking is available until June 30, 2012.</u>			
48.24	<u>(c) The appropriations in Laws 2009, chapter</u>			
48.25	<u>172, article 2, section 4, paragraph (a),</u>			
48.26	<u>as amended by Laws 2010, chapter 361,</u>			
48.27	<u>article 2, section 2, for total maximum</u>			
48.28	<u>daily load (TDML) study development and</u>			
48.29	<u>implementation are available until June 30,</u>			
48.30	<u>2014.</u>			
48.31	<u>(d) The appropriations in Laws 2009, chapter</u>			
48.32	<u>172, article 2, section 2, paragraph (d),</u>			
48.33	<u>for research and pilot projects related to</u>			

49.1 ways agricultural practices contribute to
49.2 restoring impaired waters and assist with the
49.3 development of TMDL plans, are available
49.4 until June 30, 2016.

49.5 **EFFECTIVE DATE.** This section is effective retroactively from June 29, 2011.

49.6 Sec. 12. Minnesota Statutes 2010, section 10A.01, subdivision 35, is amended to read:

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

49.8 (1) member of the legislature;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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- 50.1 (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- 50.2 (17) member of the board of directors or executive director of the Minnesota State
- 50.3 High School League;
- 50.4 (18) member of the Minnesota Ballpark Authority established in section 473.755;
- 50.5 (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- 50.6 (20) manager of a watershed district, or member of a watershed management
- 50.7 organization as defined under section 103B.205, subdivision 13;
- 50.8 (21) supervisor of a soil and water conservation district;
- 50.9 (22) director of Explore Minnesota Tourism; ~~or~~
- 50.10 (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in
- 50.11 section 97A.056; or
- 50.12 (24) a citizen member of the Clean Water Council established in section 114D.30.

50.13 Sec. 13. Minnesota Statutes 2010, section 114D.10, is amended to read:

50.14 **114D.10 LEGISLATIVE PURPOSE AND FINDINGS.**

50.15 Subdivision 1. **Purpose.** The purpose of the Clean Water Legacy Act is to protect,

50.16 enhance, and restore, and preserve the water quality of Minnesota's surface waters in

50.17 lakes, rivers, and streams and to protect groundwater from degradation, by providing

50.18 authority, direction, and resources to achieve and maintain water quality standards for

50.19 groundwater and surface waters as, including the standards required by section 303(d)

50.20 of the federal Clean Water Act, United States Code, title 33, section 1313(d), and other

50.21 applicable state and federal regulations.

50.22 Subd. 2. **Findings.** The legislature finds that:

50.23 (1) there is a close link between protecting, enhancing, and restoring, ~~and preserving~~

50.24 the quality of Minnesota's groundwater and surface waters and the ability to develop the

50.25 state's economy, enhance its quality of life, and protect its human and natural resources;

50.26 (2) achieving the state's water quality goals will require long-term commitment and

50.27 cooperation by all state and local agencies, and other public and private organizations

50.28 and individuals, with responsibility and authority for water management, planning, and

50.29 protection; and

50.30 (3) all persons and organizations whose activities affect the quality of waters,

50.31 including point and nonpoint sources of pollution, have a responsibility to participate in

50.32 and support efforts to achieve the state's water quality goals.

50.33 Sec. 14. Minnesota Statutes 2010, section 114D.20, subdivision 1, is amended to read:

Subdivision 1. **Coordination and cooperation.** In implementing this chapter, public agencies and private entities shall take into consideration the relevant provisions of local and other applicable water management, conservation, land use, land management, and development plans and programs. Public agencies with authority for local water management, conservation, land use, land management, and development plans shall take into consideration the manner in which their plans affect the implementation of this chapter. Public agencies shall identify opportunities to participate and assist in the successful implementation of this chapter, including the funding or technical assistance needs, if any, that may be necessary. In implementing this chapter, public agencies shall endeavor to engage the cooperation of organizations and individuals whose activities affect the quality of groundwater or surface waters, including point and nonpoint sources of pollution, and who have authority and responsibility for water management, planning, and protection. To the extent practicable, public agencies shall endeavor to enter into formal and informal agreements and arrangements with federal agencies and departments to jointly utilize staff and educational, technical, and financial resources to deliver programs or conduct activities to achieve the intent of this chapter, including efforts under the federal Clean Water Act and other federal farm and soil and water conservation programs. Nothing in this chapter affects the application of silvicultural exemptions under any federal, state, or local law or requires silvicultural practices more stringent than those recommended in the timber harvesting and forest management guidelines adopted by the Minnesota Forest Resources Council under section 89A.05.

Sec. 15. Minnesota Statutes 2010, section 114D.20, subdivision 2, is amended to read:

Subd. 2. **Goals for implementation.** The following goals must guide the implementation of this chapter:

(1) to identify impaired waters in accordance with federal TMDL requirements within ten years after the effective date of this section and thereafter to ensure continuing evaluation of surface waters for impairments;

(2) to submit TMDL's to the United States Environmental Protection Agency for all impaired waters in a timely manner in accordance with federal TMDL requirements;

(3) to set a reasonable time for implementing restoration of each identified impaired water;

(4) to provide assistance and incentives to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but do not have an approved TMDL addressing the impairment;

- 52.1 (5) to promptly seek the delisting of waters from the impaired waters list when those
52.2 waters are shown to achieve the designated uses applicable to the waters; ~~and~~
52.3 (6) to achieve compliance with federal Clean Water Act requirements in Minnesota;
52.4 (7) to support effective measures to prevent the degradation of groundwater
52.5 according to the groundwater degradation prevention goal under section 103H.001; and
52.6 (8) to support effective measures to restore degraded groundwater.

52.7 Sec. 16. Minnesota Statutes 2010, section 114D.20, subdivision 3, is amended to read:

52.8 Subd. 3. **Implementation policies.** The following policies must guide the
52.9 implementation of this chapter:

52.10 (1) develop regional and watershed TMDL's and TMDL implementation plans, and
52.11 TMDL's and TMDL implementation plans for multiple pollutants, where reasonable and
52.12 feasible;

52.13 (2) maximize use of available organizational, technical, and financial resources to
52.14 perform sampling, monitoring, and other activities to identify degraded groundwater and
52.15 impaired waters, including use of citizen monitoring and citizen monitoring data used
52.16 by the Pollution Control Agency in assessing water quality ~~must meet~~ that meets the
52.17 requirements in Appendix D of the Volunteer Surface Water Monitoring Guide, Minnesota
52.18 Pollution Control Agency (2003);

52.19 (3) maximize opportunities for restoration of degraded groundwater and impaired
52.20 waters, by prioritizing and targeting of available programmatic, financial, and technical
52.21 resources and by providing additional state resources to complement and leverage
52.22 available resources;

52.23 (4) use existing regulatory authorities to achieve restoration for point and nonpoint
52.24 sources of pollution where applicable, and promote the development and use of effective
52.25 nonregulatory measures to address pollution sources for which regulations are not
52.26 applicable;

52.27 (5) use restoration methods that have a demonstrated effectiveness in reducing
52.28 impairments and provide the greatest long-term positive impact on water quality protection
52.29 and improvement and related conservation benefits while incorporating innovative
52.30 approaches on a case-by-case basis;

52.31 (6) identify for the legislature any innovative approaches that may strengthen or
52.32 complement existing programs;

52.33 (7) identify and encourage implementation of measures to prevent surface waters
52.34 from becoming impaired and to improve the quality of waters that are listed as impaired
52.35 but have no approved TMDL addressing the impairment using the best available data and

53.1 technology, and establish and report outcome-based performance measures that monitor
53.2 the progress and effectiveness of protection and restoration measures; ~~and~~
53.3 (8) monitor and enforce cost-sharing contracts and impose monetary damages in an
53.4 amount up to 150 percent of the financial assistance received for failure to comply; and
53.5 (9) identify and encourage implementation of measures to prevent groundwater from
53.6 becoming degraded and measures that restore groundwater resources.

53.7 Sec. 17. Minnesota Statutes 2010, section 114D.20, subdivision 6, is amended to read:

53.8 Subd. 6. **Priorities for restoration of impaired waters.** In implementing
53.9 restoration of impaired waters, in addition to the priority considerations in subdivision 5,
53.10 the Clean Water Council shall give priority in its recommendations for restoration funding
53.11 from the clean water ~~legacy account~~ fund to restoration projects that:

53.12 (1) coordinate with and utilize existing local authorities and infrastructure for
53.13 implementation;

53.14 (2) can be implemented in whole or in part by providing support for existing or
53.15 ongoing restoration efforts;

53.16 (3) most effectively leverage other sources of restoration funding, including federal,
53.17 state, local, and private sources of funds;

53.18 (4) show a high potential for early restoration and delisting based upon scientific
53.19 data developed through public agency or citizen monitoring or other means; and

53.20 (5) show a high potential for long-term water quality and related conservation
53.21 benefits.

53.22 Sec. 18. Minnesota Statutes 2010, section 114D.20, subdivision 7, is amended to read:

53.23 Subd. 7. **Priorities for funding prevention actions.** The Clean Water Council
53.24 shall apply the priorities applicable under subdivision 6, as far as practicable, when
53.25 recommending priorities for funding actions to prevent groundwater and surface waters
53.26 from becoming degraded or impaired and to improve the quality of surface waters that are
53.27 listed as impaired but do not have an approved TMDL.

53.28 Sec. 19. Minnesota Statutes 2010, section 114D.30, is amended to read:

53.29 **114D.30 CLEAN WATER COUNCIL.**

53.30 Subdivision 1. **Creation; duties.** A Clean Water Council is created to advise on the
53.31 administration and implementation of this chapter, and foster coordination and cooperation
53.32 as described in section 114D.20, subdivision 1. The council may also advise on the
53.33 development of appropriate processes for expert scientific review as described in section

114D.35, subdivision 2. The Pollution Control Agency shall provide administrative support for the council with the support of other member agencies. The members of the council shall elect a chair from the ~~nonagency~~ voting members of the council.

Subd. 2. **Membership; appointment.** (a) The commissioners of natural resources, agriculture, health, and the Pollution Control Agency, and the executive director of the Board of Water and Soil Resources shall each appoint one person from their respective agency to serve as a nonvoting member of the council. ~~Agency members serve as nonvoting members of the council.~~ Two members of the house of representatives, including one member from the majority party and one member from the minority party, appointed by the speaker and two senators, including one member from the majority party and one member from the minority party, appointed according to the rules of the senate shall serve at the pleasure of the appointing authority as nonvoting members of the council. Agency and legislative members appointed under this paragraph serve as nonvoting members of the council.

(b) ~~Nineteen additional nonagency~~ voting members of the council shall be appointed by the governor as follows:

- (1) two members representing statewide farm organizations;
- (2) two members representing business organizations;
- (3) two members representing environmental organizations;
- (4) one member representing soil and water conservation districts;
- (5) one member representing watershed districts;
- (6) one member representing nonprofit organizations focused on improvement of Minnesota lakes or streams;
- (7) two members representing organizations 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;
- (8) two members representing organizations of city governments;
- (9) one member representing the Metropolitan Council established under section 473.123;
- (10) one member representing township ~~officer~~ officers;
- (11) one member representing the interests of tribal governments;
- (12) one member representing statewide hunting organizations;
- (13) one member representing the University of Minnesota or a Minnesota state university; and
- (14) one member representing statewide fishing organizations.

Members appointed under ~~clauses (1) to (14)~~ this paragraph must not be registered lobbyists or legislators. In making appointments, the governor must attempt to provide for geographic balance. The members of the council appointed by the governor are subject to the advice and consent of the senate.

Subd. 3. **Conflict of interest.** A Clean Water Council member may not participate in or vote on a decision of the council relating to an organization in which the member has either a direct or indirect personal financial interest. While serving on the Clean Water Council, a member shall avoid any potential conflict of interest.

Subd. 4. **Terms; compensation; removal.** ~~The initial terms of members representing state agencies and the Metropolitan Council expire on the first Monday in January 2007. Thereafter,~~ 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 nonlegislative 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 nonlegislative council members is as provided in section 15.059, subdivisions 3 and 4. Compensation of legislative members is as determined by the appointing authority. A vacancy on the council may be filled by the appointing authority provided in subdivision 1 for the remainder of the unexpired term.

Subd. 5. **Implementation plan.** The Clean Water Council shall recommend a plan for implementation of this chapter and the provisions of article XI, section 15, of the Minnesota Constitution relating to clean water. The recommended plan shall address general procedures and time frames for implementing this chapter, and shall include a more specific implementation work plan for the next fiscal biennium and a framework for setting priorities to address impaired waters consistent with section 114D.20, subdivisions 2 to 7. The council shall issue ~~the first recommended plan under this subdivision by December 1, 2005, and shall issue~~ a revised plan by December 1 of each even-numbered year ~~thereafter.~~

Subd. 6. **Recommendations on appropriation of funds.** (a) The Clean Water Council shall recommend to the governor and the legislature the manner in which money from the clean water ~~legacy account~~ fund should be appropriated for the purposes ~~identified in section 114D.45, subdivision 3~~ stated in article XI, section 15, of the Minnesota Constitution and section 114D.50.

(b) The council's recommendations must:

(1) be to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation and ensure that at least five percent of the clean water fund is spent only to protect drinking water sources;

(2) be consistent with the purposes, policies, goals, and priorities in ~~sections 114D.05 to 114D.35, this chapter, and shall~~

(3) allocate adequate support and resources to identify degraded groundwater and impaired waters, develop TMDL's, implement restoration of groundwater and impaired waters, and provide assistance and incentives to prevent groundwater and surface waters from becoming degraded or impaired and improve the quality of surface waters which are listed as impaired but have no approved TMDL.

(c) The council must recommend methods of ensuring that awards of grants, loans, or other funds from the clean water ~~legacy account~~ fund specify the outcomes to be achieved as a result of the funding and specify standards to hold the recipient accountable for achieving the desired outcomes. Expenditures from the ~~account~~ fund must be appropriated by law.

Subd. 7. **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 has been or will be spent for the current biennium, the activities for which money is recommended to be spent in the next biennium, and the impact on economic development of the implementation of efforts to protect and restore groundwater and the impaired waters program. The report due on December 1, 2014, must include an evaluation of the progress made through June 30, 2014, in implementing this chapter and the provisions of article XI, section 15, of the Minnesota Constitution relating to clean water, the need for funding of future implementation ~~of those sections~~, and recommendations for the sources of funding.

Sec. 20. Minnesota Statutes 2010, section 114D.35, is amended to read:

114D.35 PUBLIC AND STAKEHOLDER PARTICIPATION; SCIENTIFIC REVIEW; EDUCATION.

