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S.F. No. 605 - State Government Omnibus Appropriations Bill

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Article 1 – State Government Appropriations

Article 1, sections 1 to 35, appropriate money for fiscal years 2018 and 2019.

Section 36 [Savings from Insurance Opt Out; Appropriation Reduction for Executive Agencies] requires the commissioner of management and budget to reduce general fund appropriations to executive agencies, including constitutional officers, by $4,394,000 due to savings from permitting employees to opt out of insurance coverage under the state employee group insurance coverage. If the opt-out yields savings in nongeneral funds, the commissioner may transfer that savings to the general fund and may reduce the general fund reduction accordingly. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021. This section requires the commissioner of management and budget to report to the legislature regarding the amount of reductions in spending by each agency.

Section 37 [Savings from Information Technology Consolidations Completion; Appropriation Reduction from MN.IT] reduced the general fund appropriation to the Office of MN.IT services, by $3,000,000 due to savings from IT consolidation. If the consolidation yields savings in nongeneral funds, the chief information officer may transfer that savings to the general fund and may reduce the general fund reduction accordingly. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021.

Article 2 - Miscellaneous

Section 1 [State employee negotiations; 3.855, subd. 2] changes the effect of a failure of the Legislative Coordinating Commission to approve a collective bargaining agreement or an arbitration award when the legislature is not in session. Under current law, a failure to approve constitutes approval. Under this section, a failure to approve will not constitute approval.

Section 2 [Washington Office; 4.46] precludes agencies from transferring money to the governor for services provided by the governor or expenses incurred in operating a Washington, D.C. office or for staff working on federal issues.

Sections 3 through 5 [Payments to the state auditor (6.481, subd. 6); Billings by state auditor (6.56, subd. 2); Reports to legislature 96.581, subd. 4] are conforming changes to reflect the repeal, in Article 2, section 44, of the auditor enterprises fund.

Section 6 [Litigation Expenses; 6.92] requires the state auditor to pay certain litigation expenses from allocations to the auditor's constitutional office division. Requires the state auditor to report to the legislature annually on the auditor's litigation expenses. Precludes the auditor from reducing services or transferring funds from other divisions to comply with this section.

Sections 7 through 9 prevent a new rule from taking effect until approved by law if the rule meets one of the following conditions:

(1) The rule is enacted without a specific authorization of rulemaking to enact rules to implement a specific statute section;

(2) A sanction or penalty can be imposed for failure to comply with the rule; or

(3) The regulating agency has the authority to adjudicate a dispute with a regulated entity about enforcement of or violation of the rule.

Section 7 [Generally; 14.18, subd. 2] applies to rules adopted after a public hearing. **Section 8 [Publication of adopted rule; 14.27]** applies to rules adopted without a public hearing. **Section 9 [Adoption; 14.389, subd. 3]** applies to rules adopted using the expedited rulemaking process. These sections are effective the day after enactment and apply to rules for which a notice of adoption is published on or after the effective date.

Section 10 [Initiation; Decision; Agreement to Arbitrate] shifts final decision making authority in a contested case proceeding from an agency to the Office of Administrative Hearings.

Section 11 [Affirmative Defense; 14.605] establishes an affirmative defense in a contested case or other action to enforce a rule if a person shows by a preponderance of the evidence that the cost for the person to comply with the rule exceeds $50,000.

Section 12 [Transfers to the Governor; 16A.1282] precludes an agency from transferring money to the governor for services provided by the governor or to reimburse expenses incurred by the governor.

Section 13 [Employee Gainsharing System; 16A.90] removes a requirement that employee gainsharing awards be paid from the appropriation to which the savings accrued and removes a requirement that a gainsharing award be made in addition to other performance-based recognition programs for state employees. Requires a biannual report, including specified information, to the legislature on the status of the program.

Section 14 [Assistance to Small Agencies; 16B.371] requires the commissioner of administration to assess agencies for administrative support services that the department of administration provides to small agencies.

Section 15 [State Agency Technology Projects] requires the state chief information officer to submit a comprehensive project portfolio report to the legislature quarterly. The report must itemize each project presented to MN.IT for consultation, the IT cost associated with the project, the status of IT components of the project's development, and the projected costs for ongoing support and maintenance of IT components after the project is complete.

Section 16 [Severance pay for certain employees 43A.17, subd. 11] modifies an existing statute that limits severance pay for certain employees. This section sets the limit as whichever is the lesser of six months' pay or 35 percent of unused sick leave hours times the employee's regular rate of pay. This section precludes severance pay unless severance payments are authorized under a compensation plan. This section identifies certain positions as ineligible for severance pay and precludes severance to highly compensated employees who had been employed by the appointing authority for less than six months or who voluntarily terminates employment. This section exempts the Minnesota State Colleges and Universities from these restrictions on severance pay.

