

**Forum of  
Regional Arts Councils  
of Minnesota**

**POLICY MANUAL &  
GUIDE**

**October 2017**



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# Preface

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## 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

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## 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)
- coordinate retreats
- work with the planning committee at the Rural Arts and Summit
- attend events, when appropriate, such as Rural Arts and Culture, GIA
- work with Forum committees on various projects

### 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 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 purpose of the vote. The person having a conflict of interest may not vote on the Contract or Transaction. Such a person's ineligibility to vote shall be reflected in the minutes of the meeting. For the 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 and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot.
- 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.
- In the case of the FRACM using professional development funds to pay a RAC Director or staff person's conference or workshop registration fee and that person is unable to attend, the FRACM will use the following guidelines: Upon notification that a person cannot attend, the FRACM staff will make every attempt to fill the spot with another RAC Director or staff, with the understanding that the FRACM is responsible for 80% of the cost and the RAC is responsible for 20% of the cost. If the spot remains unfilled, the FRACM will attempt to obtain a refund, with the refund being split 80% for the FRACM and 20% for the RAC. If no refund can be obtained, the cost of the registration will be split 80% for the FRACM and 20% for the RAC.

#### Guidelines for Expense Reimbursement

Note: Expenses that are not specifically listed below will not be eligible for reimbursement by FRACM. For specifics on travel to be reimbursed and other policy related to travel, see FRACM policy manual sections B7 FRACM Professional Development Funds and B11 Travel Equalization.

1	Date each expense item and turn in for reimbursement to the fiscal agent for FRACM on the provided form.	
2	Automobile mileage will be paid at the current GSA.gov rate for privately owned vehicles based on the most direct route.	
3	Air transportation shall be coach class except when not available.	
4	Receipts must accompany all claims for expenses, excluding taxi, limo service, and baggage handling.	
5	Claims for meals shall be for the actual amounts and receipts are necessary. Maximum reimbursements, including tax and tip for meals shall be the current GSA.gov rates. Alcohol is not eligible for reimbursement. The 2017-2018 maximum is (to be released on Oct. 1).	
6	Lodging will be reimbursed at the single room rate for the reasonable cost of hotel accommodations. Receipts are necessary. Convenience, the cost of staying in the city in which the hotel is located, and proximity to other venues on the individual's itinerary shall be considered in determining reasonableness. Personnel shall make use of available government, corporate, and discount rates for hotels. "Deluxe" or "luxury" hotel rates will not be reimbursed and the GSA.gov rate will be applied instead. Days of lodging during a conference should be reasonable and not extended except in the case where it substantially reduces airfare costs and this must be shown by comparison.	
7	Parking fees will be reimbursed. When receipts or other evidence issued, it must be submitted with the expense reimbursement request.	
8	Conference and training registration fees, pre-conference fees, conference special event attendance for the FRACM member are eligible for reimbursement with receipts.	

## **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 officially a MSAB committee, 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 will schedule four meeting per fiscal year. No less than two meetings will be held; two meetings may be cancelled if they aren't needed. 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.

1.

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
\$550 each year for fiscal oversight and accountability	\$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 committee for application. Due date of application varies from funding cycle to funding cycle.

2. In proposal years, collect information six months prior to application due date. The FRACM should approve both activities for the final report as well as new project ideas to be submitted in the proposal one month prior to application due date.
3. In other years, collect information for the first nine months of the funding cycle to be approved by the FRACM one month prior to the submission of a final report.
4. 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.
5. Request copies of the 501 (c) 3 documentation, fiscal agent contract and the staff agreement for inclusion in the report.
6. Make sure to request The McKnight Foundation sends 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 The McKnight Foundation 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**

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### **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.

#### **14. 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.

#### **15. 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.

#### **16. 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.

#### **17. 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 15<sup>th</sup> annually
- Charitable Organization Annual Report (for the non-profits) by January 15<sup>th</sup> annually to the Attorney General's office. (New law requires this report to be submitted no later than the 15<sup>th</sup> day of the 7<sup>th</sup> 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:**

<b>Information required</b>	<b>Must be submitted to the Board by</b>
<b>FY arts and cultural heritage funds expended by the Council, 1<sup>st</sup> tri (Annual Reporting for grants awarded July-October)</b>	<b>November 15</b>
7.Date for RACs to confirm/provide edits to MSAB	January 1
<b>FY arts and cultural heritage funds expended by the Council</b>	<b>July 15</b>
8.Date for RACs to confirm/provide edits to MSAB	September 1
<b>FY data collected through arts and cultural heritage fund grantees' final reports</b>	<b>September 30</b>
9.Date for RACs to confirm/provide edits to MSAB	November 1

## **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**

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### **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**

- 10. Projects limited in access to, or only serving, those attending schools, including the staff.
- 11. MSAB and a RAC for the same work or expenses incurred while carrying out the same project in a single fiscal year.
- 12. Projects requiring artists to pay unreasonable entry or exhibition fees in order to exhibit or perform in the project.

13. Funds requested to account for fund deficiencies in projects begun prior to the project starting date specified in the program information.
14. 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 electronically submitted, hand 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.

## **09. 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

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## **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 Forum 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

- 15.
- 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

16.

- 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

17.

- 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

18.

- 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

19.

- 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**


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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(j) 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 27<sup>th</sup> day of January, 1994.

Robert Bollenbeck  
ROBERT BOLLENBECK

Carolyn Bye  
CAROLYN BYE

Robert C. 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

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

**Person to Contact:**

Shirley Rudolph 31-03949  
Customer Service Representative

**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.

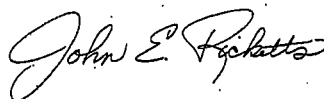
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and 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, reading "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 55401-1148

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 (10/0/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)

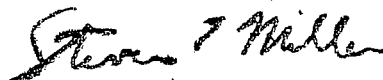
-2-

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 OPN 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 238D  
MINNEAPOLIS, MN 55401-1148

Employer Identification Number:  
41-1785322  
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

Letter 1045 (DO/CG)

## 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

FORUM OF REGIONAL ARTS COUNCILS (OF

cause for the delay. However, the maximum penalty we charge cannot exceed \$15,000 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)

Department of the Treasury  
Internal Revenue Service

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

(See instructions on the next page.)

OMB No. 1545-005

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

Continuation of Form 1023

*Marilyn H. Ray*

11/1/94

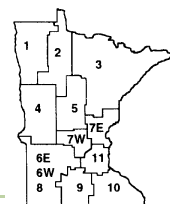
*Angela L. Simpson*

By

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>	\$
<b><u>FRACM Request (80%)</u></b>	\$

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 22<sup>nd</sup> 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>

**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

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

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

**1900.2300** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

## 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 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. [Repealed, [41 SR 87](#)]

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. 12a. **Regional arts council or council.** "Regional arts council" or "council" means the one entity in each of the 11 regions that has gone through the designation process defined in parts [1900.3110](#) and [1900.3210](#) and is responsible for developing programs for arts funding and managing the resources allocated by the legislature for regional arts funding.

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.** "Regional Arts Council 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](#); [41 SR 87](#)*

**Published Electronically:** *August 15, 2016*

**1900.2400** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

#### **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](#)*

**Published Electronically:** *September 14, 2007*

**1900.2500** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*



**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*

**Published Electronically:** *September 14, 2007*

**1900.2600** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**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 of the fiscal year immediately preceding the biennium. 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 of the first year of the biennium, an annual plan update that outlines either anticipated changes to the biennial plan for the second year of the biennium or a confirmation of no changes. 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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, e-mail, online, 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 biennial 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 and on its Web site 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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 regional arts council must be notified by the board a minimum of 30 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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*

**Published Electronically:** *September 14, 2007*

**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 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**1900.3100** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.3110 REGIONAL ARTS COUNCIL LOSS OF DESIGNATION.**

**Subpart 1. Existing councils.** The regional arts council at the time that parts *1900.0110* to *1900.4110* are adopted shall be the regional arts council for its region.

**Subp. 2. Council designation removed; conditions.** There can only be one regional arts council in each region. A council shall remain the regional arts 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 regional arts council. If it does not successfully remedy, the board shall remove the council as the 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](#); [41 SR 87](#)*

**Published Electronically:** *August 15, 2016*

**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. The appellant must submit to the board a written appeal within 45 days of notification of the board's decision. The appeal must state, with specificity, the reasons for the appeal. An appeal that is received by the board at least 14 days in advance of a regularly scheduled board meeting shall be considered by the board at its first regularly scheduled meeting following the receipt of the appeal. An appeal received by the board less than 14 days in advance of a regularly scheduled board meeting shall be considered at the board's next subsequent regularly scheduled meeting.

**Subp. 2. Board action on appeals.** The board shall take one or more of the following actions in response to 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 direct staff to propose a remedy at a subsequent meeting;

C. request that the appellant appear before the board at a subsequent meeting to address the appeal; or

D. refer the appeal to mediation or to the Office of Administrative Hearings for a contested case proceeding.

Subp. 3. **Dispute resolution.** If the board determines that the appellant failed to show sufficient cause for the appeal, the appellant may request that the matter be reconsidered through mediation. If the board grants that request, the costs of mediation shall be shared equally. If the board denies that request, the appellant may request that the matter be referred to the Office of Administrative Hearings for a contested case proceeding. The appellant has 14 days from receipt of the board's decision not to mediate to make a written request that the matter be referred to the Office of Administrative Hearings.

**Statutory Authority:** *MS s 129D.04*

**History:** *21 SR 5; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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 or no more than 15 days after the date that a legislative arts appropriation is passed after June 30.

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, as required under subpart 1, 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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' biennial appropriations. Specific responsibilities include, but are



not limited to:

A. reviewing regional arts councils preliminary biennial plans; and

B. 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.

Subp. 2. **Member appointment.** The regional arts advisory committee shall be a board committee composed 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](#); [41 SR 87](#)*

**Published Electronically:** *August 15, 2016*

**1900.3600** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

## **[1900.3610](#) MINNESOTA STATE ARTS BOARD/REGIONAL ARTS COUNCIL LIAISON COMMITTEE.**

Subpart 1. **Purpose of liaison committee.** The Minnesota State Arts Board/Regional Arts Council Liaison Committee shall serve in an advisory capacity to the board on matters that affect the regional arts councils and the Regional Arts Council Forum. Specific responsibilities include:

A. advising the board on the administration of regional arts council functions in regions where there is no designated regional arts council;

B. hearing and making recommendations to the board about disputes between the board and a regional arts council or the Regional Arts Council Forum;

C. identifying and working cooperatively to address issues of common interest or concern to the board, forum, and the regional arts councils; and

D. other responsibilities as assigned by the board.

Subp. 2. **Member appointment.** The liaison committee shall be a board committee composed of seven members. Three members shall be appointed by the board from the board membership and three members shall

be appointed by the Regional Arts Council Forum from the forum membership. The executive director of the board shall serve as a nonvoting member of the committee.

**Statutory Authority:** *MS s 129D.04*

**History:** *21 SR 5; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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 June 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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 June 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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 board.

**Statutory Authority:** *MS s 129D.04*

**History:** *21 SR 5; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**1900.4000** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4010 AUTHORITY OF REGIONAL ARTS COUNCILS.**

A 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**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. **Annual report.** By July 15 of each fiscal year, each council must submit an annual report to the board that includes information about applicants and recipients of money granted by the council for the fiscal year that ended on June 30. 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.

Subp. 3a. **Final 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 each fiscal 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 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; 41 SR 87*

**Published Electronically:** *August 15, 2016*

**1900.4200** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4300** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4400** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4500** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4600** [Repealed, *21 SR 5*]

**Published Electronically:** *September 14, 2007*

**1900.4700** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.4800** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.4900** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5000** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5100** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5200** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5300** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5400** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5500** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5600** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5700** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5800** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

**1900.5900** [Repealed, [21 SR 5](#)]

**Published Electronically:** *September 14, 2007*

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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

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## 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**



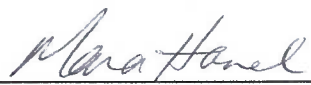
### FISCAL AGENT AGREEMENT – FY 2018

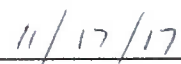
The **Five Wings Arts Council (FWAC)** agrees to act as fiscal agent for the **Forum of Regional Arts Councils of Minnesota, Inc. (FRACM)**, for the purpose of receiving funds from The McKnight Foundation, the State of Minnesota, any additional funding sources. This agreement will cover July 1, 2017 through June 30, 2018.


The **Five Wings Arts Council** and the **Forum of Regional Arts Councils of Minnesota, Inc.** accept the following conditions of this agreement:

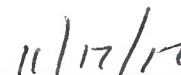
1. That FWAC will be reimbursed at a rate of \$31 per hour for up to 120 hours in payment for acting as the FRACM fiscal agent for the above time period. The total cost of FWAC time shall not exceed \$3,720. In the event the actual number of hours required to complete the work are fewer than 120, the FRACM shall pay only the actual hours spent by FWAC 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 FWAC will serve as 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 FWAC will maintain all FRACM funds in a separate account and all interest earned shall accrue to FRACM.
4. That FWAC 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 FWAC 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 FWAC and FRACM on the nature of the modification.

As fiscal agent, the **Five Wings Arts Council** assumes no responsibility for any financial debt incurred by any projects undertaken by the **Forum of Regional Arts Councils of Minnesota, Inc.**

  
\_\_\_\_\_  
Mara Hanel  
President of the Forum of Regional Arts Councils

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Mark Turner, Executive Director  
Five Wings Arts Council

  
\_\_\_\_\_  
Date

## **Appendix I:**

# **Current Regional Funding Formula**

Regions	Base Allocation	Population Allocation	Land Area Allocation	FY2018 Total Legacy Alloc.	% of Total FY18 & 19 Alloc.
1	\$231,442.02	\$97,564	\$34,650	<b>\$363,656</b>	4.00%
2	\$231,442.02	\$96,073	\$25,801	<b>\$353,316</b>	3.89%
3	\$231,442.02	\$369,768	\$74,922	<b>\$676,132</b>	7.44%
4	\$231,442.02	\$257,428	\$33,196	<b>\$522,066</b>	5.74%
5	\$231,442.02	\$184,945	\$23,090	<b>\$439,476</b>	4.83%
6/8	\$231,442.02	\$314,767	\$49,613	<b>\$595,822</b>	6.55%
7E	\$231,442.02	\$185,554	\$13,844	<b>\$430,840</b>	4.74%
7W	\$231,442.02	\$473,296	\$11,717	<b>\$716,455</b>	7.88%
9	\$231,442.02	\$262,683	\$21,106	<b>\$515,231</b>	5.67%
10	\$231,442.02	\$569,549	\$27,827	<b>\$828,818</b>	9.12%
11	\$231,442.02	\$3,407,552	\$11,558	<b>\$3,650,552</b>	40.15%
Total	\$2,545,862.20	\$6,219,177.66	\$327,325.14	<b>\$9,092,365.00</b>	100.00%



## **Appendix J:**

### **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.
- coordinate retreats
- work with the planning committee at the Rural Arts and Summit
- attend events, when appropriate, such as Rural Arts and Culture, GIA
- work with Forum committees on various projects

