

S.F. No. 2 – State Government Omnibus; Second Unofficial Engrossment – First Special Session

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Article 1 – State Government Appropriations

Section 1 [Appropriations] supplies parameters for the appropriations in Article 1. Appropriations are from the general fund unless another fund is named. Defines “2022” and “2023” as the fiscal year that ends on June 30 of those years, respectively. Defines “the first year” as fiscal year 2022, “the second year” as fiscal year 2023, and “biennium” as fiscal years 2022 and 2023.

Sections 2-37 appropriate money, as detailed on a spreadsheet prepared by Andrew Erickson of Senate Counsel, Research, and Fiscal Analysis.

Section 38 [Cancellations; Fiscal Year 2021] cancels portions of previous general fund appropriations to state agencies for fiscal year 2021.

Sections 39 and 40 make cancellations from two nongeneral fund accounts to the general fund.

Section 41 [Help America Vote Act Account; Local Government Grants] requires that a portion of previously appropriated money from the Help America Vote Act account be used for grants to political subdivisions.

Sections 42-43 extend the availability of previous appropriations from the Help America Vote Act account.

Article 2 – State Government Operations

Section 1 [Legislative Commission on Cybersecurity; section 3.888] establishes a Legislative Commission on Cybersecurity.

Section 2 [India Day; section 10.551] establishes a day of observance for Minnesotans of Indian ancestry.

Section 3 [Option; section 14.389, subd. 5] lowers the threshold from 100 to 50 for the number of people necessary to request a hearing for an expedited rulemaking process. This section is effective July 1, 2021, and applies to rules proposed on or after that date.

Section 4 [Audit of state’s use of federal funds; annual appropriation; section 16A.06] requires the commissioner of management and budget to contract with a qualified auditor to conduct the annual audit of the use of federal grant money (the “Single Audit”) required under federal law. Directs that costs of the audit be billed to state agencies and that the amounts paid by state agencies be deposited into the general fund.

Section 5 [Virtual payments authorized; section 16A.401] establishes a program for the commissioner of management and budget to make payments from the treasury virtually.

Section 6 [Electric vehicle charging; section 16B.24, subd. 13] requires the commissioner of administration to charge electricity costs to users of electric charging stations on the State Capitol complex.

Section 7 [Capitol Area Building Account to Address Health, Life Safety, and Security Needs; 16B.2406] authorizes the sale of lease purchase revenue bonds or certificates of participation to fund capital expenditures that address critical health, life safety, and security needs of buildings located on the State Capitol complex constructed before 1940. This section creates an open statutory appropriation to pay the debt service on the bonds or certificates.

Subd.1 [Account established; appropriations and use of funds]

Paragraph (a) establishes a Capitol Area Building Account in the state treasury. Directs the commissioner of management and budget to deposit into the account proceeds from the sale of lease revenue bonds or certificates of participation sold under the authorization in subdivision 2. Net income from the investment of those proceeds is estimated by the commissioner of management and budget and deposited into the account.

Paragraph (b) appropriates funds in the Capitol Area Building Account to the commissioner of administration for capital expenditures that address identified critical health, life safety, and security needs of buildings on the State Capitol complex constructed before 1940, and for expenditures to ensure the continued operations of affected tenants while those needs are being addressed. Specifies allowed uses of the funds.

Paragraph (c) appropriates money from the general fund to the commissioner of administration for predesign, design, rent loss, and tenant relocation for projects from the authorized in this section. Requires a needs assessment with specified content as part of the predesign. Precludes final plans until the program plan and cost estimates for all elements necessary to complete the project are approved by the affected building’s primary tenant.

Paragraph (d) precludes final plans until 60 days after the commissioner of administration submits the needs assessment to the Capital Area Architectural and Planning Board. Exempts projects from a design competition requirement.

