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HOUSE FILE NO. 1201

FIRST COMMITTEE ENGROSSMENT

March 2, 2009

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

Referred by Chair to Local Government Division.

March 9, 2009

Returned to the Committee on State and Local Government Operations Reform, Technology and Elections as Amended.

1.1 A bill for an act
1.2 relating to local government; creating the Council on Local Results and
1.3 Innovation; encouraging local governments to develop performance measurement
1.4 programs; appropriating money; proposing coding for new law in Minnesota
1.5 Statutes, chapter 6.

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

1.7 Section 1 **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

1.8 Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of
1.9 11 members, as follows:

1.10 (1) the state auditor;

1.11 (2) two persons who are not members of the legislature, appointed by the chair of the
1.12 Property and Local Sales Tax Division of the house of representatives Taxes Committee;

1.13 (3) two persons who are not members of the legislature, appointed by the designated
1.14 lead minority member of the Property and Local Sales Tax Division of the house of
1.15 representatives Taxes Committee;

1.16 (4) two persons who are not members of the legislature, appointed by the chair of
1.17 the Taxes Division on Property Taxes of the senate Taxes Committee;

1.18 (5) two persons who are not members of the legislature, appointed by the designated
1.19 lead minority member of the Taxes Division on Property Taxes of the senate Taxes
1.20 Committee;

1.21 (6) one person appointed by the Association of Minnesota Counties; and

1.22 (7) one person appointed by the League of Minnesota Cities.

1.23 Each appointment under clauses (2) to (5) must include one person with expertise
1.24 or interest in county government and one person with expertise or interest in city
1.25 government. The appointing authorities must use their best efforts to ensure that a majority

2.1 of council members have experience with local performance measurement systems. The
2.2 membership of the council must include geographically balanced representation as well as
2.3 representation balanced between large and small jurisdictions. The appointments under
2.4 clauses (2) to (7) must be made within two months of the date of enactment.

2.5 Appointees to the council under clauses (2) to (5) serve terms of four years, except
2.6 that one of each of the initial appointments under clauses (2) to (5) shall serve a term of
2.7 two years; each appointing agent must designate which appointee is serving the two-year
2.8 term. Subsequent appointments for members appointed under clauses (2) to (5) must
2.9 be made by the council, including appointments to replace any appointees who might
2.10 resign from the council prior to completion of their term. Appointees under clauses (2) to
2.11 (5) are not eligible to vote on appointing their successor, nor on the successors of other
2.12 appointees whose terms are expiring contemporaneously. In making appointments, the
2.13 council shall make all possible efforts to reflect the geographical distribution and meet the
2.14 qualifications of appointees required of the initial appointees. Subsequent appointments
2.15 for members appointed under clauses (6) and (7) must be made by the original appointing
2.16 authority. Appointees to the council under clauses (2) to (7) may serve no more than two
2.17 consecutive terms.

2.18 Subd. 2. **Duties.** (a) By February 15, 2010, the council shall develop a standard set
2.19 of approximately ten performance measures for counties and ten performance measures for
2.20 cities that will aid residents, taxpayers, and state and local elected officials in determining
2.21 the efficacy of counties and cities in providing services, and measure residents' opinions
2.22 of those services. In developing its measures, the council must solicit input from private
2.23 citizens. Counties and cities that elect to participate in the performance measurement
2.24 system shall report their results to the state auditor under section 6.91, who shall compile
2.25 the results and make them available to all interested parties by publishing them on the
2.26 auditor's Web site and report them to the legislative tax committees. Each year after the
2.27 initial designation of performance measures, the council shall evaluate the usefulness of
2.28 the standard set of performance measures and may revise the set by adding or removing
2.29 measures as it deems appropriate.

2.30 (b) By February 15, 2011, the council shall develop minimum standards for
2.31 performance measurement systems, which may vary by size and type of governing
2.32 jurisdiction.

2.33 (c) In addition to its specific duties under paragraphs (a) and (b), the council
2.34 shall generally promote the use of performance measures for governmental entities
2.35 across the state and shall serve as a resource for all governmental entities seeking to
2.36 implement a system of local performance measures. The council may highlight and

3.1 promote systems that are innovative, or are ones that it deems to be best practices
3.2 of local performance systems across the state and nation. The council should give
3.3 preference in its recommendations to systems that are results oriented. The council may,
3.4 with the cooperation of the state auditor, establish and foster a collaborative network
3.5 of practitioners of local performance measurement systems. The council may support
3.6 the Association of Minnesota Counties and the League of Minnesota Cities to seek and
3.7 receive private funding to provide expert technical assistance to local governments for
3.8 the purposes of replicating best practices.

3.9 Subd. 3. **Reports.** (a) The council shall report its initial set of performance measures
3.10 to the Property and Local Sales Tax Division of the house of representatives Taxes
3.11 Committee and the Taxes Division on Property Taxes of the senate Taxes Committee by
3.12 February 28, 2010.