## **Appendix K:**

### **Possible Other Funding Sources**

## Possible Funding Sources

<b>Arts Midwest</b> 528 Hennepin Ave., Suite 310 Minneapolis, MN 55403 612-341-0755 <a href="mailto:info@artsmidwest.org">info@artsmidwest.org</a> <a href="http://www.artsmidwest.org">www.artsmidwest.org</a>	Encourages and supports the arts in nine Midwestern states (MN, ND, SD, IO, WI, IL, IN, MI, OH).
<b>Blandin Foundation</b> 100 Pokegama Ave. N. Grand Rapids, MN 55744 218-326-0523 <a href="mailto:bldnfdtn@uslink.net">bldnfdtn@uslink.net</a> <a href="http://www.blandinfoundation.org">www.blandinfoundation.org</a>	Supports rural arts development, some capital campaigns.
<b>Bush Foundation</b> E-900 First National Bank Building 332 Minnesota St. St. Paul, MN 55101 612-227-5222 <a href="mailto:kpolley@bushfound.org">kpolley@bushfound.org</a>	Supports artists and arts organizations throughout MN, ND, SD, and western WI.
<b>Jerome Foundation</b> West 1050 First National Bank Building 332 Minnesota St. St. Paul, MN 55101 612-224-9431 <a href="mailto:info@jeromefdn.org">info@jeromefdn.org</a> <a href="http://www.jeromefdn.org">www.jeromefdn.org</a>	Supports artists in MN and NY.
<b>National Endowment for the Arts</b> Nancy Hanks Center 1100 Pennsylvania Ave., NW Washington, D.C. 20506 202-682-5400 <a href="http://www.arts.endow.gov">www.arts.endow.gov</a>	Regrant programs and services available
<b>Perpich Center for Arts Education</b> 6125 Olson Memorial Highway Golden Valley, MN 55422 1-800-657-3515	Resource center and school: possible partnership in arts in education programming.
<b>The McKnight Foundation</b> 600 TCF Tower, 121 South 8th St. Minneapolis, MN 55402 612-333-4220 <a href="mailto:ncuthbert@mcknight.org">ncuthbert@mcknight.org</a> <a href="http://www.mcknight.org">www.mcknight.org</a>	General operating support and regrant program support.
<b>VSA arts of Minnesota</b> 528 Hennepin Ave Ste 305 Minneapolis, MN 55403 <a href="mailto:mn@vsarts.org">mn@vsarts.org</a> <a href="http://www.vsarts.org/affiliates/states/mn.lasso">www.vsarts.org/affiliates/states/mn.lasso</a>	Assists arts organizations in being more accessible to people with a disability

## **Appendix L:**

# **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 M:**  
**Minnesota State Arts Board and Forum of**  
**Regional Arts Councils Arts and Cultural**  
**Heritage Fund Fundamental Issues**

## SUPPLEMENT versus SUPPLANT

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***

Brooke Barsness  
Andrew Berryhill  
Brenda Flintrop  
Ed Oliver  
Sheila Smith  
Pam Perri Weaver

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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*

Ellen McInnis

Greta Murray

Mary Beth Schubert

Sheila Smith

Mark Turner

Terri Widman

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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  
Ken Kaffine  
Jeff Prauer  
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 N:**

# **Fundamental Issues Budget Template**

# Regional Arts Council Budget Template

Format approved October 2009

Revised September 2011

REVENUE	State General Fund	Arts & Arts Access	Arts Learning	Arts & Cult Heritage	The McKnight Foundation	Other Funds	2012 Total
	2012 State	2012 State	2012 State	2012 State	Foundation	Funds	2012 Total
1	\$xxx,xxx	\$xxx,xxx	\$xx,xxx	\$xx,xxx			\$xxx,xxx
2					\$xx,xxx		\$xx,xxx
3	\$x,xxx	\$xxx	\$xxx	\$xxx	\$x,xxx	\$xx,xxx	\$xx,xxx
4	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$x,xxx
5	<b>TOTAL REVENUES</b>	<b>\$140,000</b>	<b>\$290,000</b>	<b>\$56,000</b>	<b>\$19,000</b>	<b>\$15,000</b>	<b>\$570,000</b>
EXPENSES	State	State	State	State	McKnight	Other	Total
	2012 State	2012 State	2012 State	2012 State	Foundation	Funds	2012 Total
6							
Programs and Services							
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			\$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
Grant Program Services - Operations and Support	\$xx,xxx	\$xx,xxx	\$x,xxx	\$x,xxx	\$x,xxx	\$xxx	\$xx,xxx
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
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	<b>TOTAL EXPENSES</b>	<b>\$140,000</b>	<b>\$290,000</b>	<b>\$56,000</b>	<b>\$19,000</b>	<b>\$15,000</b>	<b>\$570,000</b>

\* Refer to the budget guidelines portion of the Forum policy manual (pages x-x) for complete definitions and explanations of budget lines.

**Appendix O:**  
**MSAB Fiscal Agent Agreement (Sample)**

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 9      Subtotal Grant Programs and Services**

This is the sum of line 8 plus all lines under line 7.

**Line 10      Nongrant 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 NOT include personnel or administrative costs related to non-grant programs and services.

**Line 11      Nongrant Programs and Services, Operations and Support**

This section mainly relates to personnel time do certain activities. Activities might include time related to (this list is for illustration only and not all inclusive):

- 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 12 Subtotal Nongrant Programs and Services**

This is the sum of line 11 plus all lines under line 10.

**Line 13 Total Programs and Services**

This is the sum of line 9 plus line 12.

**Line 14 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>*

Fundraising expenses might include (this is an illustrative, not all-inclusive, list):

- writing McKnight plans
- membership fundraising if applicable should be under the Other column

**Line 15 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):

- 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
- bookkeeping
- preparing budgets
- preparing board financial statements
- 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 16    Total Expenses**

This number should match your revenue totals in Line 5. If there is a variance, show that amount on line 17.

**Line 17    Surplus/Carryforward of Deficit**

If total revenue for the year (line 6), is greater than total expenses (line 16) show the surplus on this line. If total revenue for the year (line 6), is less than total expenses (line 16) show the deficit on this line. State funds (general fund or arts and cultural heritage funds) can be carried forward as outlined in Minnesota Rules 1900.3710 and 1900.3810, and in the annual fiscal agent agreement. State funds cannot be spent in deficit (i.e., total expenses charged to state funds cannot exceed total state revenue reported on lines 1 and 2).

## **Appendix O:**

# **Fundamental Issues Budget Template**



# Regional Arts Council Budget Template

Format approved October 2009

Revised September 2011

REVENUE		State General Fund 2012 State	Arts & Arts Access 2012 State	Arts Learning 2012 State	Arts & Cult Heritage 2012 State	The McKnight Foundation	Other Funds	2012 Total
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	<b>TOTAL REVENUES</b>	<b>\$140,000</b>	<b>\$290,000</b>	<b>\$56,000</b>	<b>\$19,000</b>	<b>\$50,000</b>	<b>\$15,000</b>	<b>\$570,000</b>
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			\$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	<b>TOTAL EXPENSES</b>	<b>\$140,000</b>	<b>\$290,000</b>	<b>\$56,000</b>	<b>\$19,000</b>	<b>\$50,000</b>	<b>\$15,000</b>	<b>\$570,000</b>

\* 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 **East Central Regional Arts Council**  
Regional arts council (referred to in this agreement as the "Council")

Address **112 Main St S PO Box 294, Braham, MN 55006**

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 \$427,061 to the Council which includes general fund dollars of \$102,404 and arts and cultural heritage fund dollars of \$324,657 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	\$261,902
Arts education	\$47,272
Arts and cultural heritage	\$15,483
Total, arts and cultural heritage fund allocations for FY 2013	\$324,657

Arts and cultural heritage payment of funds will be made on the following schedule:

July 20, 2012	\$108,219
August 20, 2012	\$108,219
September 20, 2012	\$108,219

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:

Information required

FY 2013 arts and cultural heritage funds expended by the Council from July 1, 2012, to October 31, 2012

FY 2013 arts and cultural heritage funds expended by the Council from November 1, 2012, to February 28, 2013

FY 2013 arts and cultural heritage funds expended by the Council from March 1, 2013, to June 30, 2013

FY 2013 data collected through arts and cultural heritage fund grantees' final reports

Must be submitted to the Board by

November 15, 2012

March 15, 2013

July 15, 2013

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.

<b>REGIONAL ARTS COUNCIL</b>
_____
Executive director, printed name
_____
Signature
_____
Telephone number
_____
Date

3.

<b>MINNESOTA STATE ARTS BOARD</b>
_____
Susanne K. Gens, executive director
<u>(651) 215-1600</u>
Telephone number
_____
Date

2.

<b>REGIONAL ARTS COUNCIL</b>
_____
Authorizing signature as defined in section C of this agreement, printed name
_____
Title
_____
Signature
_____
Telephone number
_____
Date

## **Appendix P:**

# **Arts and Cultural Heritage Statues**

1.1 A bill for an act  
1.2 relating to state government operations; requiring appropriation reductions  
1.3 for executive agencies due to savings established; requiring a tax compliance  
1.4 program for tax assessment and collection; allowing adjustments for end of  
1.5 session budgetary analysis; changing the number of members on Legislative  
1.6 Commission on Pensions and Retirements; establishing the sunset advisory  
1.7 commission and Minnesota Pay-For-Performance Act; permitting issuing  
1.8 and selling appropriations bonds; allowing certain cities to use a certified  
1.9 public accountant for audits; establishing an employee gainsharing program;  
1.10 establishing e-verify program for vendors and subcontractors; implementing  
1.11 federal offset program for collection of debts owed to state agencies; permitting  
1.12 state agriculture society to use either a private auditor or legislative auditor;  
1.13 allowing the legislative auditor to carry forward certain funds; requiring a request  
1.14 for proposals for recommendations on state building efficiency, state vehicle  
1.15 management, and strategic sourcing; implementing state employee efficient  
1.16 use of health care incentive program; requiring dependent verification for state  
1.17 employee insurance coverage; requiring state job classification and performance  
1.18 appraisal system redesign; determining funds for Help America Vote Act;  
1.19 providing for employee pension service credit during government shutdown;  
1.20 extending a wholesale retailer's alcohol permit and identification card for a  
1.21 certain period; waiving racing day requirements during government shutdown;  
1.22 consolidating information technology services; limiting appropriations to settle  
1.23 claims arising out of government shutdown; requiring reports; making certain  
1.24 appropriation changes; appropriating money; amending Minnesota Statutes  
1.25 2010, sections 3.85, subdivision 3; 6.49; 16A.1286, subdivision 2; 16B.99, as  
1.26 amended; 16E.04, subdivision 2; 37.06; 161.1419, subdivision 8; 270C.41;  
1.27 270C.545; 471.697, subdivision 2; Laws 2009, chapter 101, article 2, section  
1.28 106; Laws 2010, chapter 215, article 6, section 4; Laws 2010, chapter 361, article  
1.29 3, section 8; proposing coding for new law in Minnesota Statutes, chapters 16A;  
1.30 16C; 16D; 16E; proposing coding for new law as Minnesota Statutes, chapter  
1.31 3D; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.  
1.32 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.1

## ARTICLE 1

2.2

## STATE GOVERNMENT APPROPRIATIONS

2.3

Section 1. STATE GOVERNMENT APPROPRIATIONS.

2.4

2.5

2.6

2.7

2.8

2.9

2.10

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.

2.11

2.12

2.13

2.14

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

2.15

Sec. 2. LEGISLATURE

2.16

Subdivision 1. Total Appropriation                      \$        63,070,000    \$        63,070,000

2.17

Appropriations by Fund

2.18

2.19

2.20

	<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>

2.21

2.22

2.23

The amounts that may be spent for each purpose are specified in the following subdivisions.

2.24

Subd. 2. Senate    20,733,000                      20,733,000

2.25

Subd. 3. House of Representatives                      27,874,000                      27,874,000

2.26

2.27

2.28

2.29

2.30

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.

2.31

Subd. 4. Legislative Coordinating Commission                      14,463,000                      14,463,000

2.32

Appropriations by Fund

2.33

2.34

	<u>14,335,000</u>	<u>14,335,000</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	<b>Sec. 3. GOVERNOR AND LIEUTENANT</b>			
3.8	<b>GOVERNOR</b>	<b>\$</b>	<b><u>3,195,000</u></b>	<b>\$ <u>3,195,000</u></b>

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.

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**

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**

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	<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

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**

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 Appropriations by Fund  
 5.15 2012 2013  
 5.16 General 384,000 254,000  
 5.17 Workers'  
 5.18 Compensation 7,250,000 7,250,000

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.

6.14	Subdivision 1. <b>Total Appropriation</b>	\$	<b>19,764,000</b>	\$	<b>19,764,000</b>
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6.18	Subd. 2. <b>Government and Citizen Services</b>	16,339,000	16,339,000
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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	Subd. 3. <b>Administrative Management Support</b>	1,632,000	1,632,000
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6.27	Subd. 4. <b>Public Broadcasting</b>	1,793,000	1,793,000
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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. **REVENUE**

8.2	<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u><b>139,650,000</b></u>	<u>\$</u>	<u><b>142,917,000</b></u>
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8.3 Appropriations by Fund

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 The amounts that may be spent for each  
 8.11 purpose are specified in subdivisions 2 and 3.  
 8.12 \$5,251,000 for the fiscal year ending June  
 8.13 30, 2012, and \$8,468,000 for the fiscal year  
 8.14 ending June 30, 2013, are for purposes of the  
 8.15 tax compliance, tax analytics and business  
 8.16 intelligence tools in section 39. At least  
 8.17 \$1,700,000 of the amount appropriated in  
 8.18 the first year is for tax analytics and business  
 8.19 intelligence tools.

8.20 The commissioner must implement  
 8.21 any reduction in funding by reducing  
 8.22 administrative support functions before any  
 8.23 reduction to compliance and enforcement  
 8.24 programs.

8.25	<u>Subd. 2. <b>Tax System Management</b></u>	<u>112,309,000</u>	<u>115,576,000</u>
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8.26 Appropriations by Fund

8.27		<u>108,074,000</u>	<u>111,341,000</u>		
8.28	<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. <b>Debt Collection Management</b></u>	<u>27,341,000</u>	<u>27,341,000</u>
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8.33	<u>Sec. 15. <b>GAMBLING CONTROL</b></u>	<u>\$</u>	<u><b>2,740,000</b></u>	<u>\$</u>	<u><b>2,740,000</b></u>
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**11-3590 - 87th Legislative Session (2011-2012) [11-3590]**

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 Subdivision 1. **Total Appropriation**                      \$        20,737,000 \$        20,633,000

10.21 The amounts that may be spent for each  
 10.22 purpose are specified in the following  
 10.23 subdivisions.

10.24 Subd. 2. **Education and Outreach**                                      11,668,000                      11,668,000

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 Subd. 3. **Preservation and Access**                                      8,743,000                      8,743,000

10.31 Subd. 4. **Fiscal Agent**

10.32 (a) Minnesota International Center                                      39,000                      39,000

10.33 (b) Minnesota Air National Guard Museum                                      14,000                      -0-

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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	<b><u>Subd. 5. Fund Transfer</u></b>		
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	<b>Sec. 20. <u>BOARD OF THE ARTS</u></b>		
11.16	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 7,506,000</u></b>	<b><u>\$ 7,506,000</u></b>
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	<b><u>Subd. 2. Operations and Services</u></b>	<b><u>567,000</u></b>	<b><u>567,000</u></b>
11.21	<b><u>Subd. 3. Grants Program</u></b>	<b><u>4,800,000</u></b>	<b><u>4,800,000</u></b>
11.22	<b><u>Subd. 4. Regional Arts Councils</u></b>	<b><u>2,139,000</u></b>	<b><u>2,139,000</u></b>
11.23	<b><u>Subd. 5. Unencumbered balance available</u></b>		
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	<b>Sec. 21. <u>MINNESOTA HUMANITIES</u></b>		
11.28	<b><u>CENTER</u></b>	<b><u>\$ 237,000</u></b>	<b><u>\$ 237,000</u></b>
11.29	<b>Sec. 22. <u>COUNCIL ON BLACK</u></b>		
11.30	<b><u>MINNESOTANS</u></b>	<b><u>\$ 292,000</u></b>	<b><u>\$ 292,000</u></b>

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>			

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13.1	<u>under Minnesota Statutes, section 3A.03,</u>			
13.2	<u>subdivision 3.</u>			
13.3	<b><u>Subd. 3. Constitutional Officers</u></b>		<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	<b>Sec. 29. <u>MERF DIVISION ACCOUNT</u></b>	<b>\$</b>	<b><u>22,750,000</u></b>	<b>\$ <u>22,750,000</u></b>
13.9	<u>These amounts are estimated to be needed</u>			
13.10	<u>under Minnesota Statutes, section 353.505.</u>			
13.11	<b>Sec. 30. <u>TEACHERS RETIREMENT</u></b>			
13.12	<b><u>ASSOCIATION</u></b>	<b>\$</b>	<b><u>15,454,000</u></b>	<b>\$ <u>15,454,000</u></b>
13.13	<u>The amounts estimated to be needed are as</u>			
13.14	<u>follows:</u>			
13.15	<u>(a) <b>Special direct state aid.</b> \$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) <b>Special direct state matching aid.</b></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	<b>Sec. 31. <u>ST. PAUL TEACHERS</u></b>			
13.26	<b><u>RETIREMENT FUND</u></b>	<b>\$</b>	<b><u>2,827,000</u></b>	<b>\$ <u>2,827,000</u></b>
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>			



14.1 Sec. 32. **DULUTH TEACHERS**  
 14.2 **RETIREMENT FUND** \$ **346,000** \$ **346,000**

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. **GENERAL CONTINGENT**  
 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.**

15.1 On or before June 1, 2009, the commissioner of administration shall determine the  
15.2 amount to be contributed by each executive agency to maintain the enterprise real property  
15.3 technology system for the fiscal year 2010 and fiscal year 2011 biennium. On or before  
15.4 June 15, 2009, each executive agency shall enter into an agreement with the commissioner  
15.5 of administration setting forth the manner in which the executive agency shall make its  
15.6 contribution to the enterprise real property system, either from uncommitted fiscal year  
15.7 2009 funds or by contributing from fiscal year 2010 and fiscal year 2011 funds to the real  
15.8 property enterprise system and services account to fund the total amount of \$399,000 for  
15.9 the biennium. Funds will be available for the enterprise real property technology project  
15.10 until June 30, 2013. Funds contributed under this section must be credited to the enterprise  
15.11 real property technology system and services account.