Subdivision 1. **Public and stakeholder participation.** Public agencies and private entities involved in the implementation of this chapter shall encourage participation by the public and stakeholders, including local citizens, landowners and managers, and public and private organizations, in ~~the identification of~~ identifying impaired waters, in developing TMDL's, ~~and~~ in planning, priority setting, and implementing restoration of impaired waters, in identifying degraded groundwater, and in protecting and restoring groundwater resources. In particular, the Pollution Control Agency shall make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency. The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a

57.1 TMDL, including the scientific models, methods, and approaches to be used in TMDL
57.2 development, and to implement restoration pursuant to section 114D.15, subdivision 7.

57.3 Subd. 2. **Expert scientific advice.** The Clean Water Council and public agencies
57.4 and private entities shall make use of available public and private expertise from
57.5 educational, research, and technical organizations, including the University of Minnesota
57.6 and other higher education institutions, to provide appropriate independent expert advice
57.7 on models, methods, and approaches used in identifying degraded ground water and
57.8 impaired waters, developing TMDL's, and implementing prevention and restoration.

57.9 Subd. 3. **Education.** The Clean Water Council shall develop strategies for
57.10 informing, educating, and encouraging the participation of citizens, stakeholders,
57.11 and others regarding the identification of impaired waters, development of TMDL's,
57.12 development of TMDL implementation plans, ~~and~~ implementation of restoration for
57.13 impaired waters, identification of degraded groundwater, and protection and restoration
57.14 of groundwater resources. Public agencies shall be responsible for implementing the
57.15 strategies.

57.16 Sec. 21. Minnesota Statutes 2010, section 114D.50, subdivision 6, is amended to read:

57.17 Subd. 6. **Restoration evaluations.** ~~Beginning July 1, 2011,~~ The Board of Water
57.18 and Soil Resources ~~shall~~ may convene a technical evaluation panel comprised of five
57.19 members, including one technical representative from the Board of Water and Soil
57.20 Resources, one technical representative from the Department of Natural Resources,
57.21 one technical expert from the University of Minnesota or the Minnesota State Colleges
57.22 and Universities, and two representatives with expertise related to the project being
57.23 evaluated. The board may add a technical representative from a unit of federal or local
57.24 government. The members of the technical evaluation panel may not be associated with
57.25 the restoration, may vary depending upon the projects being reviewed, and shall avoid
57.26 any potential conflicts of interest. Each year, the board ~~shall~~ may assign a coordinator
57.27 to identify a sample of up to ten habitat restoration projects completed with clean water
57.28 funding. The coordinator shall secure the restoration plans for the projects specified
57.29 and direct the technical evaluation panel to evaluate the restorations relative to the law,
57.30 current science, and the stated goals and standards in the restoration plan and, when
57.31 applicable, to the Board of Water and Soil Resources' native vegetation establishment and
57.32 enhancement guidelines. The coordinator shall summarize the findings of the panel and
57.33 provide a report to the chairs of the respective house of representatives and senate policy
57.34 and finance committees with jurisdiction over natural resources and spending from the
57.35 clean water fund. The report shall determine if the restorations are meeting planned goals,

58.1 any problems with the implementation of restorations, and, if necessary, recommendations
58.2 on improving restorations. The report shall be focused on improving future restorations.
58.3 Up to one-tenth of one percent of forecasted receipts from the clean water fund may be
58.4 used for restoration evaluations under this section.

58.5 Sec. 22. Minnesota Statutes 2010, section 116.195, is amended to read:

58.6 **116.195 BENEFICIAL USE OF WASTEWATER AND STORM WATER;**
58.7 **CAPITAL GRANTS FOR DEMONSTRATION PROJECTS.**

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

58.10 (b) "Agency" means the Pollution Control Agency.

58.11 (c) "Beneficial use of wastewater or storm water" means:

58.12 (1) use of the effluent from a wastewater treatment plant that replaces use of
58.13 groundwater; or

58.14 (2) use of storm water that replaces the use of groundwater.

58.15 (d) "Capital project" means the acquisition or betterment of public land, buildings,
58.16 and other public improvements of a capital nature for the treatment of wastewater intended
58.17 for beneficial use or for the use of storm water to replace groundwater use. Capital project
58.18 includes projects to retrofit, expand, or construct new treatment facilities.

58.19 Subd. 2. **Grants for capital project design.** The agency shall make grant awards
58.20 to political subdivisions for up to 50 percent of the costs to predesign and design capital
58.21 projects that demonstrate the beneficial use of wastewater or storm water. ~~The maximum~~
58.22 ~~amount for a grant under this subdivision is \$500,000.~~ The grant agreement must provide
58.23 that the predesign and design work being funded is public information and available to
58.24 anyone without charge. The agency must make the predesign and design work available
58.25 on its Web site.

58.26 Subd. 3. **Grants for capital project implementation.** The agency shall make grant
58.27 awards to political subdivisions for up to 50 percent of the costs to acquire, construct,
58.28 install, furnish, and equip capital projects that demonstrate the beneficial use of wastewater
58.29 or storm water. The political subdivision must submit design plans and specifications
58.30 to the agency as part of the application.

58.31 The agency must consult with the Public Facilities Authority and the commissioner
58.32 of natural resources in reviewing and ranking applications for grants under this section.

58.33 The application must identify the uses of the treated wastewater or storm water
58.34 and greater weight will be given to applications that include a binding commitment to
58.35 participate by the user or users.

The agency must give preference to projects that will reduce use of the greatest volume of groundwater from aquifers with the slowest rate of recharge.

Subd. 4. **Application form; procedures.** The agency shall develop an application form and procedures.

Subd. 5. **Reports.** The agency shall report by February 1 of each year to the chairs of the house of representatives and senate committees with jurisdiction over environment policy and finance and capital investment on the grants made and projects funded under this section. For each demonstration project funded, the report must include information on the scale of water constraints for the area, the volume of treated wastewater ~~supply~~ supplied or storm water available, the quality of the storm water or treated wastewater supplied and treatment implications for the industrial user, impacts to stream flow and downstream users, and any considerations related to water appropriation and discharge permits.

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

Sec. 23. Laws 2009, chapter 172, article 2, section 4, as amended by Laws 2010, chapter 361, article 2, section 2, is amended to read:

Sec. 4. **POLLUTION CONTROL AGENCY \$ 24,076,000 \$ 27,630,000**

(a) \$9,000,000 the first year and \$9,000,000 the second year are to develop total maximum daily load (TMDL) studies and TMDL implementation plans for waters listed on the United States Environmental Protection Agency approved impaired waters list in accordance with Minnesota Statutes, chapter 114D. The agency shall complete an average of ten percent of the TMDLs each year over the biennium. Of this amount, \$348,000 the first year is to retest the comprehensive assessment of the biological conditions of the lower Minnesota River and its tributaries within the Lower Minnesota River Major Watershed, as previously assessed from 1976 to 1992 under the Minnesota River Assessment Project

60.1 (MRAP). The assessment must include the
60.2 same fish species sampling at the same 116
60.3 locations and the same macroinvertebrate
60.4 sampling at the same 41 locations as the
60.5 MRAP assessment. The assessment must:

60.6 (1) include an analysis of the findings; and
60.7 (2) identify factors that limit aquatic life in
60.8 the Minnesota River.

60.9 Of this amount, \$250,000 the first year is
60.10 for a pilot project for the development of
60.11 total maximum daily load (TMDL) studies
60.12 conducted on a watershed basis within
60.13 the Buffalo River watershed in order to
60.14 protect, enhance, and restore water quality
60.15 in lakes, rivers, and streams. The pilot
60.16 project shall include all necessary field
60.17 work to develop TMDL studies for all
60.18 impaired subwatersheds within the Buffalo
60.19 River watershed and provide information
60.20 necessary to complete reports for most of the
60.21 remaining watersheds, including analysis of
60.22 water quality data, identification of sources
60.23 of water quality degradation and stressors,
60.24 load allocation development, development
60.25 of reports that provide protection plans
60.26 for subwatersheds that meet water quality
60.27 standards, and development of reports that
60.28 provide information necessary to complete
60.29 TMDL studies for subwatersheds that do not
60.30 meet water quality standards, but are not
60.31 listed as impaired.

60.32 (b) \$500,000 the first year is for development
60.33 of an enhanced TMDL database to manage
60.34 and track progress. Of this amount, \$63,000
60.35 the first year is to promulgate rules. By

61.1 November 1, 2010, the commissioner shall
61.2 submit a report to the chairs of the house of
61.3 representatives and senate committees with
61.4 jurisdiction over environment and natural
61.5 resources finance on the outcomes achieved
61.6 with this appropriation.

61.7 (c) \$1,500,000 the first year and \$3,169,000
61.8 the second year are for grants under
61.9 Minnesota Statutes, section 116.195, to
61.10 political subdivisions for up to 50 percent of
61.11 the costs to predesign, design, and implement
61.12 capital projects that use storm water or
61.13 treated municipal wastewater instead of
61.14 groundwater from drinking water aquifers,
61.15 in order to demonstrate the beneficial use
61.16 of wastewater or storm water, including
61.17 the conservation and protection of water
61.18 resources. Of this amount, \$1,000,000 the
61.19 first year is for grants to ethanol plants that
61.20 are within one and one-half miles of a city for
61.21 improvements that use storm water or reuse
61.22 greater than 300,000 gallons of wastewater
61.23 per day. This appropriation is available until
61.24 June 30, 2016.

61.25 (d) \$1,125,000 the first year and \$1,125,000
61.26 the second year are for groundwater
61.27 assessment and drinking water protection to
61.28 include:

61.29 (1) the installation and sampling of at least
61.30 30 new monitoring wells;
61.31 (2) the analysis of samples from at least 40
61.32 shallow monitoring wells each year for the
61.33 presence of endocrine disrupting compounds;
61.34 and

62.1 (3) the completion of at least four to
62.2 five groundwater models for TMDL and
62.3 watershed plans.

62.4 (e) \$2,500,000 the first year is for the clean
62.5 water partnership program. Priority shall be
62.6 given to projects preventing impairments and
62.7 degradation of lakes, rivers, streams, and
62.8 groundwater in accordance with Minnesota
62.9 Statutes, section 114D.20, subdivision 2,
62.10 clause (4). Any balance remaining in the first
62.11 year does not cancel and is available for the
62.12 second year.

62.13 (f) \$896,000 the first year is to establish
62.14 a network of water monitoring sites, to
62.15 include at least 20 additional sites, in public
62.16 waters adjacent to wastewater treatment
62.17 facilities across the state to assess levels of
62.18 endocrine-disrupting compounds, antibiotic
62.19 compounds, and pharmaceuticals as required
62.20 in this article. The data must be placed on
62.21 the agency's Web site.

62.22 (g) \$155,000 the first year is to provide
62.23 notification of the potential for coal tar
62.24 contamination, establish a storm water
62.25 pond inventory schedule, and develop best
62.26 management practices for treating and
62.27 cleaning up contaminated sediments as
62.28 required in this article. \$490,000 the second
62.29 year is to provide grants to local units of
62.30 government for up to 50 percent of the costs
62.31 to implement best management practices to
62.32 treat or clean up contaminated sediments
62.33 in storm water ponds and other waters as
62.34 defined under this article. Local governments
62.35 must have adopted an ordinance for the

63.1 restricted use of undiluted coal tar sealants
63.2 in order to be eligible for a grant, unless a
63.3 statewide restriction has been implemented.
63.4 A grant awarded under this paragraph must
63.5 not exceed \$100,000. Up to \$145,000 of the
63.6 appropriation in the second year may be used
63.7 to complete work required under section 28,
63.8 paragraph (c).

63.9 (h) \$350,000 the first year and \$600,000 the
63.10 second year are for a restoration project in
63.11 the lower St. Louis River and Duluth harbor
63.12 in order to improve water quality. This
63.13 appropriation must be matched by nonstate
63.14 money at a rate of at least \$2 for every \$1 of
63.15 state money.

63.16 (i) \$150,000 the first year and \$196,000 the
63.17 second year are for grants to the Red River
63.18 Watershed Management Board to enhance
63.19 and expand existing river watch activities in
63.20 the Red River of the North. The Red River
63.21 Watershed Management Board shall provide
63.22 a report that includes formal evaluation
63.23 results from the river watch program to the
63.24 commissioners of education and the Pollution
63.25 Control Agency and to the legislative natural
63.26 resources finance and policy committees
63.27 and K-12 finance and policy committees by
63.28 February 15, 2011.

63.29 (j) \$200,000 the first year and \$300,000 the
63.30 second year are for coordination with the
63.31 state of Wisconsin and the National Park
63.32 Service on comprehensive water monitoring
63.33 and phosphorus reduction activities in the
63.34 Lake St. Croix portion of the St. Croix
63.35 River. The Pollution Control Agency

64.1 shall work with the St. Croix Basin Water
64.2 Resources Planning Team and the St. Croix
64.3 River Association in implementing the
64.4 water monitoring and phosphorus reduction
64.5 activities. This appropriation is available
64.6 to the extent matched by nonstate sources.
64.7 Money not matched by November 15, 2010,
64.8 cancels for this purpose and is available for
64.9 the purposes of paragraph (a).

64.10 (k) \$7,500,000 the first year and \$7,500,000
64.11 the second year are for completion of 20
64.12 percent of the needed statewide assessments
64.13 of surface water quality and trends. Of this
64.14 amount, \$175,000 the first year and \$200,000
64.15 the second year are for monitoring and
64.16 analyzing endocrine disruptors in surface
64.17 waters.

64.18 (l) \$100,000 the first year and \$150,000
64.19 the second year are for civic engagement
64.20 in TMDL development. The agency shall
64.21 develop a plan for expenditures under
64.22 this paragraph. The agency shall give
64.23 consideration to civic engagement proposals
64.24 from basin or sub-basin organizations,
64.25 including the Mississippi Headwaters Board,
64.26 the Minnesota River Joint Powers Board,
64.27 Area II Minnesota River Basin Projects,
64.28 and the Red River Basin Commission.
64.29 By November 15, 2009, the plan shall be
64.30 submitted to the house and senate chairs
64.31 and ranking minority members of the
64.32 environmental finance divisions.

64.33 (m) \$5,000,000 the second year is for
64.34 groundwater protection or prevention of
64.35 groundwater degradation activities. By

65.1 January 15, 2010, the commissioner, in
65.2 consultation with the commissioner of
65.3 natural resources, the Board of Water and
65.4 Soil Resources, and other agencies, shall
65.5 submit a report to the chairs of the house of
65.6 representatives and senate committees with
65.7 jurisdiction over the clean water fund on the
65.8 intended use of these funds. The legislature
65.9 must approve expenditure of these funds by
65.10 law.

