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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3295

February 21, 2008

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The bill was read for the first time and referred to the Higher Education and Work Force Development Policy and Finance Division

1.1 A bill for an act
1.2 relating to economic development; clarifying conflict of interest rules for local
1.3 economic development authorities; providing criminal penalties; amending
1.4 Minnesota Statutes 2006, section 469.098.

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

1.6 Section 1. Minnesota Statutes 2006, section 469.098, is amended to read:

1.7 **469.098 CONFLICT OF INTEREST.**

1.8 Subdivision 1. Disclosure; criminal penalty. Except as authorized in section
1.9 471.88 a commissioner, officer, or employee of an authority must not acquire any financial
1.10 interest, direct or indirect, in any project or in any property included or planned to be
1.11 included in any project, nor shall the person have any financial interest, direct or indirect,
1.12 in any contract or proposed contract for materials or service to be furnished or used in
1.13 connection with any project. (a) Before taking an action or making a decision which could
1.14 substantially affect the commissioner's or an employee's financial interests or those of an
1.15 organization with which the commissioner or an employee is associated, a commissioner
1.16 or employee of an authority shall:

1.17 (1) prepare a written statement describing the matter requiring action or decision and
1.18 the nature of the potential conflict of interest; and

1.19 (2) submit the statement to the commissioners of the authority.

1.20 (b) The disclosure under paragraph (a) shall be entered upon the minutes of the
1.21 authority at its next meeting. The disclosure statement must be submitted no later than
1.22 one week after the employee or commissioner becomes aware of the potential conflict of
1.23 interest. However, no disclosure statement is required if the effect on the commissioner or
1.24 employee of the decision or act will be no greater than on other members of the business,

2.1 profession, or occupation or if the effect on the organization with which the commissioner
2.2 or employee is affiliated is indirect, remote, and insubstantial.

2.3 (c) A potential conflict of interest is present if the commissioner or employee knows
2.4 or has reason to know that the organization with which the commissioner or employee is
2.5 affiliated is, or is reasonably likely to become, a participant in a project or development
2.6 which will be affected by the action or decision.

2.7 (d) Any individual who knowingly fails to submit a statement required by this
2.8 subdivision or submits a statement which the individual knows contains false information
2.9 or omits required information is guilty of a gross misdemeanor.

2.10 Subd. 2. **Effect of disclosure; criminal penalty.** (a) If an employee has a potential
2.11 conflict of interest, the employee's superior shall immediately assign the matter to another
2.12 employee who does not have a potential conflict of interest.

2.13 (b) A commissioner who has a potential conflict of interest shall not attempt to
2.14 influence an employee in any matter related to the action or decision in question, shall not
2.15 take part in the action or decision, and shall not be counted toward a quorum during the
2.16 portion of any meeting of the authority in which the action or decision is to be considered.

2.17 (c) Any individual who knowingly violates this subdivision is guilty of a gross
2.18 misdemeanor.

2.19 Subd. 3. **Conflicts forbidden; criminal penalty.** A commissioner or employee
2.20 of an authority who knowingly takes part in any manner in making any sale, lease, or
2.21 contract in the commissioner's or employee's official capacity in which the commissioner
2.22 or employee has a personal financial interest is guilty of a gross misdemeanor.

2.23 Subd. 4. **Agent or attorney.** For one year after termination of a position as a
2.24 commissioner or employee of an authority, no former commissioner or former employee
2.25 of an authority shall appear personally before any court or governmental department
2.26 or agency as agent or attorney for anyone other than the authority in connection with
2.27 any proceeding, application, request for ruling or other determination, contract, claim,
2.28 controversy, charge, accusation, arrest, or other particular matter in which the authority is
2.29 substantially interested, and with respect to which the commissioner or employee took any
2.30 action or made any decision as a commissioner or employee of the authority at any time
2.31 within a period of one year prior to the termination of that position.

2.32 Subd. 5. **Limitations.** With respect to each program established by the authority
2.33 to provide financial assistance or financing for real property other than rental assistance
2.34 programs, an employee or commissioner may not receive such financial assistance or
2.35 financing more than once.

3.1 Subd. 6. **Injunction.** The county attorney may seek an injunction in the district
3.2 court to enforce the provisions of this section.