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

15.13 Sec. 36. **PROBLEM GAMBLING APPROPRIATION.**

15.14 \$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from  
15.15 the lottery prize fund to the Gambling Control Board for a grant to the state affiliate  
15.16 recognized by the National Council on Problem Gambling. The affiliate must provide  
15.17 services to increase public awareness of problem gambling, education and training for  
15.18 individuals and organizations providing effective treatment services to problem gamblers  
15.19 and their families, and research relating to problem gambling. These services must be  
15.20 complementary to and not duplicative of the services provided through the problem  
15.21 gambling program administered by the commissioner of human services. Of this  
15.22 appropriation, \$50,000 in fiscal year 2012 and \$50,000 in fiscal year 2013 are contingent  
15.23 on the contribution of nonstate matching funds. Matching funds may be either cash or  
15.24 qualifying in-kind contributions. The commissioner of management and budget may  
15.25 disburse the state portion of the matching funds in increments of \$25,000 upon receipt  
15.26 of a commitment for an equal amount of matching nonstate funds. These are onetime  
15.27 appropriations.

15.28 Sec. 37. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE**  
15.29 **AGENCIES.**

15.30 Subdivision 1. **SEGIP dependent eligibility.** The commissioner of management  
15.31 and budget must reduce general fund appropriations to executive agencies, including  
15.32 constitutional offices, for agency operations for the biennium ending June 30, 2013, by  
15.33 \$1,726,000 due to savings from verification of dependent eligibility for state employee

16.1 group insurance coverage. The Minnesota State Colleges and Universities is not an  
16.2 executive agency for purposes of this subdivision.

16.3 If savings obtained through verification of dependent eligibility for state employee  
16.4 group insurance coverage yield savings in nongeneral funds other than those established  
16.5 in the state constitution or protected by federal law, the commissioner of management and  
16.6 budget may transfer the amount of savings to the general fund. The amount transferred  
16.7 to the general fund from other funds reduces the required general fund reduction in this  
16.8 section. Reductions made in 2013 must be reflected as reductions in agency base budgets  
16.9 for fiscal years 2014 and 2015. The commissioner of management and budget must report  
16.10 to the chairs and ranking minority members of the senate Finance Committee and the  
16.11 house of representatives Ways and Means Committee regarding the amount of reductions  
16.12 in spending by each agency under this subdivision.

16.13 Subd. 2. **Savings from other reforms.** If the commissioner of management and  
16.14 budget determines that during the biennium ending June 30, 2013, the reforms in this  
16.15 act other than verification of dependent eligibility result in cost savings to nongeneral  
16.16 funds other than those established in the state constitution or protected by federal law,  
16.17 the commissioner may transfer the amount of the savings to the general fund. The  
16.18 commissioner must report to the chairs and ranking minority members of the senate  
16.19 Finance Committee and the house of representatives Ways and Means Committee  
16.20 regarding transfers under this subdivision.

16.21 Sec. 38. **REPORTS.**

16.22 By January 15, 2012, and January 15, 2013, the Minnesota Humanities Commission,  
16.23 Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Council on Affairs  
16.24 of Chicano/Latino People, and Indian Affairs Council must each report to the chairs  
16.25 and ranking minority members of the legislative committees with jurisdiction over the  
16.26 groups. The reports must describe the results obtained with the appropriations in this act,  
16.27 including a description and evaluation of how the groups accomplished their statutory  
16.28 duties in the preceding year.

16.29 Sec. 39. **TAX COMPLIANCE; TAX ANALYTICS AND BUSINESS**  
16.30 **INTELLIGENCE TOOLS.**

16.31 Subdivision 1. **Program activities.** (a) The commissioner of revenue is authorized  
16.32 to implement a program of tax compliance including the use of advanced tax analytics  
16.33 and business intelligence tools to enhance tax assessment and collection by improving  
16.34 the means to identify taxpayers that should be subject to audit and collection activities

17.1 and by prioritizing those activities to provide a higher rate of return on the activities of  
17.2 Department of Revenue employees.

17.3 (b) To implement the program authorized by this section, the commissioner of  
17.4 revenue may enter into contracts as the commissioner deems necessary to obtain or create  
17.5 tax analytics and business intelligence tools.

17.6 (c) Any contract entered into under this section is subject to Minnesota Statutes,  
17.7 section 16C.082.

17.8 Subd. 2. **Implementation.** To implement the program authorized by this section,  
17.9 the commissioner of revenue may hire employees as the commissioner deems necessary.  
17.10 The commissioner of revenue shall manage the number of full-time equivalent employees  
17.11 of the Department of Revenue so that by the end of fiscal year 2015 any new employees  
17.12 hired to carry out the program authorized by this section will be matched by a reduction in  
17.13 the total number of full-time equivalent employees by the end of fiscal year 2015.

17.14 Subd. 3. **New general fund revenues.** The program implemented by this section is  
17.15 expected to result in new general fund revenues of \$82,314,000 for the biennium ending  
17.16 June 30, 2013.

17.17 Subd. 4. **Legislative report.** The commissioner of revenue shall report to the  
17.18 chairs of the house ways and means and senate finance committees by July 1, 2012, and  
17.19 January 15, 2013, on the collection of new general fund revenues under the program  
17.20 authorized by this section.

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

17.22 Sec. 40. **END-OF-SESSION BUDGETARY ESTIMATES.**

17.23 If, in preparation of end-of-session fund statements following the 2011 first special  
17.24 session, the commissioner of management and budget determines the impact of the  
17.25 enacted fiscal years 2012-2013 omnibus appropriation bills result in a projected negative  
17.26 general fund unrestricted budgetary balance for the biennium ending June 30, 2013, the  
17.27 commissioner shall reduce the general fund cash flow account in Minnesota Statutes,  
17.28 section 16A.152, by an amount sufficient to balance biennial resources and expenditures  
17.29 after notifying the chairs of the house Ways And Means Committee and the senate  
17.30 Finance Committee.

17.31 **ARTICLE 2**

17.32 **MILITARY AFFAIRS AND VETERANS AFFAIRS**

17.33 **Section 1. APPROPRIATIONS.**

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18.1        The sums shown in the columns marked "Appropriations" are appropriated to the  
 18.2        agencies and for the purposes specified in this article. The appropriations are from the  
 18.3        general fund and are available for the fiscal years indicated for each purpose. The figures  
 18.4        "2012" and "2013" used in this article mean that the appropriations listed under them are  
 18.5        available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The  
 18.6        first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is  
 18.7        fiscal years 2012 and 2013.

18.8		<b><u>APPROPRIATIONS</u></b>
18.9		<b><u>Available for the Year</u></b>
18.10		<b><u>Ending June 30</u></b>
18.11		<b><u>2012</u>                      <u>2013</u></b>

18.12    **Sec. 2. MILITARY AFFAIRS**

18.13	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>22,371,000</u></b>	<b><u>\$</u></b>	<b><u>19,371,000</u></b>
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18.14    The amounts that may be spent for each  
 18.15    purpose are specified in the following  
 18.16    subdivisions.

18.17	<b><u>Subd. 2. Maintenance of Training Facilities</u></b>	<b><u>6,660,000</u></b>	<b><u>6,660,000</u></b>
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18.18	<b><u>Subd. 3. General Support</u></b>	<b><u>2,363,000</u></b>	<b><u>2,363,000</u></b>
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18.19	<b><u>Subd. 4. Enlistment Incentives</u></b>	<b><u>13,348,000</u></b>	<b><u>10,348,000</u></b>
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18.20    \$3,000,000 the first year is for additional  
 18.21    costs of enlistment incentives.

18.22    If appropriations for either year of the  
 18.23    biennium are insufficient, the appropriation  
 18.24    from the other year is available. The  
 18.25    appropriations for enlistment incentives are  
 18.26    available until expended.

18.27    **Sec. 3. VETERANS AFFAIRS**

18.28	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>57,795,000</u></b>	<b><u>\$</u></b>	<b><u>58,595,000</u></b>
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18.29	<b><u>Appropriations by Fund</u></b>			
18.30		<b><u>2012</u></b>	<b><u>2013</u></b>	
18.31	<b><u>General</u></b>	<b><u>57,695,000</u></b>	<b><u>58,595,000</u></b>	
18.32	<b><u>Special Revenue</u></b>	<b><u>100,000</u></b>	<b><u>-0-</u></b>	

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19.1 The amounts that may be spent for each  
 19.2 purpose are specified in the following  
 19.3 subdivisions.

19.4 **Subd. 2. Veterans Services** 13,879,000      13,779,000

19.5 Appropriations by Fund

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 \$100,000 in the first year is from the  
 19.10 "Support Our Troops" account established  
 19.11 under Minnesota Statutes, section 190.19,  
 19.12 subdivision 2a, for a grant to the Minnesota  
 19.13 Assistance Council for Veterans. This is a  
 19.14 onetime appropriation.

19.15 \$945,000 each year is for the higher  
 19.16 education veterans assistance program under  
 19.17 Minnesota Statutes, section 197.585.

19.18 \$100,000 each year is for the costs of  
 19.19 administering the Minnesota GI Bill program  
 19.20 under Minnesota Statutes, section 197.791.

19.21 \$353,000 each year is for grants to the  
 19.22 following congressionally chartered veterans  
 19.23 service organizations, as designated by the  
 19.24 commissioner: Disabled American Veterans,  
 19.25 Military Order of the Purple Heart, the  
 19.26 American Legion, Veterans of Foreign Wars,  
 19.27 Vietnam Veterans of America, AMVETS,  
 19.28 and Paralyzed Veterans of America. This  
 19.29 funding must be allocated in direct proportion  
 19.30 to the funding currently being provided by  
 19.31 the commissioner to these organizations.

19.32 **Subd. 3. Veterans Homes** 43,916,000      44,816,000

19.33 **Veterans Homes Special Revenue Account.**

19.34 The general fund appropriations made to  
 19.35 the department may be transferred to a

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:

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,

29.1 contract, and other written obligations, to complete the construction of projects or the  
29.2 performance of other obligations, including lease, contract, and other written obligations.

29.3 (c) The designated state agency shall provide payment from the sources of payment  
29.4 of the bonds in accordance with the terms of the bonds and shall provide payment from  
29.5 the sources of payment of all other obligations, including lease, contract, and other written  
29.6 obligations, in accordance with their terms, whether from taxes, revenues, or otherwise,  
29.7 until the bonds and interest on the bonds are paid in full and all other obligations,  
29.8 including lease, contract, and other written obligations, are performed and paid in full.  
29.9 If the proceedings so provide, all funds established by laws or proceedings authorizing  
29.10 the bonds or authorizing other obligations, including lease, contract, and other written  
29.11 obligations, must remain with the comptroller or the previously designated trustees. If the  
29.12 proceedings do not provide that the funds remain with the comptroller or the previously  
29.13 designated trustees, the funds must be transferred to the designated state agency.

29.14 Sec. 17. **[3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

29.15 The commission may request the assistance of state agencies and officers. When  
29.16 assistance is requested, a state agency or officer shall assist the commission. In carrying  
29.17 out its functions under this chapter, the commission or its designated staff member may  
29.18 inspect the records, documents, and files of any state agency.

29.19 Sec. 18. **[3D.17] RELOCATION OF EMPLOYEES.**

29.20 If an employee is displaced because a state agency or its advisory committee is  
29.21 abolished or reorganized, the state agency shall make a reasonable effort to relocate the  
29.22 displaced employee.

29.23 Sec. 19. **[3D.18] SAVING PROVISION.**

29.24 Except as otherwise expressly provided, abolition of a state agency does not affect  
29.25 rights and duties that matured, penalties that were incurred, civil or criminal liabilities that  
29.26 arose, or proceedings that were begun before the effective date of the abolition.

29.27 Sec. 20. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN**  
29.28 **AGENCY.**

29.29 Each bill filed in a house of the legislature that would create a new state agency or  
29.30 a new advisory committee to a state agency shall be reviewed by the commission. The  
29.31 commission shall review the bill to determine if:



- 30.1       (1) the proposed functions of the agency or committee could be administered by one  
30.2 or more existing state agencies or advisory committees;  
30.3       (2) the form of regulation, if any, proposed by the bill is the least restrictive form of  
30.4 regulation that will adequately protect the public;  
30.5       (3) the bill provides for adequate public input regarding any regulatory function  
30.6 proposed by the bill; and  
30.7       (4) the bill provides for adequate protection against conflicts of interest within  
30.8 the agency or committee.

30.9       Sec. 21. **[3D.20] GIFTS AND GRANTS.**

30.10       The commission may accept gifts, grants, and donations from any organization  
30.11 described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding  
30.12 any activity under this chapter. All gifts, grants, and donations must be accepted in an  
30.13 open meeting by a majority of the voting members of the commission and reported in the  
30.14 public record of the commission with the name of the donor and purpose of the gift, grant,  
30.15 or donation. Money received under this section is appropriated to the commission.

30.16       Sec. 22. **[3D.21] SUNSET REVIEW.**

30.17       Subdivision 1. **Group 1.** The following agencies are sunset and, except as provided  
30.18 in section 3D.14, expire on June 30, 2012: Capitol Area Architectural and Planning Board,  
30.19 Amateur Sports Commission, Combative Sports Commission, all health-related licensing  
30.20 boards listed in section 214.01, Council on Affairs of Chicano/Latino People, Council  
30.21 on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council,  
30.22 Council on Disabilities, and all advisory groups associated with these agencies.

30.23       Subd. 2. **Group 2.** The following agencies are sunset and, except as provided in  
30.24 section 3D.14, expire on June 30, 2014: Department of Health, Department of Human  
30.25 Services, Department of Human Rights, Department of Education, Board of Teaching,  
30.26 Minnesota Office of Higher Education, and all advisory groups associated with these  
30.27 agencies.

30.28       Subd. 3. **Group 3.** The following agencies are sunset and, except as provided  
30.29 in section 3D.14, expire on June 30, 2016: Department of Commerce, Department  
30.30 of Employment and Economic Development, Department of Labor and Industry, all  
30.31 non-health-related licensing boards listed in section 214.01 except as otherwise provided  
30.32 in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range  
30.33 Resources and Rehabilitation Board, Bureau of Mediation Services, and all advisory  
30.34 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

36.1 16A.672. In the event that any provision of section 16A.672 conflicts with this section,  
36.2 this section shall control.

36.3 (b) Every appropriation bond shall include a conspicuous statement of the limitation  
36.4 established in subdivision 6.

36.5 (c) Appropriation bonds may be sold at either public or private sale upon such terms  
36.6 as the commissioner shall determine are not inconsistent with this section and may be sold  
36.7 at any price or percentage of par value. Any bid received may be rejected.

36.8 (d) Appropriation bonds may bear interest at a fixed or variable rate.