65.11 Notwithstanding Minnesota Statutes, section
65.12 16A.28, the appropriations encumbered on or
65.13 before June 30, 2011, as grants or contracts in
65.14 this section are available until June 30, 2013.

65.15 **EFFECTIVE DATE.** This section is effective retroactively from June 29, 2011.

65.16 Sec. 24. Laws 2010, chapter 361, article 2, section 3, is amended to read:

65.17 Sec. 3. **CLEAN WATER FUND; 2009 APPROPRIATION ADJUSTMENTS.**

65.18 The appropriations in fiscal years ~~2011~~ 2010 and ~~2012~~ 2011 to the Department of
65.19 Natural Resources for high-resolution digital elevation data in Laws 2009, chapter 172,
65.20 article 2, section 5, paragraph (d), are available until June 30, 2012.

65.21 **EFFECTIVE DATE.** This section is effective retroactively from June 29, 2011.

65.22 Sec. 25. **CIVIC ENGAGEMENT AND PUBLIC EDUCATION.**

65.23 A recipient of funds appropriated in this article shall incorporate civic engagement
65.24 and public education when implementing projects and programs funded under this article.

65.25 Sec. 26. **REPEALER.**

65.26 Minnesota Statutes 2010, section 114D.45, is repealed.

65.27 Sec. 27. **EFFECTIVE DATE; RELATIONSHIP TO OTHER**
65.28 **APPROPRIATIONS.**

65.29 Unless otherwise specified, this article is effective retroactively from July 1, 2011,
65.30 and supersedes and replaces funding authorized by order of the Second Judicial District
65.31 Court in Case No. 62-CV-11-5203.

ARTICLE 3

PARKS AND TRAILS FUND

Section 1. PARKS AND TRAILS FUND APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the parks and trails fund, or another named fund, and are available for the fiscal years indicated for each purpose. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2012, are effective the day following final enactment. All appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. PARKS AND TRAILS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>39,676,000</u>	\$	<u>38,468,000</u>
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The amounts that may be spent for each purpose are specified in the following sections.

Subd. 2. Availability of Appropriation

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2012 appropriations are available until June 30, 2014, and fiscal year 2013 appropriations are available until June 30, 2015. If a project receives federal funds, the

67.1 time period of the appropriation is extended

67.2 to equal the availability of federal funding.

67.3 **Sec. 3. DEPARTMENT OF NATURAL**
67.4 **RESOURCES**

\$ 23,906,000 **\$ 22,327,000**

67.5 (a) \$14,262,000 the first year and

67.6 \$14,603,000 the second year are for state

67.7 parks, recreation areas, and trails to:

67.8 (1) connect people to the outdoors;

67.9 (2) acquire land and create opportunities;

67.10 (3) maintain existing holdings; and

67.11 (4) improve cooperation by coordinating

67.12 with partners to implement the 25-year

67.13 long-range parks and trails legacy plan.

67.14 (b) \$2,100,000 the first year is for acquisition

67.15 of land adjacent to LaSalle Lake in Hubbard

67.16 County for a state recreation area. If the

67.17 acquisition is not completed by July 15,

67.18 2012, or if a balance remains after the

67.19 acquisition of the land, the money under this

67.20 paragraph is available for acquisitions under

67.21 paragraph (a), clause (2).

67.22 (c) \$7,506,000 the first year and \$7,686,000

67.23 the second year are for parks and trails of

67.24 regional or statewide significance as follows:

67.25 (1) \$7,331,000 the first year and \$7,686,000

67.26 the second year are for grants under

67.27 Minnesota Statutes, section 85.535, to

67.28 acquire, develop, improve, and restore

67.29 parks and trails of regional or statewide

67.30 significance outside of the metropolitan area,

67.31 as defined in Minnesota Statutes, section

67.32 473.121, subdivision 2; and

67.33 (2) \$175,000 the first year is for a grant to

67.34 the Greater Minnesota Regional Park and

68.1 Trail Coalition to: (1) establish protocols
68.2 to determine the origin of visitors, and
68.3 projection of potential use of greater
68.4 Minnesota regional parks and trails; (2)
68.5 collect and compile details on the facilities
68.6 within the greater Minnesota regional park
68.7 system; and (3) develop evaluation protocol
68.8 and criteria to determine priorities for park
68.9 and trail acquisition and development. No
68.10 local match is required for this grant.

68.11 Notwithstanding Minnesota Statutes, section
68.12 85.535, subdivision 3, the local match
68.13 requirement is ten percent for money
68.14 appropriated in fiscal year 2012 for grants
68.15 under this section. The commissioner of
68.16 natural resources may reduce the nonstate
68.17 cash match requirement for grants awarded
68.18 to groups of three or more entities if the
68.19 commissioner determines that the nonstate
68.20 cash match requirement is a financial
68.21 burden to one or more of the entities. The
68.22 overall reduction in the nonstate cash match
68.23 requirement may not exceed 25 percent of
68.24 the original nonstate cash match requirement.

68.25 Up to 2.5 percent of the total appropriation
68.26 may be used for administering the grants.
68.27 Any unencumbered balance at the end of a
68.28 fiscal year is available for the purposes in
68.29 paragraph (a).

68.30 (d) \$38,000 the first year and \$38,000 the
68.31 second year are for a technical evaluation
68.32 panel to conduct up to ten restoration
68.33 evaluations under Minnesota Statutes,
68.34 section 85.53, subdivision 5.

69.1 (e) The commissioner shall contract for
69.2 services with Conservation Corps Minnesota
69.3 for restoration, maintenance, and other
69.4 activities under this section for at least
69.5 \$500,000 the first year and \$500,000 the
69.6 second year.

69.7 (f) The commissioner of natural resources
69.8 shall convene and facilitate a working group
69.9 of nine members to develop consensus
69.10 recommendations for the allocation of the
69.11 parks and trails fund. The working group
69.12 shall have representatives from metropolitan
69.13 parks and trails, greater Minnesota parks
69.14 and trails, and the Department of Natural
69.15 Resources Parks and Trails Division.
69.16 The consensus recommendations shall
69.17 be submitted no later than November 15,
69.18 2012, and presented to the governor for
69.19 consideration in the budget for fiscal years
69.20 2014 and 2015.

69.21 Sec. 4. METROPOLITAN COUNCIL \$ 15,763,000 \$ 16,141,000

69.22 (a) \$15,763,000 the first year and \$16,141,000
69.23 the second year are to be distributed under
69.24 Minnesota Statutes, section 85.53,
69.25 subdivision 3. The Metropolitan Council
69.26 may use a portion of this appropriation to
69.27 provide grants for metropolitan parks and
69.28 trails of regional or statewide significance
69.29 within the metropolitan area that are not
69.30 eligible under Minnesota Statutes, section
69.31 85.53, subdivision 3.

69.32 (b) The Metropolitan Council shall submit
69.33 a report on the expenditure and use of
69.34 money appropriated under this section to
69.35 the legislature as provided in Minnesota

70.1 Statutes, section 3.195, by March 1 of each
70.2 year. The report must detail the outcomes in
70.3 terms of additional use of parks and trails
70.4 resources, user satisfaction surveys, and
70.5 other appropriate outcomes.

70.6	Sec. 5. <u>LEGISLATURE</u>	\$	<u>7,000</u>	\$	<u>-0-</u>
70.7	<u>\$7,000 the first year is for the Legislative</u>				
70.8	<u>Coordinating Commission for the costs of</u>				
70.9	<u>developing and implementing a Web site to</u>				
70.10	<u>contain information on projects receiving</u>				
70.11	<u>appropriations from the parks and trails fund</u>				
70.12	<u>and other constitutionally dedicated funds.</u>				

70.13 Sec. 6. Minnesota Statutes 2010, section 85.013, is amended by adding a subdivision
70.14 to read:
70.15 Subd. 15a. LaSalle Lake State Recreation Area, Hubbard County.

70.16 Sec. 7. Minnesota Statutes 2010, section 85.53, subdivision 5, is amended to read:

70.17 Subd. 5. **Restoration evaluations.** ~~Beginning July 1, 2011,~~ The commissioner
70.18 of natural resources ~~shall~~ may convene a technical evaluation panel comprised of five
70.19 members, including one technical representative from the Board of Water and Soil
70.20 Resources, one technical representative from the Department of Natural Resources, one
70.21 technical expert from the University of Minnesota or the Minnesota State Colleges and
70.22 Universities, and two other representatives with expertise related to the project being
70.23 evaluated. The commissioner may add a technical representative from a unit of federal or
70.24 local government. The members of the technical evaluation panel may not be associated
70.25 with the restoration, may vary depending upon the projects being reviewed, and shall
70.26 avoid any potential conflicts of interest. Each year, the commissioner ~~shall~~ may assign
70.27 a coordinator to identify a sample of up to ten habitat restoration projects completed
70.28 with parks and trails funding. The coordinator shall secure the restoration plans for the
70.29 projects specified and direct the technical evaluation panel to evaluate the restorations
70.30 relative to the law, current science, and the stated goals and standards in the restoration
70.31 plan and, when applicable, to the Board of Water and Soil Resources' native vegetation
70.32 establishment and enhancement guidelines. The coordinator shall summarize the findings
70.33 of the panel and provide a report to the chairs of the respective house of representatives

and senate policy and finance committees with jurisdiction over natural resources and spending from the parks and trails fund. The report shall determine if the restorations are meeting planned goals, any problems with the implementation of restorations, and, if necessary, recommendations on improving restorations. The report shall be focused on improving future restorations. Up to one-tenth of one percent of forecasted receipts from the parks and trails fund may be used for restoration evaluations under this section.

Sec. 8. **LASALLE LAKE STATE RECREATION AREA.**

Subdivision 1. LaSalle Lake State Recreation Area, Hubbard County. The LaSalle Lake State Recreation Area is established in Hubbard County.

Subd. 2. Boundaries. The following described lands are located within the boundaries of the LaSalle Lake State Recreation Area, all in Hubbard County:

(1) the Southwest Quarter of the Southwest Quarter and the Northwest Quarter of the Southwest Quarter, except the East 10 acres thereof, of Section 29; the Northeast Quarter of the Northeast Quarter, the Northwest Quarter of the Northeast Quarter, the Southwest Quarter of the Northeast Quarter, the Northeast Quarter of the Southwest Quarter, the Southeast Quarter of the Northwest Quarter, the Southeast Quarter of the Northeast Quarter, and Government Lots 2, 3, 4, 5, 6, 7, 8, and 9, of Section 30; Government Lots 1, 2, 5, 6, 7, 8, 9, and 10, of Section 31; and Government Lots 1 and 4 of Section 32; all in Township 145 North, Range 35 West; and

(2) Government Lot 12, Section 19, Township 145 North, Range 35.

Subd. 3. Administration. The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas. LaSalle Lake State Recreation Area shall be administered as a satellite unit of Itasca State Park.

Sec. 9. **LASALLE LAKE STATE RECREATION AREA MANAGEMENT OPTIONS.**

By March 1, 2012, the commissioner of natural resources shall submit a report to the senate and house of representatives committees and divisions with jurisdiction over natural resources policy and finance evaluating options for the management of the resort within the LaSalle Lake State Recreation Area, including an evaluation of the option to lease the resort to a nonstate entity. The evaluation shall include potential financial arrangements or mechanisms that would make the equivalent of local taxes or payments in lieu of taxes the responsibility of the nonstate entity.

Sec. 10. EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.

Unless otherwise specified, this article is effective retroactively from July 1, 2011, and supersedes and replaces funding authorized by order of the Second Judicial District Court in Case No. 62-CV-11-5203.

ARTICLE 4
ARTS AND CULTURAL HERITAGE FUND

Section 1. ARTS AND CULTURAL HERITAGE FUND APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the entities and for the purposes specified in this article. The appropriations are from the arts and cultural heritage fund, and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. All appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. ARTS AND CULTURAL HERITAGE

Subdivision 1. <u>Total Appropriation</u>	\$	<u>52,600,000</u>	\$	<u>52,714,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Availability of Appropriation

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article,

73.1 fiscal year 2012 appropriations are available
73.2 until June 30, 2013, and fiscal year 2013
73.3 appropriations are available until June 30,
73.4 2014. If a project receives federal funds, the
73.5 time period of the appropriation is extended
73.6 to equal the availability of federal funding.

73.7	<u>Subd. 3. Minnesota State Arts Board</u>	<u>22,167,000</u>	<u>23,314,000</u>
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73.8 These amounts are appropriated to the
73.9 Minnesota State Arts Board for arts, arts
73.10 education, and arts access. Grant agreements
73.11 entered into by the Minnesota State Arts
73.12 Board and other recipients of appropriations
73.13 in this subdivision shall ensure that
73.14 these funds are used to supplement and
73.15 not substitute for traditional sources of
73.16 funding. Appropriations made directly
73.17 to the Minnesota State Arts Board shall
73.18 supplement, and shall not substitute for,
73.19 traditional sources of funding. Each grant
73.20 program established within this appropriation
73.21 shall be separately administered from other
73.22 state appropriations for program planning
73.23 and outcome measurements, but may take
73.24 into consideration other state resources
73.25 awarded in the selection of applicants and
73.26 grant award size.

73.27 **Arts and Arts Access Initiatives.**
73.28 \$17,003,000 the first year and \$18,150,000
73.29 the second year are to support Minnesota
73.30 artists and arts organizations in creating,
73.31 producing, and presenting high-quality arts
73.32 activities; to overcome barriers to accessing
73.33 high-quality arts activities; and to instill the
73.34 arts into the community and public life in
73.35 this state.

- 74.1 A portion of these funds may be used to:
- 74.2 (1) pay attendance fees and travel costs
- 74.3 for youth to visit art museums, arts
- 74.4 performances, or other arts activities; or
- 74.5 (2) bring artists to schools, libraries, or other
- 74.6 community centers or organizations for
- 74.7 teaching, training, or performance purposes.
- 74.8 **Arts Education.** \$3,276,000 the first year
- 74.9 and \$3,276,000 the second year are for
- 74.10 high-quality, age-appropriate arts education
- 74.11 for Minnesotans of all ages to develop
- 74.12 knowledge, skills, and understanding of the
- 74.13 arts.
- 74.14 In collaboration with the Perpich Center
- 74.15 for Arts Education, a portion of this
- 74.16 appropriation may be used for grants to
- 74.17 school districts to provide materials or
- 74.18 resources to teachers, students, and parents
- 74.19 to promote achievement of K-12 academic
- 74.20 standards in the arts.
- 74.21 **Arts and Cultural Heritage.** \$1,073,000
- 74.22 the first year and \$1,073,000 the second year
- 74.23 are for events and activities that represent the
- 74.24 diverse cultural arts traditions, including folk
- 74.25 and traditional artists and art organizations,
- 74.26 represented in this state.
- 74.27 **Administration, Fiscal Oversight, and**
- 74.28 **Accountability.** \$815,000 the first year
- 74.29 and \$815,000 the second year are for
- 74.30 administration of grant programs, delivering
- 74.31 technical services, providing fiscal oversight
- 74.32 for the statewide system, and ensuring
- 74.33 accountability for these state resources.

