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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **394**

January 29, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to state government; imposing a moratorium on new state grants until
1.3 improved accountability measures and management practices are established.

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

1.5 Section 1. **MORATORIUM ON STATE GRANTS.**

1.6 An executive branch state agency may not award a new grant after the effective date
1.7 of this section until the commissioner of finance certifies that the state has taken adequate
1.8 steps to ensure effective management and improved accountability for state grants. These
1.9 steps must include:

1.10 (1) establishment of best practices for state agencies in selection and monitoring of
1.11 grantees, conducting compliance reviews, and providing financial oversight;

1.12 (2) creation of a standard grants contract that includes clauses regarding ownership of
1.13 equipment and intellectual property, data privacy, audits, liability, workers' compensation
1.14 insurance, grounds for contract cancellation, and satisfactory performance as a condition
1.15 of payment; and

1.16 (3) procedures to ensure that grants managers conduct financial reconciliations for
1.17 a sample of grant expenditures at least once during the grant period for all grants over
1.18 \$50,000.

1.19 Sec. 2. **EFFECTIVE DATE.**

1.20 Section 1 is effective the day following final enactment.