36.9 Subd. 4. **Refunding bonds.** The commissioner from time to time may issue  
36.10 appropriation bonds for the purpose of refunding any appropriation bonds then  
36.11 outstanding, including the payment of any redemption premiums on the bonds, any  
36.12 interest accrued or to accrue to the redemption date, and costs related to the issuance  
36.13 and sale of the refunding bonds. The proceeds of any refunding bonds may, in the  
36.14 discretion of the commissioner, be applied to the purchase or payment at maturity of the  
36.15 appropriation bonds to be refunded, to the redemption of the outstanding bonds on any  
36.16 redemption date, or to pay interest on the refunding bonds and may, pending application,  
36.17 be placed in escrow to be applied to the purchase, payment, retirement, or redemption.  
36.18 Any escrowed proceeds, pending such use, may be invested and reinvested in obligations  
36.19 that are authorized investments under section 11A.24. The income earned or realized on  
36.20 the investment may also be applied to the payment of the bonds to be refunded or interest  
36.21 or premiums on the refunded bonds, or to pay interest on the refunding bonds. After  
36.22 the terms of the escrow have been fully satisfied, any balance of the proceeds and any  
36.23 investment income may be returned to the general fund or, if applicable, the appropriation  
36.24 bond proceeds account for use in any lawful manner. All refunding bonds issued under  
36.25 this subdivision must be prepared, executed, delivered, and secured by appropriations in  
36.26 the same manner as the bonds to be refunded.

36.27 Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities  
36.28 may legally invest any sinking funds, money, or other funds belonging to them or under  
36.29 their control in any appropriation bonds issued under this section:

36.30 (1) the state, the investment board, public officers, municipal corporations, political  
36.31 subdivisions, and public bodies;

36.32 (2) banks and bankers, savings and loan associations, credit unions, trust companies,  
36.33 savings banks and institutions, investment companies, insurance companies, insurance  
36.34 associations, and other persons carrying on a banking or insurance business; and

36.35 (3) personal representatives, guardians, trustees, and other fiduciaries.

37.1        Subd. 6. **No full faith and credit; state not required to make appropriations.**  
37.2        The appropriation bonds are not public debt of the state, and the full faith, credit, and  
37.3        taxing powers of the state are not pledged to the payment of the appropriation bonds or to  
37.4        any payment that the state agrees to make under this section. Appropriation bonds shall  
37.5        not be obligations paid directly, in whole or in part, from a tax of statewide application  
37.6        on any class of property, income, transaction, or privilege. Appropriation bonds shall be  
37.7        payable in each fiscal year only from amounts that the legislature may appropriate for debt  
37.8        service for any fiscal year, provided that nothing in this section shall be construed to  
37.9        require the state to appropriate funds sufficient to make debt service payments with respect  
37.10       to the bonds in any fiscal year.

37.11       Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and  
37.12       interest credited to the special appropriation bond proceeds account are appropriated to  
37.13       the commissioner for payment of contract obligations under the pay-for-performance  
37.14       program, as permitted by state and federal law, reasonable administrative costs of the  
37.15       program that are directly attributable to the program, issuance costs, and nonsalary  
37.16       expenses incurred in conjunction with the sale of the appropriation bonds.

37.17       Subd. 8. **Appropriation for debt service.** The amount needed to pay principal and  
37.18       interest on appropriation bonds issued under this section is appropriated each year to the  
37.19       commissioner from the general fund subject to the repeal, unallotment under section  
37.20       16A.152, or cancellation otherwise pursuant to subdivision 6.

37.21       Subd. 9. **Administrative costs.** The commissioner may accept donations from  
37.22       private sources to defray administrative costs under this section. Amounts received are  
37.23       appropriated to the commissioner.

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

37.25       Sec. 29. **[16C.075] E-VERIFY.**

37.26       A contract for services valued in excess of \$50,000 must require certification from  
37.27       the vendor and any subcontractors that, as of the date services on behalf of the state of  
37.28       Minnesota will be performed, the vendor and all subcontractors have implemented or are  
37.29       in the process of implementing the federal E-Verify program for all newly hired employees  
37.30       in the United States who will perform work on behalf of the state of Minnesota. This  
37.31       section does not apply to contracts entered into by the State Board of Investment.

37.32       **EFFECTIVE DATE.** This section is effective the day following final enactment,  
37.33       and applies to contracts entered into on or after that date.



38.1       Sec. 30. [16D.18] RECIPROCAL AGREEMENT.

38.2           (a) The commissioner is authorized to enter into agreements with the federal  
38.3       Department of the Treasury that provide for offsetting state payments against federal  
38.4       nontax obligations. Except as provided in paragraph (d), the commissioner may charge a  
38.5       fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor  
38.6       by deducting it from the state payment. The agreement may provide for offsetting federal  
38.7       payments, as authorized by federal law, against state tax and nontax obligations, and  
38.8       collecting the offset cost from the debtor. The agreement shall provide that the federal  
38.9       Department of the Treasury may deduct a fee from each administrative offset and state  
38.10       payment offset. Setoffs to collect state and other entity obligations under chapters 16D,  
38.11       270A, 270C, and any other provision of Minnesota Statutes occur before a state payment  
38.12       offset. For purposes of this paragraph "administrative offset" is any offset of federal  
38.13       payments to collect state debts and "state payment offset" is any offset of state payments  
38.14       to collect federal nontax debts.

38.15           (b) A debt is eligible for offset under this program if notice of intent to offset the  
38.16       debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if  
38.17       required by federal law or an agreement with the federal Department of the Treasury.  
38.18       When there is an agreement for scheduled payments on an account, the debtor must be  
38.19       sent this notice each time an additional debt is claimed.

38.20           (c) The debtor shall have the time period required for notice under paragraph (b) to  
38.21       contest the offset. An agreement under this section must not allow for offset of payments  
38.22       if the debt that would be subject to the offset is being contested or if the time for appealing  
38.23       the determination of the debt has not yet expired. The treasury offset program agreement  
38.24       entered into by the state must not require federal agencies to provide different due process  
38.25       than the requirements under Code of Federal Regulations, title 31, section 285.6.

38.26           (d) Notwithstanding the fee authorized under paragraph (a), if the commissioner  
38.27       enters into a contingency fee agreement with a nonstate vendor to provide assistance  
38.28       under this section, the commissioner may charge a debtor a fee for the processing of state  
38.29       payment offsets for the recovery of federal nontax debts or the processing of federal  
38.30       payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt  
38.31       and may be withheld from any refund, reimbursement, or other money held for the debtor.  
38.32       The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply  
38.33       to fees charged under this paragraph.

38.34           **EFFECTIVE DATE.** This section is effective the day following final enactment. As  
38.35       soon as possible after that date, the commissioner must discuss an agreement authorized  
38.36       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

40.1 the agreement, the Internal Revenue Service may levy against the refunds to be paid by  
40.2 the department. For each refund levied upon, the commissioner shall first deduct from  
40.3 the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever  
40.4 is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the  
40.5 Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

40.6 Subd. 2. **Reciprocal offset agreements.** (a) The commissioner is authorized  
40.7 to enter into agreements with the federal Department of the Treasury that provide for  
40.8 offsetting state payments against federal nontax obligations. Except as provided in  
40.9 paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets  
40.10 and may collect this offset fee from the debtor by deducting it from the state payment.  
40.11 The agreement may provide for offsetting federal payments, as authorized by federal law,  
40.12 against state tax and nontax obligations, and collecting the offset cost from the debtor.  
40.13 The agreement shall provide that the federal Department of the Treasury may deduct a  
40.14 fee from each administrative offset and state payment offset. Setoffs to collect state and  
40.15 other entity obligations under chapters 16D, 270A, 270C, and any other provision of  
40.16 Minnesota Statutes, occur before a state payment offset. For purposes of this paragraph  
40.17 "administrative offset" is any offset of federal payments to collect state debts and "state  
40.18 payment offset" is any offset of state payments to collect federal nontax debts.

40.19 (b) A debt is eligible for offset under this program if notice of intent to offset the  
40.20 debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if  
40.21 required by federal law or an agreement with the federal Department of the Treasury.  
40.22 When there is an agreement for scheduled payments on an account, the debtor must be  
40.23 sent this notice each time an additional debt is claimed.

40.24 (c) The debtor shall have the time period required for notice under paragraph (b) to  
40.25 contest the offset. An agreement under this section must not allow for offset of payments  
40.26 if the debt that would be subject to the offset is being contested or if the time for appealing  
40.27 the determination of the debt has not yet expired. The treasury offset program agreement  
40.28 entered into by the state must not require federal agencies to provide different due process  
40.29 than the requirements under Code of Federal Regulations, title 31, section 285.6.

40.30 (d) Notwithstanding the fee authorized under paragraph (a), if the commissioner  
40.31 enters into a contingency fee agreement with a nonstate vendor to provide assistance  
40.32 under this section, the commissioner may charge a debtor a fee for the processing of state  
40.33 payment offsets for the recovery of federal nontax debts or the processing of federal  
40.34 payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt  
40.35 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



46.1 employees to transfer to other positions for which they are qualified. In developing this  
46.2 process, the commissioner must meet and confer with the exclusive representatives of each  
46.3 affected bargaining unit. The report to the legislature must identify implementation issues.

46.4 Sec. 43. **HELP AMERICA VOTE ACT.**

46.5 (a) If the secretary of state determines that this state is otherwise eligible to receive  
46.6 an additional requirements payment of federal money under the Help America Vote Act,  
46.7 Public Law 107-252, the secretary must certify to the commissioner of management and  
46.8 budget the amount, if any, needed to meet the matching requirement of section 253(b)(5)  
46.9 of the Help America Vote Act. In the certification, the secretary shall specify the portion  
46.10 of the match that should be taken from an unencumbered general fund appropriation to  
46.11 the Office of the Secretary of State not designated for a different purpose. Upon receipt  
46.12 of that certification, or as soon as an unencumbered general fund appropriation becomes  
46.13 available, whichever occurs later, the commissioner must transfer the specified amount  
46.14 to the Help America Vote Act account. Funds under the Help America Vote Act may be  
46.15 spent only following legislative approval.

46.16 (b) This section expires on June 30, 2013.

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

46.18 Sec. 44. **PERFORMANCE APPRAISAL SYSTEM REPORT.**

46.19 The commissioner of management and budget must report to the legislature by  
46.20 January 15, 2012 on a plan for redesign and implementation of the performance appraisal  
46.21 system for executive branch employees. The redesigned system must include three  
46.22 components:

46.23 (1) evaluation of the individual employee's performance relative to goals for that  
46.24 individual, which must constitute a majority of the overall determination of an employee's  
46.25 performance;

46.26 (2) evaluation of the performance of individual employee's program, defined by the  
46.27 agency head, toward meeting targeted outcomes for the program; and

46.28 (3) evaluation of the performance of the entire agency toward meeting targeted  
46.29 outcomes for the agency.

46.30 The redesigned system under the report must provide that an employee may not  
46.31 receive an increase in salary or wages based on progression to another step or lane unless  
46.32 the employee's supervisor certifies that the employee's performance has been satisfactory.

46.33 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;

49.1 (8) promote and coordinate consolidated geospatial technology, data, and services  
49.2 and shared geospatial Web services for state and local governments; and

49.3 (9) promote and coordinate geospatial technology training, technical guidance, and  
49.4 project support for state and local governments.

49.5 Subd. 4. **Duties of chief ~~geospatial~~ information officer.** (a) In consultation with the  
49.6 state geospatial advisory council, the commissioner of administration, the commissioner  
49.7 of management and budget, and the ~~Minnesota~~ chief geospatial information officer, the  
49.8 chief ~~geospatial~~ information officer must identify when it is cost-effective for agencies to  
49.9 develop and use shared information and geospatial technology systems, data, and services.  
49.10 The chief ~~geospatial~~ information officer may require agencies to use shared information  
49.11 and geospatial technology systems, data, and services.

49.12 (b) The chief ~~geospatial~~ information officer, in consultation with the state  
49.13 geospatial advisory council, must establish reimbursement rates in cooperation with the  
49.14 commissioner of management and budget to bill agencies and other governmental entities  
49.15 sufficient to cover the actual development, operation, maintenance, and administrative  
49.16 costs of the shared systems. The methodology for billing may include the use of  
49.17 interagency agreements, or other means as allowed by law.

49.18 Subd. 5. **Fees.** (a) The chief ~~geospatial~~ information officer must set fees under  
49.19 section 16A.1285 that reflect the actual cost of providing information products and  
49.20 services to clients. Fees collected must be deposited in the state treasury and credited to  
49.21 the Minnesota Geospatial Information Office revolving account. Money in the account  
49.22 is appropriated to the chief ~~geospatial~~ information officer for providing Geospatial  
49.23 Information Systems (GIS) consulting services, software, data, Web services, and map  
49.24 products on a cost-recovery basis, including the cost of services, supplies, material, labor,  
49.25 and equipment as well as the portion of the general support costs and statewide indirect  
49.26 costs of the office that is attributable to the delivery of these products and services. Money  
49.27 in the account must not be used for the general operation of the Minnesota Geospatial  
49.28 Information Office.

49.29 (b) The chief ~~geospatial~~ information officer may require a state agency to make an  
49.30 advance payment to the revolving account sufficient to cover the agency's estimated  
49.31 obligation for a period of 60 days or more. If the revolving account is abolished or  
49.32 liquidated, the total net profit from the operation of the account must be distributed to the  
49.33 various funds from which purchases were made. For a given period of time, the amount of  
49.34 total net profit to be distributed to each fund must reflect the same ratio of total purchases  
49.35 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,

51.1 cities, universities, business, nonprofit organizations, federal agencies, tribal governments,  
51.2 and state agencies. No more than 20 percent of the members may be employees of a state  
51.3 agency. In addition, the chief geospatial information officer must be a nonvoting member.

51.4 (b) A state government geospatial advisory council must advise the Minnesota  
51.5 Geospatial Information Office on issues concerning improving state government services  
51.6 through the coordinated, affordable, reliable, and effective use of geospatial technology.  
51.7 ~~The commissioner of administration~~ chief information officer must designate up to 15  
51.8 state government agencies and constitutional offices, including the Office of Enterprise  
51.9 Technology and the Minnesota Geospatial Information Office, to be represented on the  
51.10 council. The council must be chaired by the chief geographic information officer. A  
51.11 representative of the statewide geospatial advisory council must serve as a nonvoting  
51.12 member.

51.13 (c) Members of both the statewide geospatial advisory council and the state  
51.14 government advisory council must be recommended by a process that ensures that  
51.15 each member is designated to represent a clearly identified agency or interested party  
51.16 category. Members of the statewide geospatial advisory council must be selected in  
51.17 compliance with the state's open appointment process. Members of the state government  
51.18 geospatial advisory council must be appointed by the heads of their respective agencies or  
51.19 constitutional offices. One member of the state government geospatial advisory council  
51.20 must be appointed by the Legislative Coordinating Commission. Members shall serve a  
51.21 term of two years.

51.22 (d) The Minnesota Geospatial Information Office must provide administrative  
51.23 support for both geospatial advisory councils.

51.24 (e) This subdivision expires June 30, 2015.

51.25 **Subdivision 9 repealed by Laws 2011, chapter 68, section 2.**

51.26 Sec. 2. **[16E.0151] RESPONSIBILITY FOR INFORMATION TECHNOLOGY**  
51.27 **SERVICES AND EQUIPMENT.**

51.28 (a) The chief information officer is responsible for providing or entering into  
51.29 managed services contracts for the provision, improvement, and development of the  
51.30 following information technology systems and services to state agencies:

- 51.31 (1) state data centers;  
51.32 (2) mainframes including system software;  
51.33 (3) servers including system software;  
51.34 (4) desktops including system software;  
51.35 (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.



54.1 (c) The office shall ~~assist, in cooperation with~~ state agencies ~~in the planning and~~  
54.2 ~~management,~~ plan and manage the development and improvement of information  
54.3 systems so that an individual information system reflects and supports the state agency's  
54.4 mission and the state's requirements and functions. The office shall review and  
54.5 approve agency technology plans to ensure consistency with enterprise information  
54.6 and telecommunications technology strategy. By January 15 of each year, the chief  
54.7 information officer must report to the chairs and the ranking minority members of  
54.8 the legislative committees and divisions with jurisdiction over the office regarding the  
54.9 assistance provided under this paragraph. The report must include a listing of agencies  
54.10 that have developed or are developing plans under this paragraph.

54.11 (d) The office shall review and approve agency requests for funding for the  
54.12 development or purchase of information systems equipment or software before the  
54.13 requests may be included in the governor's budget.