75.1	<u>Census.</u> The Minnesota State Arts Board, in		
75.2	<u>partnership with regional arts councils, shall</u>		
75.3	<u>maintain a census of Minnesota artists and</u>		
75.4	<u>artistic organizations.</u>		
75.5	<u>Thirty percent of the total appropriated to</u>		
75.6	<u>each of the categories established in this</u>		
75.7	<u>subdivision is for grants to the regional arts</u>		
75.8	<u>councils. This percentage does not apply to</u>		
75.9	<u>administrative costs.</u>		
75.10	<u>Subd. 4. Department of Education</u>	<u>3,000,000</u>	<u>3,000,000</u>
75.11	<u>These amounts are appropriateded to the</u>		
75.12	<u>commissioner of education for grants</u>		
75.13	<u>allocated using existing formulas under</u>		
75.14	<u>Minnesota Statutes, section 134.355, to the</u>		
75.15	<u>12 Minnesota regional library systems, to</u>		
75.16	<u>provide educational opportunities in the arts,</u>		
75.17	<u>history, literary arts, and cultural heritage</u>		
75.18	<u>of Minnesota. These funds may be used</u>		
75.19	<u>to sponsor programs provided by regional</u>		
75.20	<u>libraries or to provide grants to local arts</u>		
75.21	<u>and cultural heritage programs for programs</u>		
75.22	<u>in partnership with regional libraries. This</u>		
75.23	<u>appropriation is available until June 30, 2015.</u>		
75.24	<u>Subd. 5. Minnesota Historical Society</u>	<u>12,050,000</u>	<u>12,050,000</u>
75.25	<u>These amounts are appropriateded to the</u>		
75.26	<u>governing board of the Minnesota Historical</u>		
75.27	<u>Society to preserve and enhance access to</u>		
75.28	<u>Minnesota's history and its cultural and</u>		
75.29	<u>historical resources. Grant agreements</u>		
75.30	<u>entered into by the Minnesota Historical</u>		
75.31	<u>Society and other recipients of appropriations</u>		
75.32	<u>in this subdivision shall ensure that</u>		
75.33	<u>these funds are used to supplement and</u>		
75.34	<u>not substitute for traditional sources of</u>		
75.35	<u>funding. Funds directly appropriated to the</u>		

76.1 Minnesota Historical Society shall be used to
76.2 supplement, and not substitute for, traditional
76.3 sources of funding. Notwithstanding
76.4 Minnesota Statutes, section 16A.28, for
76.5 historic preservation projects that improve
76.6 historic structures, the amounts are available
76.7 until June 30, 2015.

76.8 **Statewide Historic and Cultural Grants.**
76.9 \$5,250,000 the first year and \$5,250,000
76.10 the second year are for history programs
76.11 and projects operated or conducted by or
76.12 through local, county, regional, or other
76.13 historical or cultural organizations; or for
76.14 activities to preserve significant historic
76.15 and cultural resources. Funds are to be
76.16 distributed through a competitive grants
76.17 process. The Minnesota Historical Society
76.18 shall administer these funds using established
76.19 grants mechanisms, with assistance from
76.20 the advisory committee created under Laws
76.21 2009, chapter 172, article 4, section 2,
76.22 subdivision 4, paragraph (b), item (ii).

76.23 **Programs.** \$4,800,000 the first year and
76.24 \$4,800,000 the second year are for programs
76.25 and purposes related to the historical and
76.26 cultural heritage of the state of Minnesota,
76.27 conducted by the Minnesota Historical
76.28 Society.

76.29 **History Partnerships.** \$1,500,000 the
76.30 first year and \$1,500,000 the second year
76.31 are for partnerships involving multiple
76.32 organizations, which may include the
76.33 Minnesota Historical Society, to preserve and
76.34 enhance access to Minnesota's history and
76.35 cultural heritage in all regions of the state.

Statewide Survey of Historical and Archaeological Sites. \$250,000 the first year and \$250,000 the second year are for a contract or contracts to be let on a competitive basis to conduct statewide surveys of Minnesota's sites of historical, archaeological, and cultural significance. Results of this survey must be published in a searchable form, available to the public on a cost-free basis. The Minnesota Historical Society, the Office of the State Archaeologist, and the Indian Affairs Council shall each appoint a representative to an oversight board to select contractors and direct the conduct of these surveys. The oversight board shall consult with the Departments of Transportation and Natural Resources.

77.18 **Digital Library.** \$250,000 the first year and
77.19 \$250,000 the second year are for a digital
77.20 library project to preserve, digitize, and share
77.21 Minnesota images, documents, and historical
77.22 materials. The Minnesota Historical Society
77.23 shall cooperate with the Minitex interlibrary
77.24 loan system and shall jointly share this
77.25 appropriation for these purposes.

77.26	Subd. 6. Department of Administration	<u>9,175,000</u>	8,150,000
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77.27 These amounts are appropriated to the
77.28 commissioner of administration for grants
77.29 to the named organizations for the purposes
77.30 specified in this subdivision. Up to one
77.31 percent of funds may be used by the
77.32 commissioner for grants administration.

77.33 Grant agreements entered into by
77.34 the commissioner and recipients of
77.35 appropriations in this subdivision must

78.1 ensure that money appropriated in this
78.2 subdivision is used to supplement and not
78.3 substitute for traditional sources of funding.

78.4 **Public Radio Grants.** \$2,650,000 the first
78.5 year and \$2,650,000 the second year are for
78.6 a competitive Arts and Cultural Heritage
78.7 Grants Program-Public Radio.

78.8 The commissioner shall solicit proposals
78.9 and award grants to public radio stations
78.10 that satisfy the eligibility requirements
78.11 under Minnesota Statutes, section 129D.14,
78.12 subdivision 3, and create, produce, acquire,
78.13 or distribute radio programs that educate,
78.14 enhance, or promote local, regional, or
78.15 statewide items of artistic, cultural, or
78.16 historic significance. The commissioner
78.17 shall give preference to projects that
78.18 expand Minnesotans' access to knowledge,
78.19 information, arts, state history, or cultural
78.20 heritage. This appropriation is available for
78.21 eligible costs incurred as of July 1, 2011, and
78.22 does not expire until June 30, 2015.

78.23 **Public Television.** \$3,700,000 the first
78.24 year and \$3,700,000 the second year are for
78.25 grants to the Minnesota Public Television
78.26 Association for production and acquisition
78.27 grants according to Minnesota Statutes,
78.28 section 129D.18. In recognition of the
78.29 sesquicentennial of the American Civil
78.30 War, the Minnesota Public Television
78.31 Association shall produce new programming
78.32 on Minnesota history during that period.
78.33 This appropriation is available for eligible
78.34 costs incurred as of July 1, 2011, and does
78.35 not expire until June 30, 2015.

- 79.1 **Veterans Camps.** \$475,000 the first year
79.2 is for grants of \$400,000 to the Disabled
79.3 Veterans Rest Camp located on Big Marine
79.4 Lake in Washington County and \$75,000 to
79.5 the Veterans on the Lake Resort located on
79.6 Fall Lake in St. Louis County.
- 79.7 **Zoos.** \$300,000 the first year and \$300,000
79.8 the second year are for grants of \$200,000
79.9 each year to the Como Park Zoo and
79.10 \$100,000 each year to the Lake Superior Zoo
79.11 for programmatic development.
- 79.12 **Minnesota Children's Museum.** \$500,000
79.13 the first year and \$500,000 the second year
79.14 are for grants to the Minnesota Children's
79.15 Museum. These amounts are for arts, arts
79.16 education, and arts access and to preserve
79.17 Minnesota's history and cultural heritage.
- 79.18 **Science Museum of Minnesota.** \$500,000
79.19 the first year and \$500,000 the second year
79.20 are for grants to the Science Museum of
79.21 Minnesota. These amounts are for arts, arts
79.22 education, and arts access and to preserve
79.23 Minnesota's history and cultural heritage.
- 79.24 **Minnesota Film and TV Board.** \$500,000
79.25 the first year and \$500,000 the second year
79.26 are for grants to the Minnesota Film and
79.27 TV Board for grants to Minnesota residents
79.28 to create film or television productions that
79.29 promote Minnesota's cultural heritage and
79.30 for the film production jobs program under
79.31 Minnesota Statutes, section 116U.26. This
79.32 appropriation is available until June 30, 2015.
- 79.33 **State Capitol Preservation Commission.**
79.34 \$550,000 the first year is for the purposes of

80.1	<u>Minnesota Statutes, section 16B.2405. This</u>		
80.2	<u>appropriation is available until spent.</u>		
80.3	<u>Subd. 7. Minnesota Zoological Garden</u>	<u>1,500,000</u>	<u>1,500,000</u>
80.4	<u>These amounts are appropriated to</u>		
80.5	<u>the Minnesota Zoological Board for</u>		
80.6	<u>programmatic development of the Minnesota</u>		
80.7	<u>Zoo.</u>		
80.8	<u>Subd. 8. Minnesota Humanities Center</u>	<u>1,575,000</u>	<u>1,575,000</u>
80.9	<u>These amounts are appropriated to the board</u>		
80.10	<u>of directors of the Minnesota Humanities</u>		
80.11	<u>Center for the purposes specified in this</u>		
80.12	<u>subdivision.</u>		
80.13	<u>Programs and Purposes. \$325,000 the first</u>		
80.14	<u>year and \$325,000 the second year are for</u>		
80.15	<u>programs and purposes of the Minnesota</u>		
80.16	<u>Humanities Center.</u>		
80.17	<u>The Minnesota Humanities Center may</u>		
80.18	<u>consider museums and organizations</u>		
80.19	<u>celebrating the ethnic identities of</u>		
80.20	<u>Minnesotans for grants from these funds.</u>		
80.21	<u>Councils of Color. \$500,000 the first</u>		
80.22	<u>year and \$500,000 the second year are for</u>		
80.23	<u>competitive grants to the Council on Asian</u>		
80.24	<u>Pacific Minnesotans, the Council on Black</u>		
80.25	<u>Minnesotans, the Indian Affairs Council, and</u>		
80.26	<u>the Chicano Latino Affairs Council. Grants</u>		
80.27	<u>are for programs and cooperation between</u>		
80.28	<u>the Minnesota Humanities Center and the</u>		
80.29	<u>grant recipients for community events and</u>		
80.30	<u>programs that celebrate and preserve artistic,</u>		
80.31	<u>historical, and cultural heritage.</u>		
80.32	<u>Civics Education. \$250,000 the first year</u>		
80.33	<u>and \$250,000 the second year are for a</u>		
80.34	<u>competitive Arts and Cultural Heritage</u>		

81.1	<u>Grants Program-Civics Education. The</u>		
81.2	<u>commissioner shall award grants to entities</u>		
81.3	<u>that conduct civics education programs</u>		
81.4	<u>for the civic and cultural development of</u>		
81.5	<u>Minnesota youth.</u>		
81.6	<u>Children's Museums Grants. \$500,000 the</u>		
81.7	<u>first year and \$500,000 the second year are</u>		
81.8	<u>for a competitive Arts and Cultural Heritage</u>		
81.9	<u>Grants Program-Children's Museums.</u>		
81.10	<u>The board of directors shall solicit proposals</u>		
81.11	<u>and award grants to children's museums</u>		
81.12	<u>for projects and programs that maintain or</u>		
81.13	<u>promote our cultural heritage.</u>		
81.14	<u>Subd. 9. Perpich Center For Arts Education</u>	<u>850,000</u>	<u>850,000</u>
81.15	<u>These amounts are appropriated to the board</u>		
81.16	<u>of directors of the Perpich Center for Arts</u>		
81.17	<u>Education for arts, arts education, and arts</u>		
81.18	<u>access and to preserve Minnesota's history</u>		
81.19	<u>and cultural heritage. This appropriation is</u>		
81.20	<u>available until June 30, 2015.</u>		
81.21	<u>Subd. 10. Department of Agriculture</u>	<u>1,400,000</u>	<u>1,400,000</u>
81.22	<u>These amounts are appropriated to the</u>		
81.23	<u>commissioner of agriculture for grants to</u>		
81.24	<u>county agricultural societies to enhance arts</u>		
81.25	<u>access and education and to preserve and</u>		
81.26	<u>promote Minnesota's history and cultural</u>		
81.27	<u>heritage as embodied in its county fairs.</u>		
81.28	<u>The grants shall be in addition to the aid</u>		
81.29	<u>distributed to county agricultural societies</u>		
81.30	<u>under Minnesota Statutes, section 38.02. The</u>		
81.31	<u>commissioner shall award grants as follows:</u>		
81.32	<u>(1) \$700,000 each year distributed in equal</u>		
81.33	<u>amounts to each of the state's county fairs</u>		
81.34	<u>to enhance arts access and education and to</u>		

82.1	<u>preserve and promote Minnesota's history</u>		
82.2	<u>and cultural heritage; and</u>		
82.3	<u>(2) \$700,000 each year for a competitive</u>		
82.4	<u>Arts and Cultural Heritage Grants</u>		
82.5	<u>Program-County Fairs. The commissioner</u>		
82.6	<u>shall award grants for the development or</u>		
82.7	<u>enhancement of county fair facilities or other</u>		
82.8	<u>projects or programs that provide access</u>		
82.9	<u>to the arts, arts education, or agricultural,</u>		
82.10	<u>historical, and cultural heritage programs,</u>		
82.11	<u>including but not limited to agricultural</u>		
82.12	<u>education centers, arts buildings, and</u>		
82.13	<u>performance stages.</u>		
82.14	<u>Subd. 11. Indian Affairs Council</u>	<u>875,000</u>	<u>875,000</u>
82.15	<u>These amounts are appropriatedated to the Indian</u>		
82.16	<u>Affairs Council for the purposes identified in</u>		
82.17	<u>this subdivision.</u>		
82.18	<u>Language Working Group. \$75,000 the</u>		
82.19	<u>first year and \$75,000 the second year are</u>		
82.20	<u>for continuation of the Working Group on</u>		
82.21	<u>Dakota and Ojibwe Language Revitalization</u>		
82.22	<u>and Preservation established under Laws</u>		
82.23	<u>2009, chapter 172, article 4, section 9.</u>		
82.24	<u>Language Preservation and Education.</u>		
82.25	<u>\$550,000 the first year and \$550,000 the</u>		
82.26	<u>second year are for grants for programs</u>		
82.27	<u>that preserve Dakota and Ojibwe Indian</u>		
82.28	<u>languages and to foster educational programs</u>		
82.29	<u>in Dakota and Ojibwe languages.</u>		
82.30	<u>Language Immersion. \$250,000 the first</u>		
82.31	<u>year and \$250,000 the second year are for</u>		
82.32	<u>grants of \$125,000 each year to the Niigaane</u>		
82.33	<u>Ojibwe Immersion School and the Wicoie</u>		
82.34	<u>Nandagikendan Urban Immersion Project to:</u>		

83.1 (1) develop and expand K-12 curriculum;

83.2 (2) provide fluent speakers in the classroom;

83.3 (3) develop appropriate testing and

83.4 evaluation procedures; and

83.5 (4) develop community-based training and

83.6 engagement.