Section 17 [Opt out; 43A.24] permits a state employee to opt out of coverage for state-paid hospital, medical, and dental benefits, if the employee proves health insurance coverage from another source. Requires the commissioner of management and budget to make available in hard copy and online a form for declining coverage. The form must include notice of the next opportunity and procedure to re-enroll.

Sections 18-25 relate to the board of cosmetology.

Section 18 [Salon manager] defines salon manager.

Section 19 [School] modifies the definition of "school."

Section 20 [Designated licensed salon manager] modifies the definition of "designated licensed salon manager."

Section 21 [School manager] modifies the definition of a "school manager."

Section 22 [Licensing] is a clean-up change reflecting changes to cosmetology licensing made in an earlier year.

Section 23 [Requirements] modifies a requirement for obtaining a salon license relating to the manager.

Section 24 [Standards] is a clean-up change reflecting changes to cosmetology licensing made in an earlier year.

Section 25 [Conditions precedent to issuance] adds an exemption for cities with fewer than 100 employees (that is already available to cities with 100 or more employees) to carry a corporate surety bond to operate a cosmetology school.

Modifies the surety bond requirement for cosmetology school licensees to require that the surety bond be for an amount no less than ten percent of gross income, or $10,000, whichever is higher.

Section 26 [Limited by appropriation; 179A.20] precludes public employers from contracting to pay more to employees in compensation and benefits in a biennium than is permitted under an approved spending plan.

Sections 27 through 29 relate to the Racing Commission. These sections create statutory appropriations to the Racing Commission that are contingent on a failure to enact an appropriation to the Racing Commission, as might occur if a biennial budget is not enacted. These sections also make other changes related to fees collected from advance deposit wagering and to permitted uses of money from certain fees.

Section 27 [Disposition of proceeds; account; 240.15] appropriates money to the Racing Commission for operations if a biennium ends without an appropriation to the Racing Commission for the following biennium. The money is appropriated from the racing and card playing regulation account into which is deposited licensing and other fees imposed by the Racing Commission. The appropriation is annual and ongoing until a biennial appropriation is enacted. The amount of the appropriation is capped at the amount authorized in the second year of the most recently enacted biennial appropriation.

This section also adds "regulatory fees" related to advance deposit wagering enacted in 2016 to a list of money to be distributed in a specified manner.

Section 28 [Reimbursement account credit; 240.155] requires the Racing Commission to continue operations if the major appropriation bills needed to finance state government are not enacted by the beginning of a fiscal biennium.

This section also adds regulatory oversight to the list of permitted uses for an existing statutory appropriation of money that is received by the commission for veterinarian, steward, and medical testing services, and from regulatory fees for advance deposit wagering.

Section 29 [Appropriation for Functions Supporting Ongoing Operation of the Racing Commission; 240.1561] appropriates money from the general fund to the commissioner of management and budget for accounting, procurement, payroll, and human services for the Racing Commission if legislation isn't enacted by July 1 in an odd-numbered year that appropriates that money. Permits the commissioner of management and budget to transfer a portion of this appropriation to other state agencies to support these functions. A subsequent appropriation to the commissioner of management and budget for a biennium supersedes and replaces this funding.

Section 30 [Plan Development; Criteria] raises the caps for grant amounts for R-22 elimination at statewide public ice facilities to $250,000 for indirect cooling systems and $500,000 for direct cooling systems.

Section 31 [Prizes not assignable; 349A.08] conforming change for the repeal of section 349A.08, subd. 3, that specified how to pay out a prize to a person under 18. Current law precludes sale of lottery tickets to people under 18.

Section 32 [Budget; plans] moves a provision that requires the lottery director to appear in legislative committees. This section excludes actuarially determined pension liability from the lottery's expenses for purposes of the cap set by law for the lottery's budgeted expenses.

Section 33 [Transition] requires the state auditor to deposit receipts for audits conducted on or after July 1, 2017, to the general fund. Transfers amounts in the state auditor enterprise fund at the end of fiscal year 2017 to the general fund.

Section 34 [Advisory Task Force on Fiscal Notes] establishes a task force to make recommendations for modifying the fiscal note process. The task force must compare the current fiscal note process coordinated by the Department of Management and Budget with a potential fiscal note process coordinated by a new legislative budget office.