54.14 (e) The office shall review and approve agency requests for grant funding that have  
54.15 an information and technology component.

54.16 (f) The office shall review major purchases of information systems equipment to:

54.17 (1) ensure that the equipment follows the standards and guidelines of the state  
54.18 information architecture;

54.19 (2) ensure the agency's proposed purchase reflects a cost-effective policy regarding  
54.20 volume purchasing; and

54.21 (3) ensure that the equipment is consistent with other systems in other state agencies  
54.22 so that data can be shared among agencies, unless the office determines that the agency  
54.23 purchasing the equipment has special needs justifying the inconsistency.

54.24 ~~(f)~~ (g) The office shall review the operation of information systems by state agencies  
54.25 and ensure that these systems are operated efficiently and securely and continually meet  
54.26 the standards and guidelines established by the office. The standards and guidelines must  
54.27 emphasize uniformity that is cost-effective for the enterprise, that encourages information  
54.28 interchange, open systems environments, and portability of information whenever  
54.29 practicable and consistent with an agency's authority and chapter 13.

54.30 ~~(g)~~ (h) The office shall conduct a comprehensive review at least every three years of  
54.31 the information systems investments that have been made by state agencies and higher  
54.32 education institutions. The review must include recommendations on any information  
54.33 systems applications that could be provided in a more cost-beneficial manner by an outside  
54.34 source. The office must report the results of its review to the legislature and the governor.

54.35 Sec. 5. **[16E.145] INFORMATION TECHNOLOGY APPROPRIATION.**

55.1       An appropriation for a state agency information and telecommunications technology  
55.2 project must be made to the chief information officer. The chief information officer must  
55.3 manage and disburse the appropriation on behalf of the sponsoring state agency. Any  
55.4 appropriation for an information and telecommunications technology project made to a  
55.5 state agency other than the Office of Enterprise Technology is transferred to the chief  
55.6 information officer.

55.7       **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies to  
55.8 appropriations made on or after that date.

55.9       Sec. 6. **TRANSFERS; TRANSITION.**

55.10       (a) Powers, duties, responsibilities, personnel, and assets relating to functions  
55.11 assigned to the chief information officer in Minnesota Statutes, section 16E.0151, are  
55.12 transferred to the Office of Enterprise Technology from all other state agencies, as defined  
55.13 in Minnesota Statutes, section 16E.03, subdivision 1, paragraph (e), by October 1, 2011,  
55.14 with the exception of state agency chief information officers which are transferred 30  
55.15 days after final enactment.

55.16       (b) The chief information officer, with assistance from the commissioner of  
55.17 Minnesota Management and Budget, must enter into a service-level agreement with each  
55.18 state agency governing the provision of information technology systems and services,  
55.19 assets, and personnel in Minnesota Statutes, section 16E.0151, by July 1, 2012. The  
55.20 agreements must specify the services to be provided and the charges or cost allocation  
55.21 for these services. As specified in Minnesota Statutes, section 16E.0151, the chief  
55.22 information officer may allow an agency to obtain these services from an outside vendor,  
55.23 rather than from the Office of Enterprise Technology when appropriate. Authority to enter  
55.24 into agreements under this paragraph is effective the day following final enactment, with  
55.25 the resulting agreements in place no later than July 1, 2012. By January 15, 2012, the  
55.26 chief information officer shall submit to the legislature any statutory changes needed to  
55.27 complete implementation of any transfer in this section.

55.28       (c) By July 1, 2013, the state chief information officer shall control and direct all  
55.29 information and telecommunication technology spending authorized under Minnesota  
55.30 Statutes, section 16E.0151. This shall be reflected in the fiscal year 2014-2015 biennial  
55.31 budget.

55.32       (d) After approval by the state chief information officer, powers, duties,  
55.33 responsibilities, assets, personnel, and appropriations relating to geospatial information  
55.34 systems are transferred from the commissioner of administration to the Office of  
55.35 Enterprise Technology by July 1, 2013.

56.1           (e) Minnesota Statutes, section 15.039, applies to transfers in this section. Executive  
56.2           branch officials may use authority under Minnesota Statutes, section 16B.37, as necessary  
56.3           to implement this section.

56.4           (f) The transfer of authority to the Office of Enterprise Technology in this article  
56.5           does not require expansion or consolidation of office space, data centers, help desks,  
56.6           or other systems. The chief information officer may implement expansion, relocation,  
56.7           or consolidation to the extent feasible and desirable with existing resources, or to the  
56.8           extent that savings resulting from the expansions or consolidations will pay for the costs  
56.9           associated with these activities during the biennium ending June 30, 2013.

56.10          (g) State agencies must cooperate and comply with the Office of Enterprise  
56.11          Technology in the transfer of functions and other implementation of sections 1 to 6.  
56.12          In consultation with the commissioners of Minnesota Management and Budget and  
56.13          administration, the state chief information officer has final authority in determining the  
56.14          meaning of sections 1 to 6. The state chief information officer may establish policies and  
56.15          standards to implement and clarify the meaning of sections 1 to 6.

56.16          Sec. 7. **STUDY.**

56.17          The chief information officer in the Office of Enterprise Technology shall report  
56.18          to the chairs and ranking minority members of the house of representatives and senate  
56.19          committees with jurisdiction over state government finance by January 15, 2014, on  
56.20          the feasibility and desirability of the office entering into service-level agreements with  
56.21          the State Lottery, the Statewide Radio Board, Minnesota State Retirement System, the  
56.22          Public Employees Retirement Association, the Teachers Retirement Association, the State  
56.23          Board of Investment, and the Campaign Finance and Public Disclosure Board regarding  
56.24          provision of information technology systems and services to those entities.

56.25          Sec. 8. **REVISOR'S INSTRUCTION.**

56.26          Upon enactment of section 6, paragraph (d), the revisor of statutes shall recodify  
56.27          Minnesota Statutes, section 16B.99, into Minnesota Statutes, chapter 16E.

56.28          Sec. 9. **EFFECTIVE DATE.**

56.29          Sections 1 to 8 are effective the day following final enactment unless stated  
56.30          otherwise.

57.1

ARTICLE 5

57.2

GENERAL PROVISIONS

57.3

Section 1. **PAYMENT FOR 2011 GOVERNMENT SHUTDOWN CAUSES OF**

57.4

**ACTION.**

57.5

No appropriation under this or any other law, regardless of when enacted, may be

57.6

used to pay or settle judgments for damages by contractors or third parties arising out of,

57.7

or related to, the government shutdown of July 2011. This limitation does not apply if

57.8

the contract expressly provides for the payment by the state or an agency of the state for

57.9

measures or activities undertaken by the contractor or third party arising from or caused

57.10

by the government shutdown.

57.11

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

57.12

Sec. 2. **EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.**

57.13

Unless otherwise specified, this act is effective retroactively from July 1, 2011,

57.14

and supersedes and replaces funding authorized by order of the Second Judicial District

57.15

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)

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### 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.

## **Section**

**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.

## **Section**

**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](http://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](http://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

**Section**

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.

1.1 A bill for an act  
1.2 relating to state government; appropriating money from the outdoor heritage  
1.3 fund, clean water fund, parks and trails fund, and arts and cultural heritage  
1.4 fund; modifying certain outdoor heritage provisions; establishing accounts;  
1.5 creating state recreation area; modifying restoration evaluations; modifying  
1.6 grant programs; modifying accountability requirements; modifying definitions;  
1.7 modifying the Clean Water Legacy Act; modifying Clean Water Council;  
1.8 establishing State Capitol Preservation Commission; providing for Capitol  
1.9 building powers and duties; providing appointments; modifying reporting and  
1.10 other requirements for legacy fund recipients; modifying previous appropriations;  
1.11 requiring reports; amending Minnesota Statutes 2010, sections 3.303, subdivision  
1.12 10; 10A.01, subdivision 35; 85.013, by adding a subdivision; 85.53, subdivisions  
1.13 2, 5; 97A.056, subdivisions 2, 3, 6, 9, 10, by adding subdivisions; 114D.10;  
1.14 114D.20, subdivisions 1, 2, 3, 6, 7; 114D.30; 114D.35; 114D.50, subdivisions  
1.15 4, 6; 116.195; 129D.17, subdivision 2; 129D.18, subdivisions 3, 4; 129D.19,  
1.16 subdivision 5; Laws 2009, chapter 172, article 1, section 2, subdivisions 3, 15;  
1.17 article 2, section 4, as amended; article 4, section 9, subdivision 5; Laws 2010,  
1.18 chapter 361, article 1, section 2, subdivision 14; article 2, section 3; proposing  
1.19 coding for new law in Minnesota Statutes, chapters 15B; 16B; 84; 138; repealing  
1.20 Minnesota Statutes 2010, section 114D.45.

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

1.22 **ARTICLE 1**

1.23 **OUTDOOR HERITAGE FUND**

1.24 Section 1. **OUTDOOR HERITAGE APPROPRIATION.**

1.25 The sums shown in the columns marked "Appropriations" are appropriated to the  
1.26 agencies and for the purposes specified in this article. The appropriations are from the  
1.27 outdoor heritage fund and are available for the fiscal years indicated for each purpose. The  
1.28 figures "2012" and "2013" used in this article mean that the appropriations listed under  
1.29 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			<b><u>APPROPRIATIONS</u></b>
2.4			<b><u>Available for the Year</u></b>
2.5			<b><u>Ending June 30</u></b>
2.6		<b><u>2012</u></b>	<b><u>2013</u></b>

2.7 Sec. 2. **OUTDOOR HERITAGE**

2.8	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>86,484,000</u></b>	<b><u>\$</u></b>	<b><u>471,000</u></b>
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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	<b><u>Subd. 2. Prairies</u></b>	<b><u>32,671,000</u></b>	<b><u>-0-</u></b>
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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.



- 4.1 **(d) Northern Tallgrass Prairie National**  
4.2 **Wildlife Refuge Land Acquisition - Phase**  
4.3 **III**
- 4.4 \$1,720,000 the first year is to the  
4.5 commissioner of natural resources for an  
4.6 agreement with The Nature Conservancy  
4.7 to acquire land or permanent easements  
4.8 within the Northern Tallgrass Prairie Habitat  
4.9 Preservation Area in western Minnesota for  
4.10 addition to the Northern Tallgrass Prairie  
4.11 National Wildlife Refuge. A list of proposed  
4.12 land acquisitions must be provided as part  
4.13 of the required accomplishment plan. The  
4.14 accomplishment plan must include an  
4.15 easement monitoring and enforcement plan.
- 4.16 **(e) Minnesota Prairie Recovery Project -**  
4.17 **Phase II**
- 4.18 \$4,500,000 the first year is to the  
4.19 commissioner of natural resources for an  
4.20 agreement with The Nature Conservancy to  
4.21 acquire native prairie and savanna and restore  
4.22 and enhance grasslands and savanna. A list of  
4.23 proposed land acquisitions must be provided  
4.24 as part of the required accomplishment plan.  
4.25 Acquisitions, restorations, and enhancements  
4.26 must be within the two existing and two  
4.27 additional pilot focus areas contained in  
4.28 the accomplishment plan. Annual income  
4.29 statements and balance sheets for income  
4.30 and expenses from land acquired with  
4.31 appropriations from the outdoor heritage  
4.32 fund must be submitted to the Lessard-Sams  
4.33 Outdoor Heritage Council.
- 4.34 **(f) Cannon River Headwaters Habitat**  
4.35 **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 **(i) The Green Corridor Legacy Program -**

6.2 **Phase III**

6.3 \$1,771,000 the first year is to the  
6.4 commissioner of natural resources for  
6.5 an agreement with the Redwood Area  
6.6 Development Corporation to acquire land  
6.7 for wildlife management area purposes  
6.8 under Minnesota Statutes, section 86A.05,  
6.9 subdivision 8, or aquatic management areas  
6.10 under Minnesota Statutes, sections 86A.05,  
6.11 subdivision 14, and 97C.02. A list of  
6.12 proposed land acquisitions must be provided  
6.13 as part of the required accomplishment plan.

6.14 **Subd. 3. Forests**

14,371,000

-0-

6.15 **(a) Minnesota Forests for the Future -**

6.16 **Phase III**

6.17 \$5,409,000 the first year is to the  
6.18 commissioner of natural resources to  
6.19 acquire forest and wetland habitat through  
6.20 working forest easements and fee acquisition  
6.21 under the Minnesota forests for the future  
6.22 program pursuant to Minnesota Statutes,  
6.23 section 84.66. A conservation easement  
6.24 acquired with money appropriated under this  
6.25 paragraph must comply with subdivision  
6.26 13. A list of proposed land acquisitions  
6.27 must be provided as part of the required  
6.28 accomplishment plan. The accomplishment  
6.29 plan must include an easement monitoring  
6.30 and enforcement plan. Up to \$150,000 is for  
6.31 establishing a monitoring and enforcement  
6.32 fund as approved in the accomplishment plan  
6.33 and subject to subdivision 15. An annual  
6.34 financial report is required for any monitoring

- 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 The accomplishment plan must include  
10.2 an easement monitoring and enforcement  
10.3 plan. Up to \$18,000 is for establishing  
10.4 a monitoring and enforcement fund as  
10.5 approved in the accomplishment plan  
10.6 and subject to subdivision 15. An annual  
10.7 financial report is required for any monitoring  
10.8 and enforcement fund established, including  
10.9 expenditures from the fund.

10.10 Subd. 5. **Habitat**

22,914,000

-0-

10.11 **(a) Accelerated Aquatic Management**

10.12 **Area Habitat Program - Phase III**

10.13 \$6,500,000 the first year is to the  
10.14 commissioner of natural resources to  
10.15 acquire interests in land in fee or permanent  
10.16 conservation easements for aquatic  
10.17 management areas under Minnesota Statutes,  
10.18 sections 86A.05, subdivision 14, and 97C.02,  
10.19 and to restore and enhance aquatic habitat. A  
10.20 list of proposed acquisitions and stream and  
10.21 lake habitat restorations and enhancements  
10.22 must be provided as part of the required  
10.23 accomplishment plan. The accomplishment  
10.24 plan must include an easement monitoring  
10.25 and enforcement plan.

10.26 **(b) Coldwater Fish Habitat Enhancement**

10.27 **Program - Phase III**

10.28 \$1,533,000 the first year is to the  
10.29 commissioner of natural resources for an  
10.30 agreement with Minnesota Trout Unlimited  
10.31 to restore, enhance, and protect coldwater  
10.32 river and stream habitats in Minnesota. A list  
10.33 of proposed projects, describing types and  
10.34 locations of restorations and enhancements,

- 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 Subd. 6. **Administration** 701,000 471,000  
 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~~

29.1 ~~January 2013, and two members of the house of representatives appointed by the speaker~~  
29.2 ~~of the house for a term ending the first Monday in January 2013.~~

29.3 (f) ~~Compensation~~ Terms, compensation, and removal of public members are as  
29.4 provided in section 15.0575. A vacancy on the council may be filled by the appointing  
29.5 authority for the remainder of the unexpired term.

29.6 (g) The first meeting of the council shall be convened by the chair of the Legislative  
29.7 Coordinating Commission no later than December 1, 2008. Members shall elect a chair,  
29.8 vice-chair, secretary, and other officers as determined by the council. The chair may  
29.9 convene meetings as necessary to conduct the duties prescribed by this section.

29.10 (h) Upon coordination with ~~and approval by~~ the Legislative Coordinating  
29.11 Commission, the council may appoint nonpartisan staff and contract with consultants  
29.12 as necessary to carry out the functions of the council. Up to one percent of the money  
29.13 appropriated from the fund may be used to pay for administrative expenses of the council  
29.14 and for compensation and expense reimbursement of council members.