83.7 Subd. 12. **Legislature**

8,000

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83.8 This amount is appropriated to the Legislative

83.9 Coordinating Commission to operate the

83.10 Web site for dedicated funds required

83.11 under Minnesota Statutes, section 3.303,

83.12 subdivision 10.

83.13 Sec. 3. **[15B.32] STATE CAPITOL PRESERVATION COMMISSION.**

83.14 Subdivision 1. **Definitions.** (a) As used in this section, the terms defined in this

83.15 subdivision have the following meanings.

83.16 (b) "Commission" means the State Capitol Preservation Commission created under
83.17 this section.

83.18 (c) "Capitol Area" means the geographic area defined in section 15B.02.

83.19 (d) "Board" means the Capitol Area Architectural and Planning Board created under
83.20 section 15B.03.

83.21 (e) "Predesign" has the meaning given in section 16B.335, subdivision 3, paragraph
83.22 (a).

83.23 Subd. 2. **Membership.** The State Capitol Preservation Commission consists of 22
83.24 members, appointed as follows:

83.25 (1) the governor;

83.26 (2) the lieutenant governor;

83.27 (3) the attorney general;

83.28 (4) the chief justice of the Supreme Court, or the chief justice's designee, who shall
83.29 be a member of the Supreme Court;

83.30 (5) the majority leader of the senate or the majority leader's designee, who shall be
83.31 a member of the senate;

83.32 (6) the speaker of the house or the speaker's designee, who shall be a member of the
83.33 house of representatives;

84.1 (7) two members of the senate, including one member from the majority party
84.2 appointed by the majority leader and one member from the minority party appointed by
84.3 the minority leader;

84.4 (8) two members of the house of representatives, including one member appointed
84.5 by the speaker of the house and one member from the minority party appointed by the
84.6 minority leader;

84.7 (9) the chair and ranking minority member of the house of representatives committee
84.8 with jurisdiction over capital investment and the chair and ranking minority member of
84.9 the senate committee with jurisdiction over capital investment;

84.10 (10) the commissioner of administration or the commissioner's designee;

84.11 (11) the commissioner of public safety or the commissioner's designee;

84.12 (12) the executive director of the Minnesota Historical Society or the executive
84.13 director's designee;

84.14 (13) the executive secretary of the Capitol Area Architectural and Planning Board;
84.15 and

84.16 (14) four public members appointed by the governor.

84.17 Subd. 3. **Terms and compensation.** (a) A member serving on the commission
84.18 because the member or the appointing authority for the member holds an elected or
84.19 appointed office shall serve on the commission as long as the member or the appointing
84.20 authority holds the office.

84.21 (b) Public members of the commission shall serve two-year terms. The public
84.22 members may not serve for more than three consecutive terms.

84.23 (c) The removal of members and filling of vacancies on the commission are as
84.24 provided in section 15.059. Public members may receive compensation and expenses as
84.25 provided under section 15.059, subdivision 3.

84.26 Subd. 4. **Officers and meetings.** (a) The governor is the chair of the commission.
84.27 The lieutenant governor is the vice-chair of the commission and may act as the chair
84.28 of the commission in the absence of the governor. The governor may designate a staff
84.29 member to attend commission meetings and vote on the governor's behalf in the absence
84.30 of the governor.

84.31 (b) The commission shall meet at least quarterly and at other times at the call of the
84.32 chair. Meetings of the commission are subject to chapter 13D.

84.33 Subd. 5. **Administrative support.** The commission may designate an executive
84.34 secretary and obtain administrative support through a contract with a state agency or
84.35 other means.

84.36 Subd. 6. **Duties.** (a) The commission:

85.1 (1) shall exercise ongoing coordination of the restoration, protection, risk
85.2 management, and preservation of the Capitol building;

85.3 (2) shall consult with and advise the commissioner of administration, the board, and
85.4 the Minnesota Historical Society regarding their applicable statutory responsibilities
85.5 for and in the Capitol building;

85.6 (3) may assist in the selection of an architectural firm to assist in the preparation of
85.7 the predesign plan for the restoration of the Capitol building;

85.8 (4) shall develop a comprehensive, multiyear, predesign plan for the restoration
85.9 of the Capitol building, review the plan periodically, and, as appropriate, amend and
85.10 modify the plan. The predesign plan shall identify appropriate and required functions of
85.11 the Capitol building; identify and address space requirements for legislative, executive,
85.12 and judicial branch functions; and identify and address the long-term maintenance
85.13 and preservation requirements of the Capitol building. In developing the predesign
85.14 plan, the commission shall take into account the comprehensive plan for the Minnesota
85.15 State Capitol Area, as amended in 2010, the rules governing zoning and design for the
85.16 Capitol Area, citizen access, information technology needs, energy efficiency, security,
85.17 educational programs including public and school tours, and any additional space needs
85.18 for the efficient operation of state government;

85.19 (5) shall develop and implement a comprehensive financial plan to fund the
85.20 preservation and restoration of the Capitol building;

85.21 (6) shall provide annual reports about the condition of the Capitol building and its
85.22 needs, as well as all activities related to the restoration of the Capitol building; and

85.23 (7) may solicit gifts, grants, or donations of any kind from any private or public
85.24 source to carry out the purposes of this section. All gifts, grants, or donations received by
85.25 the commission shall be deposited in a State Capitol preservation account established in
85.26 the special revenue fund. Money in the account is appropriated to the commissioner of
85.27 administration for the activities of the commission and implementation of the predesign
85.28 plan under this section.

85.29 (b) By January 15 of each year, the commission shall report to the chairs and ranking
85.30 minority members of the legislative committees with jurisdiction over the commission
85.31 regarding the activities and efforts of the commission in the preceding calendar year,
85.32 including recommendations adopted by the commission, the comprehensive financial plan
85.33 required under paragraph (a), clause (5), and any proposed draft legislation necessary to
85.34 implement the recommendations of the commission.

85.35 Subd. 7. **Expiration.** Notwithstanding section 15.059, subdivision 5, the State
85.36 Capitol Preservation Commission does not expire.

Sec. 4. [15B.34] CAPITOL BUILDING POWERS AND DUTIES.

The board shall:

(1) jointly, with the commissioner of administration and the Minnesota Historical Society, establish standards and policies for the repair, furnishing, appearance, and cleanliness of and change to the public and ceremonial areas of the Capitol building;

(2) review and approve plans and specifications and any changes to approved plans and specifications involving the alteration of the public and ceremonial areas and the exterior of the Capitol building;

(3) jointly, with the Minnesota Historical Society, review and approve the design, structural composition, and location of all monuments, memorials, or works of art presently located in the public and ceremonial areas of the State Capitol, or that will be placed in the public or ceremonial areas, according to section 138.68; and

(4) assist the State Capitol Preservation Commission with performance of its duties as needed.

Sec. 5. [16B.2405] CAPITOL BUILDING POWERS AND DUTIES.

The commissioner, upon receipt of funding for these purposes, shall:

(1) maintain and operate the Capitol building and grounds according to section 16B.24 and other applicable law;

(2) designate a project manager to oversee and manage predesign, design, and construction contracts and funding for all modifications to the Capitol building;

(3) manage design and construction projects and funding for the Capitol building according to section 16B.31 and other applicable law;

(4) lease space in the Capitol building, as provided in section 16B.24, to state agencies, constitutional officers, and the court administrator on behalf of the judicial branch and allocate space in the Capitol building to the legislative branch as determined by the commission;

(5) provide information about the Capitol building to the commission, legislative bodies, and others as needed regarding maintenance, operation, leasing, condition assessments, design, and construction projects; and

(6) assist the State Capitol Preservation Commission with performance of its duties as needed.

Sec. 6. Minnesota Statutes 2010, section 129D.18, subdivision 3, is amended to read:

Subd. 3. **Conditions.** (a) A public station receiving funds appropriated under this section must:

87.1 (1) make programs produced with these funds available for broadcast to all other
87.2 public stations eligible to receive grants under this section;

87.3 (2) offer free ~~public performance rights for~~ classroom use of programs produced
87.4 with these funds to public educational institutions, excluding those materials for which
87.5 public television stations do not have rights to distribute;

87.6 (3) archive programs produced with these funds and make the programs available
87.7 for future use through encore broadcast or other distribution, including online; and

87.8 (4) ensure that underwriting credit is given to the Minnesota arts and cultural
87.9 heritage fund.

87.10 (b) Programs produced in partnership with other mission-centered nonprofit
87.11 organizations may be used by the partnering organization for their own educational or
87.12 promotional purposes.

87.13 Sec. 7. Minnesota Statutes 2010, section 129D.18, subdivision 4, is amended to read:

87.14 Subd. 4. **Reporting.** A public station receiving funds appropriated under this section
87.15 must report annually by January 15 to the commissioner, the Legislative Coordinating
87.16 Commission, and the chairs and ranking minority members of the senate and house
87.17 of representatives committees and divisions having jurisdiction over arts and cultural
87.18 heritage policy and finance regarding how the previous year's grant funds were expended.
87.19 ~~This~~ In addition to all information required of each recipient of money from the arts and
87.20 cultural heritage fund under section 3.303, subdivision 10, the report must contain specific
87.21 information for each program produced and broadcast, including the cost of production,
87.22 the number of stations broadcasting the program, estimated viewership, the number of
87.23 hours of legacy program content available for streaming on Web site downloads sites,
87.24 and other related measures. If the programs produced include educational material, the
87.25 public station must report on these efforts.

87.26 Sec. 8. Minnesota Statutes 2010, section 129D.19, subdivision 5, is amended to read:

87.27 Subd. 5. **Reporting.** A noncommercial radio station receiving funds appropriated
87.28 under this section must report annually by January 15 to the commissioner, the Legislative
87.29 Coordinating Commission, and the chairs and ranking minority members of the senate
87.30 and house of representatives committees and divisions having jurisdiction over arts and
87.31 cultural heritage policy and finance regarding how the previous year's grant funds were
87.32 expended. ~~This~~ In addition to all information required of each recipient of money from
87.33 the arts and cultural heritage fund under section 3.303, subdivision 10, the report must
87.34 contain specific information for each program produced and broadcast, including the

88.1 cost of production, the number of stations broadcasting the program, estimated number
88.2 of listeners, and other related measures. If the programs produced include educational
88.3 material, the noncommercial radio station must report on these efforts.

88.4 Sec. 9. **[138.70] CAPITOL BUILDING POWERS AND DUTIES.**

88.5 The Minnesota Historical Society shall:

88.6 (1) assist and advise in research and preservation of historical features of the Capitol
88.7 building, appropriate custodial policies, and maintaining and repairing works of art
88.8 according to section 138.69;

88.9 (2) jointly, with the Capitol Area Architectural and Planning Board, review and
88.10 approve the design, structural composition, and location of all monuments, memorials, or
88.11 works of art presently located in the public and ceremonial areas of the Capitol building,
88.12 or proposed for placement in the public or ceremonial areas, according to section 138.68;

88.13 (3) assist with planning and design of restoration and renovations of the Capitol
88.14 building in order to provide public access and education through public interpretive
88.15 programs according to the society's statutory responsibilities under section 138.69; and

88.16 (4) assist the State Capitol Preservation Commission with performance of its duties
88.17 as needed.

88.18 Sec. 10. Laws 2009, chapter 172, article 4, section 9, subdivision 5, is amended to read:

88.19 Subd. 5. **Report.** The working group must report its findings and recommendations,
88.20 including draft legislation, if necessary, to the Indian Affairs Council and the chairs and
88.21 ranking minority members of the legislative committees and divisions with jurisdiction
88.22 over early childhood through grade 12 education ~~and~~, higher education, and arts and
88.23 cultural heritage policy or finance by February 15, 2011, and again by February 15, 2012.
88.24 The ~~committee~~ working group expires on February 16, ~~2011~~ 2013.

88.25 Sec. 11. **STATE CAPITOL PRESERVATION COMMISSION APPOINTMENTS**
88.26 **AND FIRST MEETING.**

88.27 The appointing authorities designated in Minnesota Statutes, section 15B.32,
88.28 subdivision 2, must complete their initial appointments to the commission no later than
88.29 August 1, 2011. The governor, or the governor's designee, shall convene the first meeting
88.30 of the commission within 30 days after the appointments required under this section
88.31 have been completed.

Sec. 12. **EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.**

Unless otherwise specified, this article is effective retroactively from July 1, 2011, and supersedes and replaces funding authorized by order of the Second Judicial District Court in Case No. 62-CV-11-5203.