Subdivision 2 [Lease-purchase agreement authorization]

Paragraph (a) authorizes the commissioner of administration to issue lease revenue bonds or certificates of participation. Authorizes the commissioner to enter into a long-term lease-purchase agreement for up to 25 years for activities authorized in subdivision 1. Precludes termination of the lease-purchase agreement except for nonappropriation of money. A lease-purchase agreement must give the state the unilateral right to purchase the leased equipment or premises. Exempts the lease purchase agreements from statutory requirements and limits relating to approval, term, and cancellation conditions.

Paragraph (b) appropriates annually the amount needed to make lease payments under the lease-purchase agreement from the general fund to the commissioner of administration, subject to repeal, unallotment or cancellation. Requires the commissioner to certify the amount received under this appropriation for the current biennium and the amount projected to be needed for the next fiscal biennium to the chairs of the state government finance chairs in the house and senate.

Paragraph (c) allows the commissioner of administration to enter into a ground lease in conjunction with a lease-purchase agreement under this section. The ground lease may be for the same term as the lease-purchase agreement with an option to purchase the land for fair market value, if the improvements are not purchased by the state.

Paragraph (d) authorizes sale terms for certificates of participation or lease revenue bonds. Paragraph (e) authorizes the commissioner of management and budget to enter into ancillary agreements while the lease revenue bonds or certificates of participation are outstanding.

Paragraph (f) authorizes the commissioner of management and budget may enter into agreements relating to the continuing disclosure of information related to various federal laws. Authorizes various forms for the agreements.

Subdivision 3 [Lease-purchase not public debt] declares that a lease-purchase agreement does not constitute a debt of the state beyond the obligation to apply appropriation for the purpose to payments under the lease-purchase agreement. Payments due under the agreement for which money has been appropriated are a current expense. A lease-purchase agreement and the related lease revenue bonds or certificates of participation are payable in each fiscal year from amounts appropriated for debt service for any fiscal year. Nothing in this section requires the state to appropriate money sufficient for the lease payments. The lease-purchase agreement and the related bonds or certificates of participation are cancelled the earlier of the first day of a fiscal year for which the legislature has not appropriated sufficient amounts for lease payments or the date of final payment of principal and interest on the bonds or certificates.

Subd. 4 [Refunding certificates] authorizes the commissioner of administration to enter into new lease-purchase agreements and the commissioner of management and budget to issue lease revenue bonds and certificates of participation for the purpose of refunding the agreement and related bonds or certificates. Specifies how the proceeds of any refunding bonds or certificates, escrowed proceeds, and income earned or realized on authorized investments may be applied.

Subd. 5 [Waiver of immunity] waives immunity for lease revenue bonds or certificates of participation and any ancillary contracts.

Subd. 6 [Collection of rent] precludes the commissioner of administration from collecting rent to recover bond interest costs or building depreciation costs for projects funded from the Capitol Area building account.

Subd. 7 [Repair and replacement accounts] requires that money collected for future building repairs be credited to a segregated account for the building in the special revenue fund. The money in this account is appropriated to the commissioner to make repairs. When the bonds or certificates are paid in full, the account may be abolished and the balance transferred to an asset preservation account.

Subd. 8 [Schedule of activities; legislative report]

Paragraph (a) requires the commissioner to ensure improvements to address critical needs are completed in a timely manner.

Paragraph (b) requires the commissioner to submit a report to the legislature by January 1, 2022, detailing estimated costs and timeline for design, construction, and completion of work to address identified needs.

Subd. 9 [Expiration] expires the authority to issue lease revenue bonds or certificates of participation on December 31, 2023.

Section 8 [Procurement of a pharmacy benefit manager and a platform technology vendor; section 43A.3165] requires the commissioner of management and budget to use a reverse auction process to select a pharmacy benefit manager to administer the prescription drug benefits provided to state employees through the State Employees Group Insurance Program (SEGIP). The auction is facilitated by a technology platform hosted by a vendor selected through a competitive bidding process.