29.15 Sec. 6. Minnesota Statutes 2010, section 97A.056, subdivision 3, is amended to read:

29.16 Subd. 3. **Council recommendations.** (a) The council shall make recommendations  
29.17 to the legislature on appropriations of money from the outdoor heritage fund that are  
29.18 consistent with the Constitution and state law and that will achieve the outcomes of  
29.19 existing natural resource plans, including, but not limited to, the Minnesota Statewide  
29.20 Conservation and Preservation Plan, that directly relate to the restoration, protection, and  
29.21 enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and  
29.22 that prevent forest fragmentation, encourage forest consolidation, and expand restored  
29.23 native prairie. In making recommendations, the council shall consider a range of options  
29.24 that would best restore, protect, and enhance wetlands, prairies, forests, and habitat  
29.25 for fish, game, and wildlife, ~~and shall not adopt definitions of "restore", "protect", or~~  
29.26 ~~"enhance" that would limit the council from considering options that are consistent with~~  
29.27 ~~the Constitution. The council shall submit its initial recommendations to the legislature no~~  
29.28 ~~later than April 1, 2009. Subsequent. The council's~~ recommendations shall be submitted  
29.29 no later than January 15 each year. The council shall present its recommendations to the  
29.30 senate and house of representatives committees with jurisdiction over the environment  
29.31 and natural resources budget by February 15 in odd-numbered years, and within the  
29.32 first four weeks of the legislative session in even-numbered years. The council's budget  
29.33 recommendations to the legislature shall be separate from the Department of Natural  
29.34 Resource's budget recommendations.

30.1 (b) To encourage and support local conservation efforts, the council shall establish a  
30.2 conservation partners program. Local, regional, state, or national organizations may apply  
30.3 for matching grants for restoration, protection, and enhancement of wetlands, prairies,  
30.4 forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation,  
30.5 encouragement of forest consolidation, and expansion of restored native prairie.

30.6 (c) The council may work with the Clean Water Council to identify projects that  
30.7 are consistent with both the purpose of the outdoor heritage fund and the purpose of  
30.8 the clean water fund.

30.9 (d) The council may make recommendations to the Legislative-Citizen Commission  
30.10 on Minnesota Resources on scientific research that will assist in restoring, protecting, and  
30.11 enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing  
30.12 forest fragmentation, encouraging forest consolidation, and expanding restored native  
30.13 prairie.

30.14 (e) Recommendations of the council, including approval of recommendations for the  
30.15 outdoor heritage fund, require an affirmative vote of at least nine members of the council.

30.16 (f) The council may work with the Clean Water Council, the Legislative-Citizen  
30.17 Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and  
30.18 water conservation districts, and experts from Minnesota State Colleges and Universities  
30.19 and the University of Minnesota in developing the council's recommendations.

30.20 (g) The council shall develop and implement a process that ensures that citizens  
30.21 and potential recipients of funds are included throughout the process, including the  
30.22 development and finalization of the council's recommendations. The process must include  
30.23 a fair, equitable, and thorough process for reviewing requests for funding and a clear and  
30.24 easily understood process for ranking projects.

30.25 (h) The council shall use the regions of the state based upon the ecological ~~regions~~  
30.26 sections and ~~subregions~~ subsections developed by the Department of Natural Resources  
30.27 and establish objectives for each region and subregion to achieve the purposes of the fund  
30.28 outlined in the state constitution.

30.29 (i) The council shall develop and submit to the Legislative Coordinating Commission  
30.30 plans for the first ten years of funding, and a framework for 25 years of funding, consistent  
30.31 with statutory and constitutional requirements. The council may use existing plans from  
30.32 other legislative, state, and federal sources, as applicable.

30.33 Sec. 7. Minnesota Statutes 2010, section 97A.056, subdivision 6, is amended to read:

30.34 Subd. 6. **Audit.** The legislative auditor shall audit the outdoor heritage fund  
30.35 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

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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

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~~

35.1 ~~the Lessard-Sams Outdoor Heritage Council~~  
35.2 ~~or its successor written documentation from~~  
35.3 ~~the person or entity holding the interest in~~  
35.4 ~~real property certifying its acceptance of all~~  
35.5 ~~reporting obligations and responsibilities~~  
35.6 ~~previously held by the recipient of the~~  
35.7 ~~appropriation.~~ After the transfer, the person  
35.8 or entity that holds the interest in the  
35.9 real property is responsible for reporting  
35.10 requirements under this section.

35.11 Sec. 13. **EFFECTIVE DATE; RELATIONSHIP TO OTHER**  
35.12 **APPROPRIATIONS.**

35.13 Unless otherwise specified, this article is effective retroactively from July 1, 2011,  
35.14 and supersedes and replaces funding authorized by order of the Second Judicial District  
35.15 Court in Case No. 62-CV-11-5203.

35.16 **ARTICLE 2**  
35.17 **CLEAN WATER FUND**

35.18 Section 1. **CLEAN WATER FUND APPROPRIATIONS.**

35.19 The sums shown in the columns marked "Appropriations" are appropriated to the  
35.20 agencies and for the purposes specified in this article. The appropriations are from the  
35.21 clean water fund and are available for the fiscal years indicated for allowable activities  
35.22 under the Minnesota Constitution, article XI, section 15. The figures "2012" and "2013"  
35.23 used in this article mean that the appropriation listed under them are available for the  
35.24 fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal  
35.25 year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012  
35.26 and 2013. The appropriations in this article are onetime.

	<b><u>APPROPRIATIONS</u></b>	
	<b><u>Available for the Year</u></b>	
	<b><u>Ending June 30</u></b>	
	<b><u>2012</u></b>	<b><u>2013</u></b>

35.31 Sec. 2. **CLEAN WATER**

35.32	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>90,517,000</u></b>	<b><u>\$</u></b>	<b><u>88,912,000</u></b>
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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. <b><u>PUBLIC FACILITIES AUTHORITY</u></b>	\$	<b><u>16,710,000</u></b>	\$	<b><u>16,710,000</u></b>
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. <b><u>POLLUTION CONTROL AGENCY</u></b>	\$	<b><u>24,212,000</u></b>	\$	<b><u>23,558,000</u></b>
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. <b><u>DEPARTMENT OF NATURAL</u></b>			
41.15	<b><u>RESOURCES</u></b>	\$	<u>10,860,000</u>	\$ <u>9,860,000</u>

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. BOARD OF WATER AND SOIL**  
43.30 **RESOURCES** **\$ 27,534,000 \$ 27,534,000**

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 restoration, maintenance, and other activities  
 47.2 under this section for \$500,000 the first year  
 47.3 and \$500,000 the second year.

47.4 (j) The board may shift grant or cost-share  
 47.5 funds in this section and may adjust the  
 47.6 technical and administrative assistance  
 47.7 portion of the funds to leverage federal or  
 47.8 other nonstate funds or to address oversight  
 47.9 responsibilities or high-priority needs  
 47.10 identified in local water management plans.

47.11 (k) The appropriations in this section are  
 47.12 available until June 30, 2016.

47.13 Sec. 8. **DEPARTMENT OF HEALTH**                    \$            **2,988,000** \$            **3,050,000**

47.14 (a) \$1,020,000 the first year and \$1,020,000  
 47.15 the second year are for addressing public  
 47.16 health concerns related to contaminants  
 47.17 found in Minnesota drinking water for which  
 47.18 no health-based drinking water standard  
 47.19 exists.

47.20 (b) \$1,415,000 the first year and \$1,415,000  
 47.21 the second year are for protection of drinking  
 47.22 water sources.

47.23 (c) \$250,000 the first year and \$250,000 the  
 47.24 second year are for cost-share assistance to  
 47.25 public and private well owners for up to 50  
 47.26 percent of the cost of sealing unused wells.

47.27 (d) \$303,000 the first year and \$365,000 the  
 47.28 second year are to expand the county well  
 47.29 index.

47.30 Sec. 9. **METROPOLITAN COUNCIL**                    \$            **500,000** \$            **500,000**

47.31 \$500,000 the first year and \$500,000 the  
 47.32 second year are for implementation of the

48.1 master water supply plan developed under  
48.2 Minnesota Statutes, section 473.1565.

48.3 **Sec. 10. LEGISLATURE** **\$ 13,000 \$ -0-**

48.4 \$13,000 the first year is for the Legislative  
48.5 Coordinating Commission for the costs of  
48.6 developing and implementing a Web site to  
48.7 contain information on projects receiving  
48.8 appropriations from the clean water fund and  
48.9 other constitutionally dedicated funds.

48.10 **Sec. 11. CARRYFORWARD**

48.11 (a) The appropriations in Laws 2009, chapter  
48.12 172, article 2, section 4, paragraph (g), as  
48.13 amended by Laws 2010, chapter 361, article  
48.14 2, section 2, are available until June 30,  
48.15 2013, and may be spent to continue research  
48.16 and testing on the potential for coal tar  
48.17 contamination of waters, on the study of  
48.18 treatment and disposal options, and for grants  
48.19 to local units of government.

48.20 (b) The appropriation in Laws 2010, chapter  
48.21 361, article 2, section 4, subdivision 1, for  
48.22 nitrogen and nitrate water quality standards  
48.23 rulemaking is available until June 30, 2012.

48.24 (c) The appropriations in Laws 2009, chapter  
48.25 172, article 2, section 4, paragraph (a),  
48.26 as amended by Laws 2010, chapter 361,  
48.27 article 2, section 2, for total maximum  
48.28 daily load (TDML) study development and  
48.29 implementation are available until June 30,  
48.30 2014.

48.31 (d) The appropriations in Laws 2009, chapter  
48.32 172, article 2, section 2, paragraph (d),  
48.33 for research and pilot projects related to

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;

- 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:

51.1 Subdivision 1. **Coordination and cooperation.** In implementing this chapter,  
51.2 public agencies and private entities shall take into consideration the relevant provisions of  
51.3 local and other applicable water management, conservation, land use, land management,  
51.4 and development plans and programs. Public agencies with authority for local water  
51.5 management, conservation, land use, land management, and development plans shall  
51.6 take into consideration the manner in which their plans affect the implementation of  
51.7 this chapter. Public agencies shall identify opportunities to participate and assist in the  
51.8 successful implementation of this chapter, including the funding or technical assistance  
51.9 needs, if any, that may be necessary. In implementing this chapter, public agencies shall  
51.10 endeavor to engage the cooperation of organizations and individuals whose activities  
51.11 affect the quality of groundwater or surface waters, including point and nonpoint sources  
51.12 of pollution, and who have authority and responsibility for water management, planning,  
51.13 and protection. To the extent practicable, public agencies shall endeavor to enter into  
51.14 formal and informal agreements and arrangements with federal agencies and departments  
51.15 to jointly utilize staff and educational, technical, and financial resources to deliver  
51.16 programs or conduct activities to achieve the intent of this chapter, including efforts  
51.17 under the federal Clean Water Act and other federal farm and soil and water conservation  
51.18 programs. Nothing in this chapter affects the application of silvicultural exemptions under  
51.19 any federal, state, or local law or requires silvicultural practices more stringent than those  
51.20 recommended in the timber harvesting and forest management guidelines adopted by the  
51.21 Minnesota Forest Resources Council under section 89A.05.

51.22 Sec. 15. Minnesota Statutes 2010, section 114D.20, subdivision 2, is amended to read:

51.23 Subd. 2. **Goals for implementation.** The following goals must guide the  
51.24 implementation of this chapter:

51.25 (1) to identify impaired waters in accordance with federal TMDL requirements  
51.26 within ten years after the effective date of this section and thereafter to ensure continuing  
51.27 evaluation of surface waters for impairments;

51.28 (2) to submit TMDL's to the United States Environmental Protection Agency for all  
51.29 impaired waters in a timely manner in accordance with federal TMDL requirements;

51.30 (3) to set a reasonable time for implementing restoration of each identified impaired  
51.31 water;

51.32 (4) to provide assistance and incentives to prevent waters from becoming impaired  
51.33 and to improve the quality of waters that are listed as impaired but do not have an  
51.34 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

54.1 114D.35, subdivision 2. The Pollution Control Agency shall provide administrative  
54.2 support for the council with the support of other member agencies. The members of the  
54.3 council shall elect a chair from the ~~nonagency~~ voting members of the council.

54.4 Subd. 2. **Membership; appointment.** (a) The commissioners of natural resources,  
54.5 agriculture, health, and the Pollution Control Agency, and the executive director of the  
54.6 Board of Water and Soil Resources shall each appoint one person from their respective  
54.7 agency to serve as a nonvoting member of the council. ~~Agency members serve as~~  
54.8 ~~nonvoting members of the council.~~ Two members of the house of representatives,  
54.9 including one member from the majority party and one member from the minority party,  
54.10 appointed by the speaker and two senators, including one member from the majority  
54.11 party and one member from the minority party, appointed according to the rules of the  
54.12 senate shall serve at the pleasure of the appointing authority as nonvoting members of  
54.13 the council. Agency and legislative members appointed under this paragraph serve as  
54.14 nonvoting members of the council.

54.15 (b) Nineteen additional nonagency voting members of the council shall be appointed  
54.16 by the governor as follows:

- 54.17 (1) two members representing statewide farm organizations;  
54.18 (2) two members representing business organizations;  
54.19 (3) two members representing environmental organizations;  
54.20 (4) one member representing soil and water conservation districts;  
54.21 (5) one member representing watershed districts;  
54.22 (6) one member representing nonprofit organizations focused on improvement of  
54.23 Minnesota lakes or streams;  
54.24 (7) two members representing organizations of county governments, one member  
54.25 representing the interests of rural counties and one member representing the interests of  
54.26 counties in the seven-county metropolitan area;  
54.27 (8) two members representing organizations of city governments;  
54.28 (9) one member representing the Metropolitan Council established under section  
54.29 473.123;  
54.30 (10) one member representing township officer ~~officer~~ officers;  
54.31 (11) one member representing the interests of tribal governments;  
54.32 (12) one member representing statewide hunting organizations;  
54.33 (13) one member representing the University of Minnesota or a Minnesota state  
54.34 university; and  
54.35 (14) one member representing statewide fishing organizations.

55.1 Members appointed under ~~clauses (1) to (14)~~ this paragraph must not be registered  
55.2 lobbyists or legislators. In making appointments, the governor must attempt to provide for  
55.3 geographic balance. The members of the council appointed by the governor are subject  
55.4 to the advice and consent of the senate.

55.5 Subd. 3. **Conflict of interest.** A Clean Water Council member may not participate  
55.6 in or vote on a decision of the council relating to an organization in which the member has  
55.7 either a direct or indirect personal financial interest. While serving on the Clean Water  
55.8 Council, a member shall avoid any potential conflict of interest.

55.9 Subd. 4. **Terms; compensation; removal.** ~~The initial terms of members~~  
55.10 ~~representing state agencies and the Metropolitan Council expire on the first Monday in~~  
55.11 ~~January 2007. Thereafter,~~ The terms of members representing the state agencies and the  
55.12 Metropolitan Council are four years and are coterminous with the governor. The terms  
55.13 of other nonlegislative members of the council shall be as provided in section 15.059,  
55.14 subdivision 2. Members may serve until their successors are appointed and qualify.  
55.15 Compensation and removal of nonlegislative council members is as provided in section  
55.16 15.059, subdivisions 3 and 4. Compensation of legislative members is as determined  
55.17 by the appointing authority. A vacancy on the council may be filled by the appointing  
55.18 authority provided in subdivision 1 for the remainder of the unexpired term.

55.19 Subd. 5. **Implementation plan.** The Clean Water Council shall recommend a plan  
55.20 for implementation of this chapter and the provisions of article XI, section 15, of the  
55.21 Minnesota Constitution relating to clean water. The recommended plan shall address  
55.22 general procedures and time frames for implementing this chapter, and shall include a more  
55.23 specific implementation work plan for the next fiscal biennium and a framework for setting  
55.24 priorities to address impaired waters consistent with section 114D.20, subdivisions 2 to 7.  
55.25 The council shall issue ~~the first recommended plan under this subdivision by December 1,~~  
55.26 ~~2005, and shall issue~~ a revised plan by December 1 of each even-numbered year ~~thereafter.~~

55.27 Subd. 6. **Recommendations on appropriation of funds.** (a) The Clean Water  
55.28 Council shall recommend to the governor and the legislature the manner in which  
55.29 money from the clean water ~~legacy account fund~~ should be appropriated for the purposes  
55.30 ~~identified in section 114D.45, subdivision 3~~ stated in article XI, section 15, of the  
55.31 Minnesota Constitution and section 114D.50.

