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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 7

January 12, 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

March 19, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Public Safety Policy and Oversight

1.1 A bill for an act
1.2 relating to state government; clarifying and strengthening laws prohibiting
1.3 misuse of state funds; amending Minnesota Statutes 2008, sections 3.971,
1.4 subdivision 6; 3.975; 16A.139; proposing coding for new law in Minnesota
1.5 Statutes, chapter 43A.

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

1.7 Section 1. Minnesota Statutes 2008, section 3.971, subdivision 6, is amended to read:

1.8 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial
1.9 statements of the state of Minnesota required by section 16A.50 and, as resources permit,
1.10 shall audit Minnesota State Colleges and Universities, the University of Minnesota, state
1.11 agencies, departments, boards, commissions, courts, and other state organizations subject
1.12 to audit by the legislative auditor, including the State Agricultural Society, Agricultural
1.13 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical
1.14 Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco,
1.15 Metropolitan Sports Facilities Commission, Metropolitan Airports Commission, and
1.16 Metropolitan Mosquito Control District. Financial audits must be conducted according to
1.17 generally accepted government auditing standards. The legislative auditor shall see that
1.18 all provisions of law respecting the appropriate and economic use of public funds are
1.19 complied with and may, as part of a financial audit or separately, investigate allegations of
1.20 noncompliance ~~by employees of departments and agencies of the state government and~~
1.21 ~~the other organizations listed in this subdivision.~~

2.1 Sec. 2. Minnesota Statutes 2008, section 3.975, is amended to read:

2.2 **3.975 DUTIES CONCERNING MISUSE OF PUBLIC MONEY OR OTHER**
 2.3 **RESOURCES.**

2.4 If a legislative auditor's examination discloses that a state official or employee has
 2.5 used money for a purpose other than the purpose for which the money was appropriated
 2.6 or discloses any other misuse of public money or other public resources, the legislative
 2.7 auditor shall file a report with the Legislative Audit Commission, the attorney general, and
 2.8 the appropriate county attorney. The attorney general shall seek recovery of money and
 2.9 other resources as the evidence may warrant. The county attorney shall cause criminal
 2.10 proceedings to be instituted as the evidence may warrant.

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

2.12 Sec. 3. Minnesota Statutes 2008, section 16A.139, is amended to read:

2.13 **16A.139 MISAPPROPRIATION OF MONEY.**

2.14 ~~It is illegal for any~~ (a) No official or head of any state department, or any employee
 2.15 ~~thereof~~ of a state department, to may intentionally use ~~moneys~~ money appropriated by law,
 2.16 or fees collected knowing that the use is for ~~any other~~ a purpose other than the purpose for
 2.17 which the ~~moneys have been~~ money was appropriated, ~~and any such act by any.~~ Unless
 2.18 a greater penalty is specified elsewhere in law, a person who violates this paragraph is
 2.19 guilty of a gross misdemeanor.

2.20 (b) A violation of paragraph (a) by a head of a department, or any state official, is
 2.21 cause for immediate removal of the official or head of a state department from the position
 2.22 held with the government of this state. A criminal conviction under paragraph (a) is not a
 2.23 prerequisite for removal.

2.24 **EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to crimes
 2.25 committed on or after that date.

2.26 Sec. 4. **[43A.325] BEST PRACTICES FOR INVESTIGATIONS.**

2.27 The commissioner of finance must develop and make available to appointing
 2.28 authorities a best practices policy for conducting investigations in which the appointing
 2.29 authority compels its employees to answer questions about allegedly inappropriate
 2.30 activity. The best practices policy must be designed to facilitate effective investigations,
 2.31 without compromising the ability to prosecute criminal cases when appropriate. Each
 2.32 appointing authority must follow the best practices policy or, in consultation with the
 2.33 attorney general, must develop its own policy for conducting these investigations.

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