Section 9 [Reports of the State Archaeologist; section 138.38] adds the State Historic Preservation Office to a list of those that the state archaeologist must keep notified as to significant field archaeology and discoveries. Adds the State Historic Preservation Office to the list of entities that the commissioner of administration must send a report of the activities of the state archaeologist.

Section 10 [School manager; section 155A.23, subd. 16] eliminates a requirement that a school manager of a cosmetology school be a cosmetologist.

Section 11 [Racing meeting; section 240.01, subd. 18] modifies the definition of racing meeting to include a series of racing days separated by more than five nonracing days when approved by the Racing Commission.

Section 12 [License suspension and revocation; section 240.06, subd. 7] by cross-reference to another section identifies the kinds of circumstances for which a class A license does not need to be revoked due to conducting fewer than the specified number of racing days.

Section 13 [Licenses Nontransferable; section 240.11] allows transfer of licenses related to offering advance deposit wagering with approval of the Racing Commission.

Section 14 [Payments to state; section 240.131, subd. 7] allows the Racing Commission to use dedicated (statutorily appropriated) funds to offset the costs of regulating card clubs.

Section 15 [Reimbursement; section 240.24, subd. 2a] makes permissive, rather than required, the use of receipts from card-playing activities to reimburse the Racing Commission for the use of upgraded drug testing.

Section 16 [Fees; section 240.24, subd. 3] makes permissive the use of fees imposed by the Racing Commission to recover costs of medical testing of racehorses.

Section 17 [Limitation; section 240.30, subd. 5] requires approval of the horseperson's organization for the commission to allow a card club to keep operating when the racetrack has not held the requisite days of racing. Also, adds specificity to the list of circumstances that allow for this.

Section 18 [Taxpayer Assistance Grants; section 270C.21] extends the eligibility to receive grants to assist taxpayers with the preparation of tax returns, to local governments, higher education institutions, certain coalitions, and for assistance to applicable taxpayers, to state agencies or cooperative extension offices.

Section 19 [Counties] changes the recipient of an annual transfer of \$207,000 for the preparation of local impact notes from the commissioner of management and budget to the Legislative Budget Office.

Section 20 [Standard of time; section 645.071] places the state on advanced standard time (Daylight Saving Time) year-round after federal law changes to permit states to be on Daylight Saving Time year-round. (Under current federal law, states are not permitted to adopt Daylight Saving Time year-round.)

Section 21 [Legislative Auditor; Comprehensive Review of COVID-19 Response] requests the legislative auditor to conduct a special review of the state's response to COVID-19. Specifies topics for analysis and requires recommendations for process improvements for the state's response to a future infectious disease outbreak if programs, services, or activities were not efficient or were not successfully implemented.

Section 22 [First appointments and first meeting of legislative commission on cybersecurity] specifies a timeline for first appointments and the first meeting of the Legislative Commission on Cybersecurity. Requires two meetings in 2021.

Section 23 [Termination of Peacetime Emergency] terminates the COVID-19 peacetime emergency effective July 1, 2021 at 11:59 p.m.

Article 3 - Veterans and Military Affairs Policy

Section 1 (section 10.578) clarifies the name of the Veterans Suicide Prevention and Awareness Day and requires the Commissioner of Veterans Affairs (hereinafter commissioner) to coordinate

activities on the day of observance in October to raise awareness of, and promote the prevention of, veteran suicides.

Section 2 (section 15.057) adds the Department of Veterans Affairs to the list of agencies that are exempt from the prohibition on using funds to pay the salary or expenses of a publicity representative.

Section 3 (section 190.07) makes changes to the adjutant general section of the military forces chapter of law.

Subdivision 1 requires the Governor to appoint an adjutant general within 120 days of vacancy, strikes language restricting candidates to members of the National Guard in this state, and requires that the adjutant general hold the rank of colonel or above.

Subdivision 2 requires that the adjutant general be promoted, if necessary, to the rank of major general on the date of the Governor's appointment.