ARTICLE 5
GENERAL PROVISIONS; ALL LEGACY FUNDS

Section 1. Minnesota Statutes 2010, section 3.303, subdivision 10, is amended to read:

Subd. 10. **Constitutionally dedicated funding accountability.** (a) The Legislative Coordinating Commission shall develop and maintain a user-friendly, public-oriented Web site that informs, educates, and demonstrates to the public how the constitutionally dedicated funds in the arts and cultural heritage fund, outdoor heritage fund, clean water fund, parks and trails fund, and environment and natural resources trust fund are being expended to meet the requirements established for each fund in the state constitution. Information provided on the Web site must include, but is not limited to:

(1) information on all project proposals received by the Outdoor Heritage Council and the Legislative-Citizen Commission on Minnesota Resources;

(2) information on all projects receiving funding, including:

(i) the name of the project and a project description;

(ii) the name, telephone number, members of the board or equivalent governing body, and e-mail address of the funding recipient and, when applicable, the Web site address where the public can directly access detailed information on the recipient's receipt and use of money for the project;

(iii) the amount and source of funding, including the fiscal year of the appropriation;

(iv) the amount and source of any additional funding or leverage;

(v) the duration of the project;

(vi) the number of full-time equivalents funded under the project. For the purposes of this item, "full-time equivalent" means a position directly attributed to the receipt of money from one or more of the funds covered under this section, calculated as the total number of hours planned for the position divided by 2,088;

(vii) the direct expenses and administration costs of the project;

(viii) proposed measurable outcomes and the plan for measuring and evaluating the results;

(ix) for pass-through, noncompetitive grants, the entity acting as the fiscal agent or administering agency and a point of contact for additional information; and

(x) for competitive grants, the name and a brief description of the qualifications of all board members or members of an equivalent governing body ultimately responsible for awarding the grants, as well as any grantmaking advisory group. In addition, an entity that awards competitive grants, including but not limited to a state agency or any statewide, regional, or local organization, must report whether an employee, decision maker, advisory group member, or other person involved in the grant process disclosed a conflict of interest or potential conflict of interest. If the entity reports that a conflict of interest or potential conflict of interest was disclosed, the entity must provide the Legislative Coordinating Commission with a contact person for additional information and the Legislative Coordinating Commission must post this information on the Web site. An entity that awards competitive grants must obtain and apply the conflict of interest policies developed by the commissioner of administration under section 16B.98, subdivision 3, unless the entity maintains and applies its own documented conflict of interest policies which are substantially similar to the commissioner of administration's policies;

(3) actual measured outcomes and evaluation of projects as required under sections 85.53, subdivision 2; 114D.50, subdivision ~~2~~ 4; and 129D.17, subdivision 2;

(4) education about the areas and issues the projects address, including, when feasible, maps of where projects have been undertaken;

(5) all frameworks developed for future uses of each fund; and

(6) methods by which members of the public may apply for project funds under any of the constitutionally dedicated funds.

(b) As soon as practicable or by January 15 of the applicable fiscal year, whichever comes first, a state agency or other recipient of a direct appropriation from a fund covered under this section shall submit the information required under paragraph (a) and, when applicable, compile and submit the same information for any grant recipient or other subrecipient of funding. All information for proposed and funded projects, including the proposed measurable outcomes, must be made available on the Web site as soon as practicable. Information on the measured outcomes and evaluation must be posted as soon as it becomes available. The costs of these activities shall be paid out of the arts and cultural heritage fund, outdoor heritage fund, clean water fund, parks and trails fund, and the environment and natural resources trust fund proportionately. For purposes of this section, "measurable outcomes" means outcomes, indicators, or other performance measures that may be quantified or otherwise measured in order to measure the effectiveness of a project or program in meeting its intended goal or purpose.

(c) The Legislative Coordinating Commission shall be responsible for receiving all ten-year plans and 25-year frameworks for each of the constitutionally dedicated funds. To

91.1 the extent practicable, staff for the commission shall provide assistance and oversight to
91.2 these planning efforts and shall coordinate public access to hearings and public meetings
91.3 for all planning efforts.

91.4 Sec. 2. Minnesota Statutes 2010, section 85.53, subdivision 2, is amended to read:

91.5 Subd. 2. **Expenditures; accountability.** (a) A project or program receiving funding
91.6 from the parks and trails fund must meet or exceed the constitutional requirement to
91.7 support parks and trails of regional or statewide significance. A project or program
91.8 receiving funding from the parks and trails fund must include measurable outcomes, as
91.9 defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the
91.10 results. A project or program must be consistent with current science and incorporate
91.11 state-of-the-art technology, except when the project or program is a portrayal or restoration
91.12 of historical significance.

91.13 (b) Money from the parks and trails fund shall be expended to balance the benefits
91.14 across all regions and residents of the state.

91.15 (c) ~~At~~ A state agency or other recipient of a direct appropriation from the parks and
91.16 trails fund must compile and submit all information for funded projects or programs,
91.17 including the proposed measurable outcomes and all other items required under section
91.18 3.303, subdivision 10, must be made available on to the Legislative Coordinating
91.19 Commission as soon as practicable or by January 15 of the applicable fiscal year,
91.20 whichever comes first. The Legislative Coordinating Commission must post submitted
91.21 information on the Web site required under section 3.303, subdivision 10, as soon as
91.22 practicable. Information on the measured outcomes and evaluation must be posted as soon
91.23 as it becomes available.

91.24 (d) Grants funded by the parks and trails fund must be implemented according to
91.25 section 16B.98 and must account for all expenditures. Proposals must specify a process
91.26 for any regranting envisioned. Priority for grant proposals must be given to proposals
91.27 involving grants that will be competitively awarded.

91.28 (e) Money from the parks and trails fund may only be spent on projects located
91.29 in Minnesota.

91.30 (f) When practicable, a direct recipient of an appropriation from the parks and
91.31 trails fund shall prominently display on the recipient's Web site home page the legacy
91.32 logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws
91.33 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more
91.34 information." When a person clicks on the legacy logo image, the Web site must direct
91.35 the person to a Web page that includes both the contact information that a person may

92.1 use to obtain additional information, as well as a link to the Legislative Coordinating
92.2 Commission Web site required under section 3.303, subdivision 10.

92.3 (g) Future eligibility for money from the parks and trails fund is contingent upon a
92.4 state agency or other recipient satisfying all applicable requirements in this section, as
92.5 well as any additional requirements contained in applicable session law.

92.6 Sec. 3. Minnesota Statutes 2010, section 97A.056, is amended by adding a subdivision
92.7 to read:

92.8 Subd. 12. **Recipient requirements.** (a) A state agency or other recipient of a direct
92.9 appropriation from the outdoor heritage fund must compile and submit all information
92.10 for funded projects or programs, including the proposed measurable outcomes and all
92.11 other items required under section 3.303, subdivision 10, to the Legislative Coordinating
92.12 Commission as soon as practicable or by January 15 of the applicable fiscal year,
92.13 whichever comes first. The Legislative Coordinating Commission must post submitted
92.14 information on the Web site required under section 3.303, subdivision 10, as soon as it
92.15 becomes available.

92.16 (b) When practicable, a direct recipient of an appropriation from the outdoor
92.17 heritage fund shall prominently display on the recipient's Web site home page the legacy
92.18 logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws
92.19 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more
92.20 information." When a person clicks on the legacy logo image, the Web site must direct
92.21 the person to a Web page that includes both the contact information that a person may
92.22 use to obtain additional information, as well as a link to the Legislative Coordinating
92.23 Commission Web site required under section 3.303, subdivision 10.

92.24 (c) Future eligibility for money from the outdoor heritage fund is contingent upon a
92.25 state agency or other recipient satisfying all applicable requirements in this section, as
92.26 well as any additional requirements contained in applicable session law.

92.27 Sec. 4. Minnesota Statutes 2010, section 114D.50, subdivision 4, is amended to read:

92.28 Subd. 4. **Expenditures; accountability.** (a) A project receiving funding from the
92.29 clean water fund must meet or exceed the constitutional requirements to protect, enhance,
92.30 and restore water quality in lakes, rivers, and streams and to protect groundwater and
92.31 drinking water from degradation. Priority may be given to projects that meet more than
92.32 one of these requirements. A project receiving funding from the clean water fund shall
92.33 include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for

93.1 measuring and evaluating the results. A project must be consistent with current science
93.2 and incorporate state-of-the-art technology.

93.3 (b) Money from the clean water fund shall be expended to balance the benefits
93.4 across all regions and residents of the state.

93.5 (c) ~~All~~ A state agency or other recipient of a direct appropriation from the clean
93.6 water fund must compile and submit all information for proposed and funded projects
93.7 or programs, including the proposed measurable outcomes, must be made available on
93.8 the Web site and all other items required under section 3.303, subdivision 10, to the
93.9 Legislative Coordinating Commission as soon as practicable or by January 15 of the
93.10 applicable fiscal year, whichever comes first. ~~Information on the measured outcomes and~~
93.11 ~~evaluation must be posted~~ The Legislative Coordinating Commission must post submitted
93.12 information on the Web site required under section 3.303, subdivision 10, as soon as it
93.13 becomes available. Information classified as not public under section 13D.05, subdivision
93.14 3, paragraph (d), is not required to be placed on the Web site.

93.15 (d) Grants funded by the clean water fund must be implemented according to section
93.16 16B.98 and must account for all expenditures. Proposals must specify a process for any
93.17 regranting envisioned. Priority for grant proposals must be given to proposals involving
93.18 grants that will be competitively awarded.

93.19 (e) Money from the clean water fund may only be spent on projects that benefit
93.20 Minnesota waters.

93.21 (f) When practicable, a direct recipient of an appropriation from the clean water fund
93.22 shall prominently display on the recipient's Web site home page the legacy logo required
93.23 under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter
93.24 361, article 3, section 5, accompanied by the phrase "Click here for more information."
93.25 When a person clicks on the legacy logo image, the Web site must direct the person to
93.26 a Web page that includes both the contact information that a person may use to obtain
93.27 additional information, as well as a link to the Legislative Coordinating Commission Web
93.28 site required under section 3.303, subdivision 10.

93.29 (g) Future eligibility for money from the clean water fund is contingent upon a state
93.30 agency or other recipient satisfying all applicable requirements in this section, as well as
93.31 any additional requirements contained in applicable session law.

93.32 Sec. 5. Minnesota Statutes 2010, section 129D.17, subdivision 2, is amended to read:

93.33 Subd. 2. **Expenditures; accountability.** (a) Funding from the arts and cultural
93.34 heritage fund may be spent only for arts, arts education, and arts access, and to preserve
93.35 Minnesota's history and cultural heritage. A project or program receiving funding from

94.1 the arts and cultural heritage fund must include measurable outcomes, and a plan for
94.2 measuring and evaluating the results. A project or program must be consistent with current
94.3 scholarship, or best practices, when appropriate and must incorporate state-of-the-art
94.4 technology when appropriate.

94.5 (b) Funding from the arts and cultural heritage fund may be granted for an entire
94.6 project or for part of a project so long as the recipient provides a description and cost for
94.7 the entire project and can demonstrate that it has adequate resources to ensure that the
94.8 entire project will be completed.

94.9 (c) Money from the arts and cultural heritage fund shall be expended for benefits
94.10 across all regions and residents of the state.

94.11 (d) ~~At~~ A state agency or other recipient of a direct appropriation from the arts and
94.12 cultural heritage fund must compile and submit all information for funded projects or
94.13 programs, including the proposed measurable outcomes and all other items required under
94.14 section 3.303, subdivision 10, must be made available on to the Legislative Coordinating
94.15 Commission Web site, as soon as practicable or by January 15 of the applicable fiscal year,
94.16 whichever comes first. Information on the measured outcomes and evaluation must be
94.17 posted ~~The Legislative Coordinating Commission must post submitted information on the~~
94.18 Web site required under section 3.303, subdivision 10, as soon as it becomes available.

94.19 (e) Grants funded by the arts and cultural heritage fund must be implemented
94.20 according to section 16B.98 and must account for all expenditures of funds. Priority for
94.21 grant proposals must be given to proposals involving grants that will be competitively
94.22 awarded.

94.23 (f) All money from the arts and cultural heritage fund must be for projects located
94.24 in Minnesota.

94.25 (g) When practicable, a direct recipient of an appropriation from the arts and cultural
94.26 heritage fund shall prominently display on the recipient's Web site home page the legacy
94.27 logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws
94.28 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more
94.29 information." When a person clicks on the legacy logo image, the Web site must direct
94.30 the person to a Web page that includes both the contact information that a person may
94.31 use to obtain additional information, as well as a link to the Legislative Coordinating
94.32 Commission Web site required under section 3.303, subdivision 10.

94.33 (h) Future eligibility for money from the arts and cultural heritage fund is contingent
94.34 upon a state agency or other recipient satisfying all applicable requirements in this section,
94.35 as well as any additional requirements contained in applicable session law.

95.1 Sec. 6. **APPLICABILITY.**

95.2 Sections 7 to 10 apply to any appropriation for fiscal year 2012 or 2013 from a legacy
95.3 fund. For the purposes of sections 7 to 10, "legacy fund" means the outdoor heritage fund,
95.4 the clean water fund, the parks and trails fund, or the arts and cultural heritage fund

95.5 Sec. 7. **GENERAL PROVISIONS.**

95.6 Subdivision. 1. **Grants.** Grants funded by a legacy fund must be implemented
95.7 according to Minnesota Statutes, section 16B.98, and the responsible entity must account
95.8 for all expenditures of funds.

95.9 Subd. 2. **Constitution.** A recipient of money from a legacy fund must comply with
95.10 the Minnesota Constitution, article XI, section 15, and may not substitute money received
95.11 from a legacy fund for a traditional source of funding.

95.12 Subd. 3. **Trusts and similar instruments.** A recipient of money from a legacy fund
95.13 must not use the money to fund a trust, endowment, or similar instrument unless:

95.14 (1) the entity reports no later than February 1 each year to the commissioner of
95.15 management and budget and the legislative committees with jurisdiction over legacy
95.16 funds regarding the recipient's use and fiduciary stewardship of legacy funds during the
95.17 period; and

95.18 (2) the entity submits to regular audits of the trust, endowment, or similar instrument
95.19 by the Office of the Legislative Auditor.

95.20 Sec. 8. **IN THE EVENT OF A LAWSUIT.**

95.21 (a) An appropriation or portion of an appropriation from a legacy fund is canceled to
95.22 the extent that a court determines that the appropriation unconstitutionally substitutes for
95.23 a traditional source of funding.

95.24 (b) Any grant contract or similar agreement that awards money from a legacy fund
95.25 must contain the information in paragraph (a).

95.26 Sec. 9. **LEGACY ACCOUNTING; TECHNICAL ASSISTANCE.**

95.27 No later than January 1, 2012, the commissioner of management and budget shall
95.28 finalize guidance and best practices to assist state agencies in uniformly accounting for
95.29 their expenditure of legacy funds. The commissioner shall make this information available
95.30 to all state agencies identified in this act.

95.31 Sec. 10. **EFFECTIVE DATE; RELATIONSHIP TO OTHER**
95.32 **APPROPRIATIONS.**

96.1 Unless otherwise specified, this article is effective retroactively from July 1, 2011,
96.2 and supersedes and replaces funding authorized by order of the Second Judicial District
96.3 Court in Case No. 62-CV-11-5203.