3.13 (b) By February 1 of each subsequent year, the council shall report to the committees
3.14 with jurisdiction over taxes in the house of representatives and the senate on participation
3.15 in and results of the performance measurement system, along with any revisions in the
3.16 standard set of performance measures for the upcoming year. These reports may be made
3.17 by the state auditor in lieu of the council if agreed to by the auditor and the council.

3.18 Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial
3.19 meeting of the council.

3.20 (b) The chair of the council shall be elected by the members. Once elected, a chair
3.21 shall serve a term of two years.

3.22 (c) Members of the council serve without compensation.

3.23 (d) Council members shall share and rotate responsibilities for administrative
3.24 support of the council.

3.25 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council
3.26 must be open to the public and the council must publish notice of a meeting on the state
3.27 auditor's Web site. A meeting of the council occurs when a quorum is present and action is
3.28 taken regarding a matter within the jurisdiction of the council.

3.29 (f) The council must meet at least two times prior to the initial release of the standard
3.30 set of measurements. After the initial set has been developed, the council must meet a
3.31 minimum of once per year.

3.32 Subd. 5. **Termination.** The council expires on January 1, 2019.

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

3.34 Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

4.1 Subdivision 1. **Reports of local performance measures.** (a) A county or city that
4.2 elects to participate in the local performance measurement and improvement program must
4.3 report its results to its citizens annually through publication, direct mailing, posting on
4.4 the jurisdiction's Web site, or through a presentation at the jurisdiction's truth-in-taxation
4.5 hearing under section 275.065.

4.6 (b) Each year, jurisdictions participating in the local performance measurement
4.7 and improvement program must file a report with the state auditor by July 1, in a form
4.8 prescribed by the auditor. All reports must include a declaration that the jurisdiction
4.9 has complied with, or will have complied with by the end of the year, the requirement
4.10 in paragraph (a). For jurisdictions participating at level I, the report shall consist of the
4.11 jurisdiction's results for the standard set of performance measures under section 6.90,
4.12 subdivision 2, paragraph (a). In 2011, jurisdictions participating at level II must submit a
4.13 resolution approved by its local governing body indicating that it either has implemented
4.14 or is in the process of implementing a local performance measurement system that meets
4.15 the minimum standards specified by the council under section 6.90, subdivision 2,
4.16 paragraph (b). In 2012 and thereafter, jurisdictions participating at level II must submit a
4.17 statement approved by its local governing body affirming that it has implemented a local
4.18 performance measurement system that meets the minimum standards specified by the
4.19 council under section 6.90, subdivision 2, paragraph (b).

4.20 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate
4.21 in the program for 2010 is: (1) eligible for per capita reimbursement of \$0.25 per
4.22 capita, but not to exceed \$25,000 for any government entity; (2) exempt from levy
4.23 limits under sections 275.70 to 275.74 for taxes payable in 2011; and (3) exempt from
4.24 the truth-in-taxation public hearing requirement under section 275.065, subdivision 6,
4.25 for taxes payable in 2011.

4.26 (b) Any county or city that elects to participate in the program at level I for 2011 is
4.27 eligible for per capita reimbursement of \$0.25 per capita, but not to exceed \$25,000 for
4.28 any government entity. Any jurisdiction participating at level II is exempt from levy limits
4.29 under sections 275.70 to 275.74 for taxes payable in 2012 if levy limits are in effect, and
4.30 is exempt from the truth-in-taxation public hearing requirement under section 275.065,
4.31 subdivision 6, for taxes payable in 2012.

4.32 (c) Any county or city that elects to participate in the program at level I for 2012 or
4.33 any year thereafter is eligible for per capita reimbursement of \$0.25 per capita, but not to
4.34 exceed \$25,000 for any government entity. Any jurisdiction participating at level II for
4.35 2012 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74
4.36 for taxes payable in the following year, if levy limits are in effect, and is exempt from

5.1 the truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for
5.2 taxes payable in the following year.

5.3 Subd. 3. **Certification of participation.** (a) The state auditor shall certify to
5.4 the commissioner of revenue by August 1 of each year the counties and cities that are
5.5 participating in the program, and the level of participation.

5.6 (b) The commissioner of revenue shall make per capita aid payments under this
5.7 section on the second payment date specified in section 477A.015, in the same year that
5.8 the measurements were reported.

5.9 (c) The commissioner of revenue shall notify each county and city that is entitled to
5.10 exemption from levy limits by August 10 of each levy year.

5.11 Subd. 4. **Appropriation.** A sum sufficient to meet the requirements of this section
5.12 is annually appropriated from the general fund to the commissioner of revenue.

5.13 **EFFECTIVE DATE.** This section is effective December 31, 2009.