> **Subd. 1 [Membership**] specifies membership of the task force, including eight legislators equally representing the legislative bodies and majority and minority parties; the commissioner of MMB or a designee; the state budget director or a designee; two fiscal note coordinators; and one person from the governor's office.
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> **Subd. 2 [Fiscal note]** defines "fiscal note."
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> **Subd. 3 [Duties]** describes the duties of the task force. The duties require the task force to compare the current fiscal note process coordinated by the Department of Management and Budget with a potential fiscal note process coordinated by a new legislative budget office. This section identifies several factors to be included in the comparison. This section also requires the task force to consider options for additional duties for a new legislative budget office that would complement the duty to generate fiscal notes, including a role for the office in performance-based budgeting.
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> **Subd. 4 [Report]** requires the task force to report to the legislature by June 1, 2018, with recommendations for modifying the fiscal note process. The report must include draft legislation.
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> **Subd. 5. [Chair]** provides for the task force to elect a chair from a majority vote of those members present.
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> **Subd. 6 [Meetings]** makes the meetings of the task force subject to the legislative open meetings law.
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> **Subd. 7 [Administration]** requires the Legislative Coordinating Commission to provide administrative services to the task force.
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> **Subd. 8 [Compensation]** provides that members who are not legislators serve on the task force without compensation.
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> **Subd. 9 [Expiration]** expires the task force after submission of its report.
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> **Subd. 10 [First Appointments**] sets deadlines for first appointments.

Subd. 11 [First meeting] sets a deadline for convening the first meeting of the Advisory Task Force on Fiscal Notes by a task force member designated by the senate majority leader.

Section 35 [MN.IT; Performance Outcomes Required] sets deadlines for consolidation of the state's information technology under the Office of MN.IT services and for certain other IT activities.

Subd. 1 [Completion of agency consolidation] requires the chief information officer to complete the executive branch information technology consolidation required by a 2011 law (as amended by a 2013 law) by December 31, 2018. Requires agency heads to assist as necessary.

Subd. 2 [Information technology efficiencies and solutions] sets requirements for the amount of agency servers that must be on a public cloud solution and precludes operation of more than six data centers, by December 31, 2018.

Subd. 3 [Personnel efficiencies] requires the chief information officer to reduce MN.IT personnel costs by $3,000,000.

Subd. 4 [Legislative report; application consolidation] requires the chief information officer to report to the legislature by January 1, 2018, on the status of consolidation, with recommendations and any draft legislation required to implement the recommendations.

Section 36 [Reimbursement of Legal Costs for Wright, Becker, and Ramsey Counties] requires the state auditor to reimburse three counties for legal fees incurred and costs and disbursements made to defend the state auditor's lawsuit against them.

Section 37 [Schedule of charges] limits the rates that the state auditor can charge in calendar year 2017 to the rates charged in calendar year 2016.

Section 38 [Legislative Commission to Review Consolidation of the State's Information Technology] establishes a commission of legislators to review the results achieved by the state's consolidation of information technology under one agency.

Section 39 [Eyelash technician grandfathering] sets a procedure and criteria for issuing licenses for eyelash technicians for applicants who apply for a license between August 1, 2017, and January 31, 2018.

Section 40 [Eyelash technician rulemaking] authorizes the Board of Cosmetologist Examiners to adopt rules governing eyelash technician and salon licenses. This section permits the board to use the expedited rulemaking process.

Section 41 [Eyelash Technician Licensing] precludes issuing eyelash practitioner licenses before February 1, 2018, except for the licenses issued under the grandfathering procedure in section 39.

Section 42 [Minnesota Administrative Rules Status System Working Group] establishes a working group to identify requirements for a rules status system and to define a funding mechanism to share the cost to build and maintain the MARSS system among state agencies and departments.

Section 43 [Revisor's instruction] instructs the Revisor of Statutes to present a bill to the legislature by January 15, 2018, to make conforming changes to statutes to incorporate the changes to the contested case procedures made in this bill.

Section 44 [Repealer] repeals:

- Section 6.581, subd. 1: the state auditor's enterprise fund;
- Sections 10A.30-10A.323: the campaign finance public subsidy program; and
- Section 349A.08, subd. 3: a provision that prescribed how the lottery would make a prize payment to someone under 18.

Article 3 – Elections

Section 1 [Voting Equipment Grant] establishes a grant program for grants to counties and municipalities for certain election equipment.

Subd. 1. [Voting equipment grant account] establishes a voting equipment grant program to provide grants to counties and municipalities.

Subd. 2 [Authorized equipment] specifies equipment that can be purchased with grant money under this program: (1) electronic roster equipment and software; (2) assistive voting technology; and (3) automatic tabulating equipment. Permits use of a grant for equipment purchases on or after July 1, 2017, and permits reimbursement for equipment purchases before July 1, 2017. Precludes use of grant money for maintenance or repair of voting equipment.

Subd. 3 [Amount of grant] limits voting equipment grants under this program to a specified percentage of the total cost of the equipment. Requires the secretary of state to prioritize grants for new equipment or software; if funds remain after awarding grants for new equipment or software, the secretary of state must use remaining funds to reimburse applicants for equipment or software previously purchased.

Subd. 4 [Application for grant; certification of costs] establishes a process for counties and municipalities to apply for a grant. This section sets requirements for information that must be included in an application.

Subd. 5 [Report to legislature] requires the secretary of state to report to the legislature with specified details about grants awarded under this program.