Legacy Funding																		
2011 Special Session																		
	(amounts in thousands)	Senate				House				House -	Special Session				Sp Session	Sp Session		
		FY2012	FY2013	Total		FY2012	FY2013	Total		Senate	FY2012	FY2013	Total		Senate	House		
1	Art 1 - Outdoor Heritage Fund																	
2																		
3	Prairies																	
4	WMA, SNA, & Prairie Bank Easement Acq. Phase III	3,931	-	3,931		4,690	-	4,690		759	3,931	-	3,931		-	(759)		
5	Accelerated Prairie Restoration - Phase III	1,652	-	1,652		1,652	-	1,652		-	1,652	-	1,652		-	-		
6	MN Buffers for Wildlife & Water	2,249	-	2,249		2,249	-	2,249		-	2,249	-	2,249		-	-		
7	Northern Tallgrass Prairie NWR Acquisition - Phase III	1,720	-	1,720		1,720	-	1,720		-	1,720	-	1,720		-	-		
8	Minnesota Prairie Recovery Project - Phase II	4,500	-	4,500		4,500	-	4,500		-	4,500	-	4,500		-	-		
9	Cannon River Headwaters Habitat Complex	1,533	-	1,533		1,877	-	1,877		344	1,533	-	1,533		-	(344)		
10	Accelerating Wildlife Management Area Acquis.- Phase III	5,500	-	5,500		6,691	-	6,691		1,191	5,500	-	5,500		-	(1,191)		
11	Accelerating the Waterfowl Production Area - Phase III	9,815	-	9,815		9,815	-	9,815		-	9,815	-	9,815		-	-		
12	Green Corridor Legacy Acquisition - Phase III	1,771	-	1,771		2,130	-	2,130		359	1,771	-	1,771		-	(359)		
13	Prairie Heritage Fund - Acquisition	-	-	-		-	-	-		-	-	-	-		-	-		
14	Bluffland Prairie Protection Initiative	-	-	-		-	-	-		-	-	-	-		-	-		
15	Rum River/Cedar Creek Acquisition	-	-	-		-	-	-		-	-	-	-		-	-		
16	Subtotal Prairies:	32,671	-	32,671		35,324	-	35,324		2,653	32,671	-	32,671		-	(2,653)		
18																		
19	Forests																	
20	Forests for the Future - Phase III	5,409	-	5,409		5,409	-	5,409		-	5,409	-	5,409		-	-		
21	LaSalle Lake; Protecting Critical Headwaters Habitat	4,632	-	4,632		5,709	-	5,709		1,077	4,632	-	4,632		-	(1,077)		
22	Accelerated Forest Wildlife Habitat Program - Phase II	826	-	826		826	-	826		-	826	-	826		-	-		
23	Northeastern MN Sharp-tail Grouse Habitat - Phase II	988	-	988		1,199	-	1,199		211	988	-	988		-	(211)		
24	Lower Mississippi River Habitat Partnership	707	-	707		863	-	863		156	707	-	707		-	(156)		
25	Protect Industrial Forest Land-Cass Co.	604	-	604		604	-	604		-	604	-	604		-	-		
26	State Forest Acquisition	1,205	-	1,205		1,429	-	1,429		224	1,205	-	1,205		-	(224)		
31	Subtotal Forests:	14,371	-	14,371		16,039	-	16,039		1,668	14,371	-	14,371		-	(1,668)		
32																		
33	Wetlands																	
34	Reinvest in Minnesota/Wetlands Reserve	13,000	-	13,000		13,000	-	13,000		-	13,000	-	13,000		-	-		
35	Accelerated Shallow Lake Restorations	936	-	936		936	-	936		-	936	-	936		-	-		
36	Shallow Lake Critical Shoreland	1,891	-	1,891		1,998	-	1,998		107	1,891	-	1,891		-	(107)		
37	Subtotal Wetlands:	15,827	-	15,827		15,934	-	15,934		107	15,827	-	15,827		-	(107)		
38																		

Legacy Funding																	
2011 Special Session																	
	(amounts in thousands)		Senate				House				House -		Special Session				Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		House
39	Habitat																
40	Accelerated Aquatic Management Area - Phase III		6,500	-	6,500		7,061	-	7,061		561		6,500	-	6,500		(561)
41	Cold Water Fish Habitat - Phase III		1,533	-	1,533		1,533	-	1,533		-		1,533	-	1,533		-
42	Janet Johnson Memorial WMA		577	-	577		707	-	707		130		577	-	577		(130)
43	Metro Big Rivers Habitat Program - Phase II		5,000	-	5,000		5,481	-	5,481		481		5,000	-	5,000		(481)
44	Protecting Sensitive Shoreland (Leech Lake WSD)		1,098	-	1,098		1,098	-	1,098		-		1,098	-	1,098		-
45	Shell Rock River Habitat & Water Restoration		2,577	-	2,577		2,577	-	2,577		-		2,577	-	2,577		-
46	Conservation Partners Grant Program - Phase III		5,629	-	5,629		5,629	-	5,629		-		5,629	-	5,629		-
54	Subtotal Habitat:		22,914	-	22,914		24,086	-	24,086		1,172		22,914	-	22,914		(1,172)
55																	
56	Administration																
57	Contract Management		175	-	175		175	-	175		-		175	-	175		-
58	Technical Assistance Panel Coordinator		42	-	42		84	-	84		42		42	-	42		(42)
59	Public Information Web Site		-	-	-		13	-	13		13		13	-	13		-
60	Admin Expenses & Compensation		471	471	942		471	471	942		-		471	471	942		-
61	Subtotal Administration:		688	471	1,159		743	471	1,214		55		701	471	1,172		(42)
62																	
63	OUTDOOR HERITAGE FUND TOTAL:		86,471	471	86,942		92,126	471	92,597		5,655		86,484	471	86,955		(5,642)
64	Article Total By Agency																
65	Department of Natural Resources		70,576	-	70,576		76,218	-	76,218		5,642		70,576	-	70,576		(5,642)
66	Board of Water & Soil Resources		15,249	-	15,249		15,249	-	15,249		-		15,249	-	15,249		-
67	Department of Agriculture		-	-	-		-	-	-		-		-	-	-		-
68	Legislative Coordinating Commission		646	471	1,117		659	471	1,130		13		659	471	1,130		-
69			86,471	471	86,942		92,126	471	92,597		5,655		86,484	471	86,955		(5,642)
70																	
71	OUTDOOR HERITAGE FUND REVENUE (Feb Forecast):		86,413	88,818			86,413	88,818					86,413	88,818			
72	Sales Tax Changes		-	-			-	-					-	-			
73	Carryover Revenue		12,174	12,116			12,174	6,461					12,174	12,103			
74	FUND BALANCE:		12,116	100,463			6,461	94,808			(5,655)		12,103	100,450			(13)
75			14.0%	113.1%			7.5%	106.7%					14.0%	113.1%			5,642
76	Other																
77	Transfer 2009 Approp to Forest for the Future Acct in Nat Res Fund		[750]	-	[750]		[750]	-	[750]				[750]	-	[750]		
78	Appropriation from the account to the DNR		30	30	60		30	30	60				30	30	60		
79																	
80																	

Legacy Funding																	
2011 Special Session																	
(amounts in thousands)			Senate				House				House -		Special Session				Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		Senate
																	House
81	Art 2 - Clean Water Fund																
82																	
83	Department of Agriculture																
84	Pesticide Monitoring & Water Assess		350	350	700		350	350	700		-		350	350	700		-
85	Nitrate Monitoring in Groundwater		850	850	1,700		850	850	1,700		-		850	850	1,700		-
86	AgBMP Loan Program		5,000	5,000	10,000		5,000	5,000	10,000		-		4,500	4,500	9,000		(1,000)
87	Research and Evaluation - Nonpoint		700	700	1,400		700	700	1,400		-		775	775	1,550		150
88	Research and Evaluation - BMP's		1,050	1,050	2,100		1,050	1,050	2,100		-		1,050	1,050	2,100		-
89	Research and Evaluation - Database		250	250	500		250	250	500		-		175	175	350		(150)
90	Root River Watershed		-	-	-		-	-	-		-		-	-	-		-
91	Department of Agriculture Agency Total		8,200	8,200	16,400		8,200	8,200	16,400		-		7,700	7,700	15,400		(1,000)
92																	
93	Public Facilities Authority																
94	TMDL Grants Program		11,185	11,185	22,370		11,185	11,185	22,370		-		11,185	11,185	22,370		-
95	Phosphorus Reduction Grants		4,275	4,275	8,550		4,275	4,275	8,550		-		4,275	4,275	8,550		-
96	Small Community Wastewater Treatment		1,250	1,250	2,500		1,250	1,250	2,500		-		1,250	1,250	2,500		-
97	Public Facilities Authority Agency Total		16,710	16,710	33,420		16,710	16,710	33,420		-		16,710	16,710	33,420		-
98																	
99	Pollution Control Agency																
100	Water Quality Assessment & Monitoring		7,400	7,400	14,800		7,400	7,400	14,800		-		7,400	7,400	14,800		-
101	<Red River Watch Program>		100	100	200		100	100	200		-		100	100	200		-
102	TMDL Development		9,400	9,400	18,800		9,400	9,400	18,800		-		9,400	9,400	18,800		-
103	Groundwater Assessment & Protection		1,125	1,125	2,250		1,125	1,125	2,250		-		1,125	1,125	2,250		-
104	St. Louis River/Duluth Harbor Cleanup		750	750	1,500		750	750	1,500		-		750	750	1,500		-
105	Clean Water Partnership Grants		1,000	1,000	2,000		1,250	1,250	2,500		500		1,000	1,000	2,000		-
106	Storm Water Research & Guidance		400	400	800		400	400	800		-		400	400	800		-
107	TMDL Research & Database		1,150	1,150	2,300		1,150	1,150	2,300		-		1,150	1,150	2,300		-
108	National Pollutant Discharge System		800	800	1,600		800	800	1,600		-		800	800	1,600		-
109	EQB for Geological Survey; I-94 Corridor		225	225	450		225	225	450		-		225	225	450		-
110	Re-Use Waste Water Pilot Projects		1,000	-	1,000		-	-	-		(1,000)		-	-	-		(1,000)
111	<Small City Pilot Projects>		-	-	-		-	-	-		-		-	-	-		-
112	Wild Rice Study		500	-	500		500	-	500		-		1,000	500	1,500		1,000
113	Drinking Water Protection; SSTS		250	250	500		-	-	-		(500)		862	708	1,570		1,070
114	St. Croix Watershed Monitoring		-	-	-		-	-	-		-		-	-	-		-
115	Endocrine Disruptor Monitoring/Wastewater		-	-	-		-	-	-		-		-	-	-		-
116	Rulemaking for Nitrogen Standards		-	-	-		-	-	-		-		-	-	-		-

Legacy Funding																		
2011 Special Session																		
	(amounts in thousands)		Senate				House				House -		Special Session				Sp Session	Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		Senate	House
117	Civic Engagement/TMDL Development		-	-	-		-	-	-		-		-	-	-		-	-
119	Coal Tar BMP's		-	-	-		-	-	-		-		-	-	-		-	-
120	Pollution Control Agency Total		24,100	22,600	46,700		23,100	22,600	45,700		(1,000)		24,212	23,558	47,770		1,070	2,070
121																		
122	Department of Natural Resources																	
123	Stream Flow Monitoring		1,825	1,825	3,650		1,825	1,825	3,650		-		1,825	1,825	3,650		-	-
124	Lake Index of Biological Integrity Assessments		1,150	1,150	2,300		1,150	1,150	2,300		-		1,150	1,150	2,300		-	-
125	Assessing Mercury Contamination in Fish		130	130	260		130	130	260		-		130	130	260		-	-
126	TMDL Development & Implementation Impaired Waters		1,730	1,730	3,460		1,730	1,730	3,460		-		1,730	1,730	3,460		-	-
127	Water Supply Planning, Protection & Monitoring		1,500	1,500	3,000		1,500	1,500	3,000		-		1,500	1,500	3,000		-	-
128	Web-Based Electronic Permitting for Water Use		450	450	900		450	450	900		-		450	450	900		-	-
129	Shore land Stewardship & TMDL Implementation		1,450	1,450	2,900		1,450	1,450	2,900		-		1,450	1,450	2,900		-	-
130	<Watershed Boundaries & Modeling>		235	235	470		235	235	470		-		235	235	470		-	-
131	<Biomonitoring Database>		40	40	80		40	40	80		-		40	40	80		-	-
132	High-Resolution Elevation Data (LIDAR)		1,350	1,350	2,700		1,350	1,350	2,700		-		1,350	1,350	2,700		-	-
133	Citizen Outreach, Education & Engagement		300	300	600		-	-	-		(600)		-	-	-		(600)	-
134	Metro Groundwater Monitoring & Protection		1,000	-	1,000		1,000	-	1,000		-		1,000	-	1,000		-	-
135	Mississippi River Critical Area		-	-	-		-	-	-		-		-	-	-		-	-
136	County Geological Atlas Survey		-	-	-		-	-	-		-		-	-	-		-	-
137	Department of Natural Resources Agency Total		11,160	10,160	21,320		10,860	9,860	20,720		(600)		10,860	9,860	20,720		(600)	-
138																		
139	Board of Water & Soil Resources																	
140	Surface & Drinking Water Grants		13,750	13,750	27,500		13,750	13,750	27,500		-		13,750	13,750	27,500		-	-
141	Targeted Resource Protection & Enhancement Grants		1,500	1,500	3,000		1,500	1,500	3,000		-		1,500	1,500	3,000		-	-
142	<County SSTS Programs>		1,500	1,500	3,000		1,500	1,500	3,000		-		1,500	1,500	3,000		-	-
143	Measures, Results & Accountability		900	900	1,800		900	900	1,800		-		900	900	1,800		-	-
144	Targeted Nonpoint Restoration Tech Assistance		1,000	1,000	2,000		1,000	1,000	2,000		-		1,000	1,000	2,000		-	-
145	Water Riparian Buffer Easements		5,800	5,800	11,600		6,000	6,000	12,000		400		6,000	6,000	12,000		400	-
146	Wellhead Protection Areas		1,000	1,000	2,000		1,300	1,300	2,600		600		1,300	1,300	2,600		600	-
147	Water Retention & Runoff Grants		1,500	1,500	3,000		1,500	1,500	3,000		-		1,500	1,500	3,000		-	-
148	Restoration Audits; Technical Assistance		42	42	84		84	84	168		84		84	84	168		84	-
151	Board of Water & Soil Resources Agency Total		26,992	26,992	53,984		27,534	27,534	55,068		1,084		27,534	27,534	55,068		1,084	-
152																		