Subdivision 3 specifies that the adjutant general serves a single term of seven years.

Subdivision 4 is a new subdivision specifying protocols when there is a vacancy. The Governor may appoint a person as acting adjutant general, and if the Governor does not appoint a person, the deputy adjutant general becomes the temporary adjutant general.

Section 4 (section 196.081) allows the commissioner to establish a veterans stable housing initiative to provide resources and support to homeless veterans. Private data on individuals maintained in the Homeless Veteran Registry may be shared with members of the Minnesota Interagency Council on Homelessness and Homeless Veteran Registry partners to expedite the coordination of homeless efforts.

Sections 5 to 8 (section 197.791, subds. 4, 5, 5a, 5b) make technical changes and restructure subdivisions for clarity related to Minnesota GI postsecondary educational assistance, apprenticeship and on-the-job training benefits, and other professional and educational benefits.

Section 9 (section 198.006) amends supplemental programs for veterans.

New paragraph (b) authorizes the commissioner to work with federal, state, local, and private entities to expand the availability of dental services for veterans home residents.

New paragraph (c) authorizes the commissioner to provide adult day care center programs and collect fees from program participants. The commissioner is authorized to apply for and accept federal funding for purposes of providing adult day care center programs.

Section 10 (section 198.03, subd 2) changes the calculation for the personal needs allowance (PNA) for domiciliary residents, so it is based on the General Assistance Program PNA under the Minnesota Department of Human Services.

Section 11 (section 198.45) requires a biennial report on veterans homes beginning January 15, 2022. The report must include amounts maintained as a reserve and uses of the amounts, in addition to data on bed capacity, staffing levels, and staff-to-resident ratios.

Section 12 and 13 (sections 609.095, 609.1056) relate to the Veterans Restorative Justice Act (VRJA).

Section 12 is technical; it inserts a cross references to the new section of law. **Section 13** establishes the VRJA, which is an alternative sentencing structure for veterans who suffer from a condition, including substance abuse, traumatic brain injury, and trauma, that stems from service in the military, and the offense committed was due to the condition.

Section 14 allows the commissioner of veterans affairs to suspend the rule related to the annual calculation of the cost of care, and apply the previous year cost of care calculation for fiscal year 2022. This is necessary in order to avoid a large increase in the maintenance payments the veteran pays due to the increases in the cost of care over the past year due to the covid pandemic.

Section 15 is a technical revisor instruction related to the changes made to the Minnesota GI provisions in **Sections 5-8**. This section instructs the revisor to renumber subdivisions to clarify that the programs under those subdivision are separate and distinct programs.

Article 4 – Elections

Section 1 [Instructions] updates the requirements for instructions on a voter registration application. A voter is required to provide a driver’s license or identification card number or the last four digits of the person’s Social Security number, unless the person has not been issued one of those numbers.

Section 2 [Postelection sampling] requires county auditors to provide information on postelection sampling to the Secretary of State on an annual basis. The information must be for each election held in the previous year. The Secretary of State must compile the information and submit it to the legislature annually. The postelection sampling procedures and requirements are not changed.

Section 3 [Marking and return by voter] allows an individual returning an absentee ballot to leave the ballot in a drop box as provided in section 5.

Section 4 [Procedures on receipt of ballots] requires election officials to keep returned absentee ballots in locked containers or secured and locked spaces.

Section 5 [Absentee ballot drop boxes; security and integrity] establishes minimum security and integrity standards and procedures for absentee ballot drop boxes. Locations of drop boxes must be published. Electioneering is prohibited within 100 feet of a drop box.

Section 6 [Establishment; applicable laws] requires members of a ballot board to receive adequate training on the processing and counting of absentee ballots.

Section 7 [Boundary changes; prohibitions; exceptions; section 204B.14, subd. 3] requires municipalities to designate polling places after redistricting is completed and precincts are established.