55.32 (b) The council's recommendations must:

55.33 (1) be to protect, enhance, and restore water quality in lakes, rivers, and streams and  
55.34 to protect groundwater from degradation and ensure that at least five percent of the clean  
55.35 water fund is spent only to protect drinking water sources;

56.1           (2) be consistent with the purposes, policies, goals, and priorities in ~~sections~~  
56.2 ~~114D.05 to 114D.35, this chapter; and shall~~

56.3           (3) allocate adequate support and resources to identify degraded groundwater and  
56.4 impaired waters, develop TMDL's, implement restoration of groundwater and impaired  
56.5 waters, and provide assistance and incentives to prevent groundwater and surface waters  
56.6 from becoming degraded or impaired and improve the quality of surface waters which are  
56.7 listed as impaired but have no approved TMDL.

56.8           (c) The council must recommend methods of ensuring that awards of grants,  
56.9 loans, or other funds from the clean water ~~legacy account~~ fund specify the outcomes  
56.10 to be achieved as a result of the funding and specify standards to hold the recipient  
56.11 accountable for achieving the desired outcomes. Expenditures from the ~~account~~ fund must  
56.12 be appropriated by law.

56.13           Subd. 7. **Biennial report to legislature.** By December 1 of each even-numbered  
56.14 year, the council shall submit a report to the legislature on the activities for which money  
56.15 has been or will be spent for the current biennium, the activities for which money is  
56.16 recommended to be spent in the next biennium, and the impact on economic development  
56.17 of the implementation of efforts to protect and restore groundwater and the impaired waters  
56.18 program. The report due on December 1, 2014, must include an evaluation of the progress  
56.19 made through June 30, 2014, in implementing this chapter and the provisions of article XI,  
56.20 section 15, of the Minnesota Constitution relating to clean water, the need for funding of  
56.21 future implementation ~~of those sections~~, and recommendations for the sources of funding.

56.22           Sec. 20. Minnesota Statutes 2010, section 114D.35, is amended to read:

56.23           **114D.35 PUBLIC AND STAKEHOLDER PARTICIPATION; SCIENTIFIC**  
56.24 **REVIEW; EDUCATION.**

56.25           Subdivision 1. **Public and stakeholder participation.** Public agencies and private  
56.26 entities involved in the implementation of this chapter shall encourage participation by  
56.27 the public and stakeholders, including local citizens, landowners and managers, and  
56.28 public and private organizations, in ~~the identification of~~ identifying impaired waters, in  
56.29 developing TMDL's, ~~and~~ in planning, priority setting, and implementing restoration of  
56.30 impaired waters, in identifying degraded groundwater, and in protecting and restoring  
56.31 groundwater resources. In particular, the Pollution Control Agency shall make reasonable  
56.32 efforts to provide timely information to the public and to stakeholders about impaired  
56.33 waters that have been identified by the agency. The agency shall seek broad and early  
56.34 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.

59.1 The agency must give preference to projects that will reduce use of the greatest  
59.2 volume of groundwater from aquifers with the slowest rate of recharge.

59.3 Subd. 4. **Application form; procedures.** The agency shall develop an application  
59.4 form and procedures.

59.5 Subd. 5. **Reports.** The agency shall report by February 1 of each year to the chairs  
59.6 of the house of representatives and senate committees with jurisdiction over environment  
59.7 policy and finance and capital investment on the grants made and projects funded under  
59.8 this section. For each demonstration project funded, the report must include information  
59.9 on the scale of water constraints for the area, the volume of treated wastewater ~~supply~~  
59.10 supplied or storm water available, the quality of the storm water or treated wastewater  
59.11 supplied and treatment implications for the industrial user, impacts to stream flow and  
59.12 downstream users, and any considerations related to water appropriation and discharge  
59.13 permits.

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

59.15 Sec. 23. Laws 2009, chapter 172, article 2, section 4, as amended by Laws 2010,  
59.16 chapter 361, article 2, section 2, is amended to read:

59.17 Sec. 4. **POLLUTION CONTROL AGENCY**      \$      24,076,000      \$      27,630,000

59.18 (a) \$9,000,000 the first year and \$9,000,000  
59.19 the second year are to develop total  
59.20 maximum daily load (TMDL) studies and  
59.21 TMDL implementation plans for waters  
59.22 listed on the United States Environmental  
59.23 Protection Agency approved impaired  
59.24 waters list in accordance with Minnesota  
59.25 Statutes, chapter 114D. The agency shall  
59.26 complete an average of ten percent of the  
59.27 TMDLs each year over the biennium. Of  
59.28 this amount, \$348,000 the first year is to  
59.29 retest the comprehensive assessment of the  
59.30 biological conditions of the lower Minnesota  
59.31 River and its tributaries within the Lower  
59.32 Minnesota River Major Watershed, as  
59.33 previously assessed from 1976 to 1992 under  
59.34 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.

66.1

**ARTICLE 3**

66.2

**PARKS AND TRAILS FUND**

66.3

Section 1. **PARKS AND TRAILS FUND APPROPRIATIONS.**

66.4

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.

66.11

66.12

66.13

66.14

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

66.15

Sec. 2. **PARKS AND TRAILS**

66.16

Subdivision 1. Total Appropriation                      \$              **39,676,000** \$              **38,468,000**

66.17

The amounts that may be spent for each

66.18

purpose are specified in the following

66.19

sections.

66.20

Subd. 2. Availability of Appropriation

66.21

Money appropriated in this article may

66.22

not be spent on activities unless they are

66.23

directly related to and necessary for a specific

66.24

appropriation. Money appropriated in this

66.25

article must not be spent on indirect costs

66.26

or other institutional overhead charges that

66.27

are not directly related to and necessary for

66.28

a specific appropriation. Notwithstanding

66.29

Minnesota Statutes, section 16A.28, and

66.30

unless otherwise specified in this article,

66.31

fiscal year 2012 appropriations are available

66.32

until June 30, 2014, and fiscal year 2013

66.33

appropriations are available until June 30,

66.34

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. <b><u>DEPARTMENT OF NATURAL</u></b>			
67.4	<b><u>RESOURCES</u></b>	\$	<b><u>23,906,000</u></b>	\$ <b><u>22,327,000</u></b>

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.

70.7 \$7,000 the first year is for the Legislative  
70.8 Coordinating Commission for the costs of  
70.9 developing and implementing a Web site to  
70.10 contain information on projects receiving  
70.11 appropriations from the parks and trails fund  
70.12 and other constitutionally dedicated funds.

70.15      Subd. 15a. LaSalle Lake State Recreation Area, Hubbard County.

Subd. 5. **Restoration evaluations.** Beginning July 1, 2011, The commissioner of natural resources ~~shall~~ may convene a technical evaluation panel comprised of five members, including one technical representative from the Board of Water and Soil Resources, one technical representative from the Department of Natural Resources, one technical expert from the University of Minnesota or the Minnesota State Colleges and Universities, and two other representatives with expertise related to the project being evaluated. The commissioner may add a technical representative from a unit of federal or local government. The members of the technical evaluation panel may not be associated with the restoration, may vary depending upon the projects being reviewed, and shall avoid any potential conflicts of interest. Each year, the commissioner ~~shall~~ may assign a coordinator to identify a sample of up to ten habitat restoration projects completed with parks and trails funding. The coordinator shall secure the restoration plans for the projects specified and direct the technical evaluation panel to evaluate the restorations relative to the law, current science, and the stated goals and standards in the restoration plan and, when applicable, to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The coordinator shall summarize the findings of the panel and provide a report to the chairs of the respective house of representatives

71.1 and senate policy and finance committees with jurisdiction over natural resources and  
71.2 spending from the parks and trails fund. The report shall determine if the restorations are  
71.3 meeting planned goals, any problems with the implementation of restorations, and, if  
71.4 necessary, recommendations on improving restorations. The report shall be focused on  
71.5 improving future restorations. Up to one-tenth of one percent of forecasted receipts from  
71.6 the parks and trails fund may be used for restoration evaluations under this section.

71.7 Sec. 8. **LASALLE LAKE STATE RECREATION AREA.**

71.8 Subdivision 1. **LaSalle Lake State Recreation Area, Hubbard County.** The  
71.9 LaSalle Lake State Recreation Area is established in Hubbard County.

71.10 Subd. 2. **Boundaries.** The following described lands are located within the  
71.11 boundaries of the LaSalle Lake State Recreation Area, all in Hubbard County:

71.12 (1) the Southwest Quarter of the Southwest Quarter and the Northwest Quarter of the  
71.13 Southwest Quarter, except the East 10 acres thereof, of Section 29; the Northeast Quarter  
71.14 of the Northeast Quarter, the Northwest Quarter of the Northeast Quarter, the Southwest  
71.15 Quarter of the Northeast Quarter, the Northeast Quarter of the Southwest Quarter, the  
71.16 Southeast Quarter of the Northwest Quarter, the Southeast Quarter of the Northeast  
71.17 Quarter, and Government Lots 2, 3, 4, 5, 6, 7, 8, and 9, of Section 30; Government Lots 1,  
71.18 2, 5, 6, 7, 8, 9, and 10, of Section 31; and Government Lots 1 and 4 of Section 32; all in  
71.19 Township 145 North, Range 35 West; and

71.20 (2) Government Lot 12, Section 19, Township 145 North, Range 35.

71.21 Subd. 3. **Administration.** The commissioner of natural resources shall administer  
71.22 the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to  
71.23 existing rules and regulations for state recreation areas. LaSalle Lake State Recreation  
71.24 Area shall be administered as a satellite unit of Itasca State Park.

71.25 Sec. 9. **LASALLE LAKE STATE RECREATION AREA MANAGEMENT**  
71.26 **OPTIONS.**

71.27 By March 1, 2012, the commissioner of natural resources shall submit a report to  
71.28 the senate and house of representatives committees and divisions with jurisdiction over  
71.29 natural resources policy and finance evaluating options for the management of the resort  
71.30 within the LaSalle Lake State Recreation Area, including an evaluation of the option  
71.31 to lease the resort to a nonstate entity. The evaluation shall include potential financial  
71.32 arrangements or mechanisms that would make the equivalent of local taxes or payments in  
71.33 lieu of taxes the responsibility of the nonstate entity.

72.1 Sec. 10. EFFECTIVE DATE; RELATIONSHIP TO OTHER  
72.2 APPROPRIATIONS.

72.3 Unless otherwise specified, this article is effective retroactively from July 1, 2011,  
72.4 and supersedes and replaces funding authorized by order of the Second Judicial District  
72.5 Court in Case No. 62-CV-11-5203.

72.6 **ARTICLE 4**  
72.7 **ARTS AND CULTURAL HERITAGE FUND**

72.8 Section 1. ARTS AND CULTURAL HERITAGE FUND APPROPRIATIONS.

72.9 The sums shown in the columns marked "Appropriations" are appropriated to the  
72.10 entities and for the purposes specified in this article. The appropriations are from the arts  
72.11 and cultural heritage fund, and are available for the fiscal years indicated for allowable  
72.12 activities under the Minnesota Constitution, article XI, section 15. "The first year" is fiscal  
72.13 year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012  
72.14 and 2013. All appropriations in this article are onetime.

72.15		<b><u>APPROPRIATIONS</u></b>
72.16		<b><u>Available for the Year</u></b>
72.17		<b><u>Ending June 30</u></b>
72.18		<b><u>2012</u>                      <u>2013</u></b>

72.19 Sec. 2. ARTS AND CULTURAL HERITAGE

72.20	<u>Subdivision 1. <b>Total Appropriation</b></u>	<b>\$</b>	<b><u>52,600,000</u></b>	<b>\$</b>	<b><u>52,714,000</u></b>
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72.21 The amounts that may be spent for each  
72.22 purpose are specified in the following  
72.23 subdivisions.

72.24 Subd. 2. **Availability of Appropriation**

72.25 Money appropriated in this article may  
72.26 not be spent on activities unless they are  
72.27 directly related to and necessary for a specific  
72.28 appropriation. Money appropriated in this  
72.29 article must not be spent on indirect costs  
72.30 or other institutional overhead charges that  
72.31 are not directly related to and necessary for  
72.32 a specific appropriation. Notwithstanding  
72.33 Minnesota Statutes, section 16A.28, and  
72.34 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	<b><u>Subd. 3. Minnesota State Arts Board</u></b>	<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><b>Census.</b> The Minnesota State Arts Board, in</u>		
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. <b>Department of Education</b></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. <b>Minnesota Historical Society</b></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.

77.1 **Statewide Survey of Historical and**  
77.2 **Archaeological Sites.** \$250,000 the first  
77.3 year and \$250,000 the second year are  
77.4 for a contract or contracts to be let on a  
77.5 competitive basis to conduct statewide  
77.6 surveys of Minnesota's sites of historical,  
77.7 archaeological, and cultural significance.  
77.8 Results of this survey must be published in  
77.9 a searchable form, available to the public on  
77.10 a cost-free basis. The Minnesota Historical  
77.11 Society, the Office of the State Archaeologist,  
77.12 and the Indian Affairs Council shall each  
77.13 appoint a representative to an oversight  
77.14 board to select contractors and direct the  
77.15 conduct of these surveys. The oversight  
77.16 board shall consult with the Departments of  
77.17 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 <b><u>Subd. 6. Department of Administration</u></b>	<u>9,175,000</u>	<u>8,150,000</u>
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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 Minnesota Statutes, section 16B.2405. This  
80.2 appropriation is available until spent.

80.3 Subd. 7. **Minnesota Zoological Garden** 1,500,000 1,500,000

80.4 These amounts are appropriated to  
80.5 the Minnesota Zoological Board for  
80.6 programmatic development of the Minnesota  
80.7 Zoo.

80.8 Subd. 8. **Minnesota Humanities Center** 1,575,000 1,575,000

80.9 These amounts are appropriated to the board  
80.10 of directors of the Minnesota Humanities  
80.11 Center for the purposes specified in this  
80.12 subdivision.

80.13 **Programs and Purposes.** \$325,000 the first  
80.14 year and \$325,000 the second year are for  
80.15 programs and purposes of the Minnesota  
80.16 Humanities Center.

80.17 The Minnesota Humanities Center may  
80.18 consider museums and organizations  
80.19 celebrating the ethnic identities of  
80.20 Minnesotans for grants from these funds.

80.21 **Councils of Color.** \$500,000 the first  
80.22 year and \$500,000 the second year are for  
80.23 competitive grants to the Council on Asian  
80.24 Pacific Minnesotans, the Council on Black  
80.25 Minnesotans, the Indian Affairs Council, and  
80.26 the Chicano Latino Affairs Council. Grants  
80.27 are for programs and cooperation between  
80.28 the Minnesota Humanities Center and the  
80.29 grant recipients for community events and  
80.30 programs that celebrate and preserve artistic,  
80.31 historical, and cultural heritage.

80.32 **Civics Education.** \$250,000 the first year  
80.33 and \$250,000 the second year are for a  
80.34 competitive Arts and Cultural Heritage

81.1 Grants Program-Civics Education. The  
81.2 commissioner shall award grants to entities  
81.3 that conduct civics education programs  
81.4 for the civic and cultural development of  
81.5 Minnesota youth.

81.6 **Children's Museums Grants.** \$500,000 the  
81.7 first year and \$500,000 the second year are  
81.8 for a competitive Arts and Cultural Heritage  
81.9 Grants Program-Children's Museums.

81.10 The board of directors shall solicit proposals  
81.11 and award grants to children's museums  
81.12 for projects and programs that maintain or  
81.13 promote our cultural heritage.

81.14	<b><u>Subd. 9. Perpich Center For Arts Education</u></b>	<u>850,000</u>	<u>850,000</u>
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81.15 These amounts are appropriated to the board  
81.16 of directors of the Perpich Center for Arts  
81.17 Education for arts, arts education, and arts  
81.18 access and to preserve Minnesota's history  
81.19 and cultural heritage. This appropriation is  
81.20 available until June 30, 2015.