Legacy Funding																	
2011 Special Session																	
(amounts in thousands)																	
			Senate				House				House -		Special Session			Sp Session	Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total	Senate	House
153	Department of Health																
154	Drinking Water Contaminants		1,020	1,020	2,040		1,020	1,020	2,040		-		1,020	1,020	2,040	-	-
155	Source Water Protection & Preservation		1,415	1,415	2,830		1,415	1,415	2,830		-		1,415	1,415	2,830	-	-
156	Cost Share Assistance; Well Sealing		250	250	500		250	250	500		-		250	250	500	-	-
159	County Well Index		303	365	668		303	365	668		-		303	365	668	-	-
160	Department of Health Agency Total		2,988	3,050	6,038		2,988	3,050	6,038		-		2,988	3,050	6,038	-	-
161																	
162	Metropolitan Council																
163	Water Supply Planning		500	500	1,000		500	500	1,000		-		500	500	1,000	-	-
164																	
165	Legislative Coordinating Commission																
166	Public Information Web Site		11	-	11		14	-	14		3		13	-	13	2	(1)
167	Clean Water Council Administrative Costs		200	200	400		-	-	-		(400)		-	-	-	(400)	-
168	Legislative Coordinating Commission Total		211	200	411		14	-	14		(397)		13	-	13	(398)	(1)
169																	
170	Dept of Administration																
171	Cowles Center for Dance		154	-	154		-	-	-		(154)		-	-	-	(154)	-
172																	
173	University of Minnesota																
174	Sustainable Water Resources Framework		-	-	-		-	-	-		-		-	-	-	-	-
175	County Geological Atlas Survey		-	-	-		-	-	-		-		-	-	-	-	-
176	University of Minnesota Total		-	-	-		-	-	-		-		-	-	-	-	-
177																	
178																	
179	CLEAN WATER APPROPRIATIONS TOTAL:		91,015	88,412	179,427		89,906	88,454	178,360		(1,067)		90,517	88,912	179,429	2	1,069
180																	
181	Previous Biennium Carry forward Spending		13,791	-	13,791		13,791	-	13,791				13,791	-	13,791	-	-
182																	
183	CLEAN WATER FUND REVENUE (Feb Forecast):		86,463	88,869			86,463	88,869					86,463	88,869			
184	Sales Tax Changes		-	-			-	-					-	-			
185	Carryover Revenue		20,529	2,186			20,529	3,295					20,529	2,684			
186	FUND BALANCE:		2,186	2,643			3,295	3,710			1,067		2,684	2,641		(2)	(1,069)
187			2.5%	3.0%			3.8%	4.2%					3.1%	3.0%			
188																	
189	FY2011 Carryforwards that would otherwise cancel back to the fund.																
190	PCA: Coal Tar BMP's		179	-	179		179	-	179		-		179	-	179	-	-
191	PCA: Rulemaking for Nitrogen Standards		81	-	81		81	-	81		-		81	-	81	-	-
192	PCA: TMDL Development & Implementation		2,237	-	2,237		2,237	-	2,237		-		2,237	-	2,237	-	-
193	AG: Research and Evaluation - Nonpoint		1,100	-	1,100		1,100	-	1,100		-		1,100	-	1,100	-	-
194	PCA: Re-Use Waste Water Pilot Projects		-	-	-		1,001	-	1,001		1,001		1,001	-	1,001	1,001	-
195	Total:		3,597	-	3,597		4,598	-	4,598		1,001		4,598	-	4,598	1,001	-
196																	

Legacy Funding																		
2011 Special Session																		
(amounts in thousands)			Senate				House				House -		Special Session				Sp Session	Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		Senate	House
197	Art 3 - Parks & Trails Fund																	
198																		
199	Department of Natural Resources																	
200	State Parks, Recreation Areas, and Trails	43%	15,437	15,007	30,444	39%	14,962	15,437	30,399	40.5%	(45)		14,262	14,603	28,865	38%	(1,579)	(1,534)
201	Regional Parks and Trails Grants	14%	8,707	8,466	17,173	22%	6,568	7,718	14,286	19.0%	(2,887)		7,506	7,686	15,192	20%	(1,981)	906
202	Regional Parks - Solar Project Grants		-	-	-		-	-	-		-		-	-	-		-	-
203	LaSalle Lake Recreation Area		-	-	-		2,100	-	2,100		2,100		2,100	-	2,100		2,100	-
204	Restoration Audits; Technical Assistance		38	38	76		38	38	76		-		38	38	76		-	-
205	Department of Natural Resources Agency Total		24,182	23,511	47,693		23,668	23,193	46,861		(832)		23,906	22,327	46,233		(1,460)	(628)
206																		
207	Metropolitan Council																	
208	Metro Parks and Trails Grants	43%	15,437	15,007	30,444	39%	14,962	15,437	30,399	40.5%	(45)		15,763	16,141	31,904	42%	1,460	1,505
209																		
210	Legislative Coordinating Commission																	
211	Public Information Web Site		5	-	5		7	-	7		2		7	-	7		2	-
212																		
213	University of Minnesota																	
214	Parks Framework & Inventory		-	-	-		-	-	-		-		-	-	-		-	-
215																		
216			39,624	38,518	78,142		38,637	38,630	77,267		(875)		39,676	38,468	78,144		2	877
217																		
218	PARKS & TRAILS FUND REVENUE (Feb Forecast):		37,359	38,463			37,359	38,463					37,359	38,463				
219	Sales Tax Changes		-	-			-	-					-	-				
220	Carryover Revenue		3,491	1,226			3,491	2,213					3,491	1,174				
221	FUND BALANCE:		1,226	1,171			2,213	2,046			875		1,174	1,169			(2)	(877)
222			3.3%	3.0%			5.9%	5.3%					3.1%	3.0%				
223																		
224	Art 4 - Arts & Cultural Heritage Fund																	
225																		
226	Board of the Arts																	
227	Arts & Arts Access Initiatives		16,550	17,400	33,950		16,660	16,660	33,320		(630)		17,003	18,150	35,153	77.3%	1,203	1,833
228	Arts Education Collaborations		4,000	3,900	7,900		3,450	3,450	6,900		(1,000)		3,276	3,276	6,552	14.4%	(1,348)	(348)
229	Arts and Cultural Heritage		1,080	1,080	2,160		1,080	1,080	2,160		-		1,073	1,073	2,146	4.7%	(14)	(14)
230	Library Grants		3,000	3,000	6,000		-	-	-		(6,000)		-	-	-		(6,000)	-
231	Fiscal Oversight & Accountability	2.5%	575	575	1,150	2.2%	634	634	1,268	2.9%	118		815	815	1,630	3.6%	480	362
232	Board of the Arts Agency Total	46%	25,205	25,955	51,160	49%	21,824	21,824	43,648	43%	(7,512)		22,167	23,314	45,481	43%	(5,679)	1,833
233																		
234	Department of Education																	
235	Grants to Regional Libraries		-	-	-		3,455	3,455	6,910		6,910		3,000	3,000	6,000		6,000	(910)
236	Department of Education Agency Total		-	-	-		3,455	3,455	6,910		6,910		3,000	3,000	6,000		6,000	(910)

Legacy Funding																		
2011 Special Session																		
	(amounts in thousands)		Senate				House				House -		Special Session				Sp Session	Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		Senate	House
237																		
238	MN Historical Society																	
239	Statewide Historic & Cultural Grants		5,250	5,250	10,500		5,250	5,250	10,500		-		5,250	5,250	10,500		-	-
240	Statewide History Programs		5,000	5,000	10,000		5,000	5,000	10,000		-		4,800	4,800	9,600		(400)	(400)
245	History Partnerships		1,500	1,500	3,000		1,500	1,500	3,000		-		1,500	1,500	3,000		-	-
246	Statewide Survey of Historical & Arch. Sites		250	250	500		250	250	500		-		250	250	500		-	-
247	Minnesota Digital Library		250	250	500		250	250	500		-		250	250	500		-	-
248	Exhibit on Regional, Local & Cultural Diversity		-	-	-		-	-	-		-		-	-	-		-	-
249	MN Historical Society Agency Total		12,250	12,250	24,500		12,250	12,250	24,500		-		12,050	12,050	24,100		(400)	(400)
250																		
251	Dept. of Administration:																	
252	Minnesota Public TV		3,500	3,500	7,000		-	-	-		(7,000)		3,700	3,700	7,400		400	7,400
253	Minnesota Public Radio		1,325	1,325	2,650		-	-	-		(2,650)		-	-	-		(2,650)	-
254	Association of MN Public Education Radio		1,325	1,325	2,650		-	-	-		(2,650)		-	-	-		(2,650)	-
255	Public Radio Competitive Grants												2,650	2,650	5,300		5,300	5,300
256	Public Broadcasting Competitive Grants		-	-	-		6,400	6,400	12,800		12,800		-	-	-		-	(12,800)
257	Zoos		-	-	-		-	-	-		-		-	-	-		-	-
258	- Como Zoo		200	200	400		-	-	-		(400)		200	200	400		-	400
259	- Lake Superior Zoo		100	100	200		-	-	-		(200)		100	100	200		-	200
260	Children's Museums		-	-	-		-	-	-		-		-	-	-		-	-
261	- MN Children's Museum		500	500	1,000		-	-	-		(1,000)		500	500	1,000		-	1,000
262	- Duluth Children's Museum		166	166	332		-	-	-		(332)		-	-	-		(332)	-
263	- Grand Rapids Children's Museum		166	166	332		-	-	-		(332)		-	-	-		(332)	-
264	- Southern MN Children's Museum		166	166	332		-	-	-		(332)		-	-	-		(332)	-
262	- Rochester Children's Museum		-	-	-		-	-	-		-		-	-	-		-	-
265	Science Museum of MN		500	500	1,000		-	-	-		(1,000)		500	500	1,000		-	1,000
266	MN Film & TV Board		500	500	1,000		-	-	-		(1,000)		500	500	1,000		-	1,000
267	Veterans Camps		-	-	-		-	-	-		-		-	-	-		-	-
268	- Disabled Rest Camp; Big Marine Lake		-	-	-		2,400	-	2,400		2,400		400	-	400		400	(2,000)
269	- Veterans on the Lake Resort; Fall Lake		-	-	-		850	-	850		850		75	-	75		75	(775)
270	State Capitol Preservation Commission		-	-	-		550	-	550		550		550	-	550		550	-
271	Dept of Administration Agency Total		8,448	8,448	16,896		10,200	6,400	16,600		(296)		9,175	8,150	17,325		429	725
272																		
273	Minnesota Zoo																	
274	Program Development		1,500	1,500	3,000		-	-	-		(3,000)		1,500	1,500	3,000		-	3,000
275	MN Zoo Agency Total		1,500	1,500	3,000		-	-	-		(3,000)		1,500	1,500	3,000		-	3,000
276																		
277	Department of Natural Resources																	
278	Competitive Zoo Grants		-	-	-		1,100	1,100	2,200		2,200		-	-	-		-	(2,200)
279	MN Zoo Agency Total		-	-	-		1,100	1,100	2,200		2,200		-	-	-		-	(2,200)
280																		

Legacy Funding																	
2011 Special Session																	
(amounts in thousands)			Senate				House				House -		Special Session				Sp Session
			FY2012	FY2013	Total		FY2012	FY2013	Total		Senate		FY2012	FY2013	Total		Senate
																	House
281	Humanities Center																
282	Program Development		325	325	650		325	325	650		-		325	325	650		-
283	Councils of Color Competitive Grants		500	500	1,000		500	500	1,000		-		500	500	1,000		-
284	Civics Education Competitive Grants		250	250	500		-	-	-		(500)		250	250	500		500
285	Children Museum Competitive Grants												500	500	1,000		1,000
286	Competitive Humanities Grants		-	-	-		2,875	2,875	5,750		5,750		-	-	-		(5,750)
287	Humanities Center Agency Total		1,075	1,075	2,150		3,700	3,700	7,400		5,250		1,575	1,575	3,150		1,000
288																	
289	Perpich Center for the Arts																
290	Arts Education & Access		1,000	1,000	2,000		-	-	-		(2,000)		850	850	1,700		(300)
291	Perpich Center for the Arts Agency Total		1,000	1,000	2,000		-	-	-		(2,000)		850	850	1,700		(300)
292																	
293	Department of Agriculture																
294	County Ag Societies/County Fairs																
295	- Each County; Arts Access		700	700	1,400		-	-	-		(1,400)		700	700	1,400		-
296	- Counties Competitive Grants		700	700	1,400		-	-	-		(1,400)		700	700	1,400		-
297	Department of Agriculture Agency Total		1,400	1,400	2,800		-	-	-		(2,800)		1,400	1,400	2,800		-
298																	
299	Indian Affairs Council																
300	- Language Working Group		75	75	150		-	-	-		(150)		75	75	150		-
301	- Language Preservation & Education		550	550	1,100		-	-	-		(1,100)		550	550	1,100		-
302	- Language Immersion; Niigaane Ojibwe School		125	125	250		-	-	-		(250)		125	125	250		-
303	- Language Immersion; Wicoie Nandagikendan Urban Proj.		125	125	250		-	-	-		(250)		125	125	250		-
304	Indian Affairs Council Agency Total		875	875	1,750		-	-	-		(1,750)		875	875	1,750		-
305																	
306	Veterans Affairs																
307	Vacation and Rest Camp Grants		450	-	450		-	-	-		(450)		-	-	-		(450)
308	Veterans Affairs Agency Total		450	-	450		-	-	-		(450)		-	-	-		(450)
309																	
310	Legislative Coordinating Commission - Web Site		6	-	6		8	-	8		2		8	-	8		2
312	ARTS & CULTURAL HERITAGE FUND TOTAL:		52,209	52,503	104,712		52,537	48,729	101,266		(3,446)		52,600	52,714	105,314		602
313																	
314	Previous Biennium Carry forward Spending		841	-	841		841	-	841				841	-	841		
315																	
316	ARTS & CULTURAL HERITAGE REV. (Feb Forecast):		51,666	53,068			51,666	53,068					51,666	53,068			
317	Sales Tax Changes		-	-			-	-					-	-			
318	Carryover Revenue		2,437	1,053			2,437	725					2,437	662			
319	FUND BALANCE:		1,053	1,618			725	5,064			3,446		662	1,016			(602)
320			2.0%	3.0%			1.4%	9.5%					1.3%	1.9%			
321																	
322	SUMMARY BY FUND																
323																	
324	Outdoor Heritage Fund		86,471	471	86,942		92,126	471	92,597		5,655		86,484	471	86,955		13
325	Clean Water Fund		91,015	88,412	179,427		89,906	88,454	178,360		(1,067)		90,517	88,912	179,429		2
326	Parks & Trails Fund		39,624	38,518	78,142		38,637	38,630	77,267		(875)		39,676	38,468	78,144		2
327	Arts & Cultural Heritage Fund		52,209	52,503	104,712		52,537	48,729	101,266		(3,446)		52,600	52,714	105,314		602
328	Total:		269,319	179,904	449,223		273,206	176,284	449,490		267		269,277	180,565	449,842		619