Section 8 [Authority; location; section 204B.16, subd. 1] allows municipalities to designate polling places after the December 31 deadline as provided in section 7.

Section 9 [Booths; voting stations] requires local jurisdictions to supply pens or suitable marking devices in each voting booth or station.

Section 10 [Ballots; election records and other materials; disposition; inspection of ballots] requires all election records and materials to be stored in locked containers or other secured and locked spaces.

Section 11 [Marking ballots] makes formatting changes.

Section 12 [Constitutional amendment recount] establishes the threshold for conducting a recount of a constitutional amendment ballot question. If the difference between the number of “yes” votes is within one-quarter percent of all other ballots cast at the election, a recount is triggered. The canvassing board conducts the recount.

Section 13 [Scope of recount] makes a conforming change to reference ballot question recounts.

Article 5 – Federal Funds Summary

Section 1 [Fund Maximization] adjusts existing authority provided to the commissioner of management and budget to use federal funds to pay for general fund expenses. The amended section permits the commissioner to reduce general fund appropriations for expenses that are eligible uses of the federal coronavirus relief fund. Appropriates money from the federal coronavirus relief fund to replace general fund appropriations with federal appropriations.

Section 2 [Covid-19 Flexible Response Account]

Subdivision 1. Establishes a COVID-19 flexible response account in the state fiscal recovery federal fund in the state treasury. Transfers \$425 million from Minnesota’s state fiscal recovery fund (SFRF) allocation to the account. (Minnesota’s SFRF allocation totals \$2.833 billion.) Appropriates the balance in the account to the commissioner of management and budget. Money that has not been allocated by July 1, 2022, is transferred back to the SFRF.

Subdivision 2. Requires the Legislative COVID-19 Response Commission (LCRC) to review proposed expenditures from the COVID-19 flexible response account. Requires the commissioner of management and budget to submit proposed expenditures from the account in excess of \$2.5 million to the LCRC for its review and recommendation. Establishes the contents of each expenditure submission to the LCRC. Provides three days for the LCRC to review each submission and permits a majority of House and Senate LCRC members to issue a negative recommendation on a proposed expenditure. Prohibits the commissioner from expending money from the fund if the LCRC issues a negative recommendation. Permits the LCRC to hold public meetings or remote meetings and allows it to submit recommendations via written communication.

Subdivision 3. Requires the commissioner of management and budget to submit a monthly report on the spending from the COVID-19 flexible response account.

Section 3 [Revenue Replacement]

Subdivision 1. Transfers \$633.1 million in fiscal year 2023 and \$550 million in fiscal year 2024 from the state fiscal recovery federal fund to the general fund to pay for government services.

Subdivision 2. If the commissioner of management and budget determines that subdivision 1 is an ineligible use of the SFRF, the commissioner is required to cancel \$633.1 million of general fund appropriations in fiscal year 2022 and is required to replace the expenditure with an identical appropriation of SFRF money. If the commissioner makes the SFRF conversion in fiscal year 2022, the commissioner is required to reduce \$550 million of projected appropriations in fiscal year 2024 and replace the expenditure with an identical appropriation of SFRF money. Requires the commissioner to submit proposed SFRF appropriations to the Legislative Advisory Commission and provides the commission with ten days to review the proposed appropriations.

Subdivision 3. Reinstates the general fund appropriations that were reduced under subdivision 2 to ensure that the federal funds used for government services were onetime.

Section 4 [Suspension of Statutory Appropriation] suspends the federal funds statutory appropriation and Legislative Advisory Commission review of federal funds for \$1.15 billion of the SFRF allocation. Requires that these funds may only be spent with a direct appropriation. If any funds remain unappropriated by June 15, 2022, the statutory appropriation of federal funds and the Legislative Advisory Commission review of those funds is reinstated. Requires the use of the urgent Legislative Advisory Commission review of SFRF money after June 15, 2022.