81.21	<b><u>Subd. 10. Department of Agriculture</u></b>	<u>1,400,000</u>	<u>1,400,000</u>
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81.22 These amounts are appropriated to the  
81.23 commissioner of agriculture for grants to  
81.24 county agricultural societies to enhance arts  
81.25 access and education and to preserve and  
81.26 promote Minnesota's history and cultural  
81.27 heritage as embodied in its county fairs.  
81.28 The grants shall be in addition to the aid  
81.29 distributed to county agricultural societies  
81.30 under Minnesota Statutes, section 38.02. The  
81.31 commissioner shall award grants as follows:

81.32 (1) \$700,000 each year distributed in equal  
81.33 amounts to each of the state's county fairs  
81.34 to enhance arts access and education and to

- 82.1 preserve and promote Minnesota's history  
82.2 and cultural heritage; and  
82.3 (2) \$700,000 each year for a competitive  
82.4 Arts and Cultural Heritage Grants  
82.5 Program-County Fairs. The commissioner  
82.6 shall award grants for the development or  
82.7 enhancement of county fair facilities or other  
82.8 projects or programs that provide access  
82.9 to the arts, arts education, or agricultural,  
82.10 historical, and cultural heritage programs,  
82.11 including but not limited to agricultural  
82.12 education centers, arts buildings, and  
82.13 performance stages.  
82.14 **Subd. 11. Indian Affairs Council** 875,000 875,000  
82.15 These amounts are appropriated to the Indian  
82.16 Affairs Council for the purposes identified in  
82.17 this subdivision.  
82.18 **Language Working Group.** \$75,000 the  
82.19 first year and \$75,000 the second year are  
82.20 for continuation of the Working Group on  
82.21 Dakota and Ojibwe Language Revitalization  
82.22 and Preservation established under Laws  
82.23 2009, chapter 172, article 4, section 9.  
82.24 **Language Preservation and Education.**  
82.25 \$550,000 the first year and \$550,000 the  
82.26 second year are for grants for programs  
82.27 that preserve Dakota and Ojibwe Indian  
82.28 languages and to foster educational programs  
82.29 in Dakota and Ojibwe languages.  
82.30 **Language Immersion.** \$250,000 the first  
82.31 year and \$250,000 the second year are for  
82.32 grants of \$125,000 each year to the Niigaane  
82.33 Ojibwe Immersion School and the Wicoie  
82.34 Nandagikendan Urban Immersion Project to:

- 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 -0-
- 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.

86.1       Sec. 4. [15B.34] CAPITOL BUILDING POWERS AND DUTIES.

86.2           The board shall:

86.3           (1) jointly, with the commissioner of administration and the Minnesota Historical

86.4       Society, establish standards and policies for the repair, furnishing, appearance, and

86.5       cleanliness of and change to the public and ceremonial areas of the Capitol building;

86.6           (2) review and approve plans and specifications and any changes to approved plans

86.7       and specifications involving the alteration of the public and ceremonial areas and the

86.8       exterior of the Capitol building;

86.9           (3) jointly, with the Minnesota Historical Society, review and approve the design,

86.10       structural composition, and location of all monuments, memorials, or works of art

86.11       presently located in the public and ceremonial areas of the State Capitol, or that will be

86.12       placed in the public or ceremonial areas, according to section 138.68; and

86.13           (4) assist the State Capitol Preservation Commission with performance of its duties

86.14       as needed.

86.15       Sec. 5. [16B.2405] CAPITOL BUILDING POWERS AND DUTIES.

86.16           The commissioner, upon receipt of funding for these purposes, shall:

86.17           (1) maintain and operate the Capitol building and grounds according to section

86.18       16B.24 and other applicable law;

86.19           (2) designate a project manager to oversee and manage predesign, design, and

86.20       construction contracts and funding for all modifications to the Capitol building;

86.21           (3) manage design and construction projects and funding for the Capitol building

86.22       according to section 16B.31 and other applicable law;

86.23           (4) lease space in the Capitol building, as provided in section 16B.24, to state

86.24       agencies, constitutional officers, and the court administrator on behalf of the judicial

86.25       branch and allocate space in the Capitol building to the legislative branch as determined

86.26       by the commission;

86.27           (5) provide information about the Capitol building to the commission, legislative

86.28       bodies, and others as needed regarding maintenance, operation, leasing, condition

86.29       assessments, design, and construction projects; and

86.30           (6) assist the State Capitol Preservation Commission with performance of its duties

86.31       as needed.

86.32       Sec. 6. Minnesota Statutes 2010, section 129D.18, subdivision 3, is amended to read:

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

86.34       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.

89.6 **ARTICLE 5**

89.7 **GENERAL PROVISIONS; ALL LEGACY FUNDS**

89.31 (vii) the direct expenses and administration costs of the project;  
89.32 (viii) proposed measurable outcomes and the plan for measuring and evaluating  
89.33 the results;  
89.34 (ix) for pass-through, noncompetitive grants, the entity acting as the fiscal agent or  
89.35 administering agency and a point of contact for additional information; and

90.1           (x) for competitive grants, the name and a brief description of the qualifications of  
90.2 all board members or members of an equivalent governing body ultimately responsible  
90.3 for awarding the grants, as well as any grantmaking advisory group. In addition, an  
90.4 entity that awards competitive grants, including but not limited to a state agency or any  
90.5 statewide, regional, or local organization, must report whether an employee, decision  
90.6 maker, advisory group member, or other person involved in the grant process disclosed  
90.7 a conflict of interest or potential conflict of interest. If the entity reports that a conflict  
90.8 of interest or potential conflict of interest was disclosed, the entity must provide the  
90.9 Legislative Coordinating Commission with a contact person for additional information and  
90.10 the Legislative Coordinating Commission must post this information on the Web site. An  
90.11 entity that awards competitive grants must obtain and apply the conflict of interest policies  
90.12 developed by the commissioner of administration under section 16B.98, subdivision 3,  
90.13 unless the entity maintains and applies its own documented conflict of interest policies  
90.14 which are substantially similar to the commissioner of administration's policies;

90.15           (3) actual measured outcomes and evaluation of projects as required under sections  
90.16 85.53, subdivision 2; 114D.50, subdivision ~~2~~ 4; and 129D.17, subdivision 2;

90.17           (4) education about the areas and issues the projects address, including, when  
90.18 feasible, maps of where projects have been undertaken;

90.19           (5) all frameworks developed for future uses of each fund; and

90.20           (6) methods by which members of the public may apply for project funds under  
90.21 any of the constitutionally dedicated funds.

90.22           (b) As soon as practicable or by January 15 of the applicable fiscal year, whichever  
90.23 comes first, a state agency or other recipient of a direct appropriation from a fund covered  
90.24 under this section shall submit the information required under paragraph (a) and, when  
90.25 applicable, compile and submit the same information for any grant recipient or other  
90.26 subrecipient of funding. All information for proposed and funded projects, including  
90.27 the proposed measurable outcomes, must be made available on the Web site as soon  
90.28 as practicable. Information on the measured outcomes and evaluation must be posted  
90.29 as soon as it becomes available. The costs of these activities shall be paid out of the  
90.30 arts and cultural heritage fund, outdoor heritage fund, clean water fund, parks and  
90.31 trails fund, and the environment and natural resources trust fund proportionately. For  
90.32 purposes of this section, "measurable outcomes" means outcomes, indicators, or other  
90.33 performance measures that may be quantified or otherwise measured in order to measure  
90.34 the effectiveness of a project or program in meeting its intended goal or purpose.

90.35           (c) The Legislative Coordinating Commission shall be responsible for receiving all  
90.36 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  
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) ~~At 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) ~~All~~ 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.**

**11-3660 - 87th Legislative Session (2011-2012) [11-3660]**

- 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																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
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<b>Legacy Funding</b>														
<b>2011 Special Session</b>														
(amounts in thousands)														
		Senate				House				House - Senate	Special Session			
		FY2012	FY2013	Total		FY2012	FY2013	Total			FY2012	FY2013	Total	Sp Session Senate House
81	<b>Art 2 - Clean Water Fund</b>													
82														
83	<b>Department of Agriculture</b>													
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	<b>Department of Agriculture Agency Total</b>	<b>8,200</b>	<b>8,200</b>	<b>16,400</b>		<b>8,200</b>	<b>8,200</b>	<b>16,400</b>		<b>-</b>	<b>7,700</b>	<b>7,700</b>	<b>15,400</b>	<b>(1,000)</b>
92														
93	<b>Public Facilities Authority</b>													
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	<b>Public Facilities Authority Agency Total</b>	<b>16,710</b>	<b>16,710</b>	<b>33,420</b>		<b>16,710</b>	<b>16,710</b>	<b>33,420</b>		<b>-</b>	<b>16,710</b>	<b>16,710</b>	<b>33,420</b>	<b>-</b>
98														
99	<b>Pollution Control Agency</b>													
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	1,570
114	St. Croix Watershed Monitoring	-	-	-		-	-	-		-	-	-	-	-
115	Endocrine Disruptor Monitoring/Wastewater	-	-	-		-	-	-		-	-	-	-	-
116	Rulemaking for Nitrogen Standards	-	-	-		-	-	-		-	-	-	-	-



<b>Legacy Funding</b>											
<b>2011 Special Session</b>											
(amounts in thousands)											
		Senate		House		House - Senate	Special Session		Sp Session		
		FY2012	FY2013	FY2012	FY2013		FY2012	FY2013	Senate	House	
117	Civic Engagement/TMDL Development	-	-	-	-	-	-	-	-	-	
119	Coal Tar BMP's	-	-	-	-	-	-	-	-	-	
120	<b>Pollution Control Agency Total</b>	<b>24,100</b>	<b>22,600</b>	<b>23,100</b>	<b>22,600</b>	<b>(1,000)</b>	<b>24,212</b>	<b>23,558</b>	<b>1,070</b>	<b>2,070</b>	
121											
122	<b>Department of Natural Resources</b>										
123	Stream Flow Monitoring	1,825	1,825	1,825	1,825	-	1,825	1,825	-	-	
124	Lake Index of Biological Integrity Assessments	1,150	1,150	1,150	1,150	-	1,150	1,150	-	-	
125	Assessing Mercury Contamination in Fish	130	130	130	130	-	130	130	-	-	
126	TMDL Development & Implementation Impaired Waters	1,730	1,730	1,730	1,730	-	1,730	1,730	-	-	
127	Water Supply Planning, Protection & Monitoring	1,500	1,500	1,500	1,500	-	1,500	1,500	-	-	
128	Web-Based Electronic Permitting for Water Use	450	450	450	450	-	450	450	-	-	
129	Shore land Stewardship & TMDL Implementation	1,450	1,450	1,450	1,450	-	1,450	1,450	-	-	
130	<Watershed Boundaries & Modeling>	235	235	235	235	-	235	235	-	-	
131	<Biomonitoring Database>	40	40	40	40	-	40	40	-	-	
132	High-Resolution Elevation Data (LIDAR)	1,350	1,350	1,350	1,350	-	1,350	1,350	-	-	
133	Citizen Outreach, Education & Engagement	300	300	-	-	(600)	-	-	(600)	-	
134	Metro Groundwater Monitoring & Protection	1,000	-	1,000	-	-	1,000	-	-	-	
135	Mississippi River Critical Area	-	-	-	-	-	-	-	-	-	
136	County Geological Atlas Survey	-	-	-	-	-	-	-	-	-	
137	<b>Department of Natural Resources Agency Total</b>	<b>11,160</b>	<b>10,160</b>	<b>10,860</b>	<b>9,860</b>	<b>(600)</b>	<b>10,860</b>	<b>9,860</b>	<b>(600)</b>	<b>-</b>	
139	<b>Board of Water &amp; Soil Resources</b>										
140	Surface & Drinking Water Grants	13,750	13,750	13,750	13,750	-	13,750	13,750	-	-	
141	Targeted Resource Protection & Enhancement Grants	1,500	1,500	1,500	1,500	-	1,500	1,500	-	-	
142	<County SSTS Programs>	1,500	1,500	1,500	1,500	-	1,500	1,500	-	-	
143	Measures, Results & Accountability	900	900	900	900	-	900	900	-	-	
144	Targeted Nonpoint Restoration Tech Assistance	1,000	1,000	1,000	1,000	-	1,000	1,000	-	-	
145	Water Riparian Buffer Easements	5,800	5,800	6,000	6,000	400	6,000	6,000	400	-	
146	Wellhead Protection Areas	1,000	1,000	1,300	1,300	600	1,300	1,300	600	-	
147	Water Retention & Runoff Grants	1,500	1,500	1,500	1,500	-	1,500	1,500	-	-	
148	Restoration Audits; Technical Assistance	42	42	84	84	84	84	84	84	-	
151	<b>Board of Water &amp; Soil Resources Agency Total</b>	<b>26,992</b>	<b>26,992</b>	<b>27,534</b>	<b>27,534</b>	<b>1,084</b>	<b>27,534</b>	<b>27,534</b>	<b>1,084</b>	<b>-</b>	
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<b>Legacy Funding</b>											
<b>2011 Special Session</b>											
(amounts in thousands)											
		Senate		House		House - Senate	Special Session		Sp Session Senate	Sp Session House	
		FY2012	FY2013	FY2012	FY2013		FY2012	FY2013			
		Total	Total	Total	Total		Total	Total			
237											
238	<b>MN Historical Society</b>										
239	Statewide Historic & Cultural Grants	5,250	5,250	5,250	5,250	-	5,250	5,250	-	-	
240	Statewide History Programs	5,000	5,000	5,000	5,000	-	4,800	4,800	(400)	(400)	
245	History Partnerships	1,500	1,500	1,500	1,500	-	1,500	1,500	-	-	
246	Statewide Survey of Historical & Arch. Sites	250	250	250	250	-	250	250	-	-	
247	Minnesota Digital Library	250	250	250	250	-	250	250	-	-	
248	Exhibit on Regional, Local & Cultural Diversity	-	-	-	-	-	-	-	-	-	
249	<b>MN Historical Society Agency Total</b>	<b>12,250</b>	<b>12,250</b>	<b>12,250</b>	<b>24,500</b>	-	<b>12,050</b>	<b>12,050</b>	<b>(400)</b>	<b>(400)</b>	
250											
251	<b>Dept. of Administration:</b>										
252	Minnesota Public TV	3,500	3,500	-	-	(7,000)	3,700	3,700	400	7,400	
253	Minnesota Public Radio	1,325	1,325	-	-	(2,650)	-	-	(2,650)	-	
254	Association of MN Public Education Radio	1,325	1,325	-	-	(2,650)	-	-	(2,650)	-	
255	Public Radio Competitive Grants	-	-	6,400	6,400	12,800	2,650	2,650	5,300	5,300	
256	Public Broadcasting Competitive Grants	-	-	-	-	-	-	-	-	(12,800)	
257	Zoos	-	-	-	-	-	-	-	-	-	
258	- Como Zoo	200	200	-	-	(400)	200	200	-	400	
259	- Lake Superior Zoo	100	100	-	-	(200)	100	100	-	200	
260	Children's Museums	-	-	-	-	-	-	-	-	-	
261	- MN Children's Museum	500	500	-	-	(1,000)	500	500	-	1,000	
262	- Duluth Children's Museum	166	166	-	-	(332)	-	-	(332)	-	
263	- Grand Rapids Children's Museum	166	166	-	-	(332)	-	-	(332)	-	
264	- Southern MN Children's Museum	166	166	-	-	(332)	-	-	(332)	-	
262	- Rochester Children's Museum	-	-	-	-	-	-	-	-	-	
265	Science Museum of MN	500	500	-	-	(1,000)	500	500	-	1,000	
266	MN Film & TV Board	500	500	-	-	(1,000)	500	500	-	1,000	
267	Veterans Camps	-	-	-	-	-	-	-	-	-	
268	- Disabled Rest Camp; Big Marine Lake	-	-	2,400	-	2,400	400	-	400	(2,000)	
269	- Veterans on the Lake Resort; Fall Lake	-	-	850	-	850	75	-	75	(775)	
270	State Capitol Preservation Commission	-	-	550	-	550	550	-	550	-	
271	<b>Dept of Administration Agency Total</b>	<b>8,448</b>	<b>8,448</b>	<b>10,200</b>	<b>6,400</b>	<b>(296)</b>	<b>9,175</b>	<b>8,150</b>	<b>429</b>	<b>725</b>	
272											
273	<b>Minnesota Zoo</b>										
274	Program Development	1,500	1,500	-	-	(3,000)	1,500	1,500	-	3,000	
275		<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>(3,000)</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>3,000</b>	
276	<b>MN Zoo Agency Total</b>										
277	<b>Department of Natural Resources</b>										
278	Competitive Zoo Grants	-	-	1,100	1,100	2,200	-	-	-	(2,200)	
279		-	-	<b>1,100</b>	<b>1,100</b>	<b>2,200</b>	-	-	-	<b>(2,200)</b>	
280	<b>MN Zoo Agency Total</b>										

