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State of Minnesota
HOUSE OF REPRESENTATIVES

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SESSION

HOUSE FILE No. 2227

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Authored by Marquart, Hilty, Kalin, Bunn and Loeffler

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

1.1 A bill for an act
1.2 relating to local government; reestablishing the Board of Innovation; imposing
1.3 powers and duties on the board; appropriating money; amending Minnesota
1.4 Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new
1.5 law in Minnesota Statutes, chapter 465.

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

1.7 Section 1. Minnesota Statutes 2008, section 3.971, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 9. **Recommendations to the Board of Innovation.** The legislative auditor
1.10 may make recommendations to the Board of Innovation established under section
1.11 465.7902 that will assist the board in accomplishing its duties.

1.12 Sec. 2. [465.7901] DEFINITIONS.

1.13 Subdivision 1. **Agency.** "Agency" means a department, agency, board, or other
1.14 instrumentality of state government that has jurisdiction over an administrative rule or
1.15 law from which a waiver is sought under section 465.7903. If no specific agency has
1.16 jurisdiction over such a law, "agency" refers to the attorney general.

1.17 Subd. 2. **Board.** "Board" means the Board of Innovation established by section
1.18 465.7902.

1.19 Subd. 3. **Council or Metropolitan Council.** "Council" or "Metropolitan Council"
1.20 means the Metropolitan Council established by section 473.123.

1.21 Subd. 4. **Local government unit.** "Local government unit" means a county, home
1.22 rule charter or statutory city, school district, town, or special taxing district, except for
1.23 purposes of sections 465.81 to 465.86.

2.1 Subd. 5. **Metropolitan agency.** "Metropolitan agency" has the meaning given in
2.2 section 473.121, subdivision 5a.

2.3 Subd. 6. **Metropolitan area.** "Metropolitan area" has the meaning given in section
2.4 473.121, subdivision 2.

2.5 Subd. 7. **Scope.** As used in sections 465.7901 to 465.7906 and 465.805 to 465.86,
2.6 the terms defined in this section have the meanings given them.

2.7 **Sec. 3. [465.7902] BOARD OF INNOVATION.**

2.8 Subdivision 1. **Membership.** The Board of Innovation consists of 16 members,
2.9 appointed as follows:

2.10 (1) three members of the senate, appointed by the Subcommittee on Committees of
2.11 the Senate Committee on Rules and Administration;

2.12 (2) three members of the house of representatives, appointed by the speaker of
2.13 the house;

2.14 (3) the commissioner of finance;

2.15 (4) the commissioner of administration;

2.16 (5) the commissioner of employment and economic development;

2.17 (6) two members with a background in academic research concerning system
2.18 redesign and delivery, appointed by;

2.19 (7) two members with experience in the leadership of nonprofit organizations,
2.20 appointed by;

2.21 (8) two members with experience in foundation leadership, appointed by
2.22; and

2.23 (9) one member with experience as a leader of a for-profit corporation.

2.24 The legislative members serve as nonvoting members. A commissioner serving on
2.25 the board may designate an employee from the commissioner's agency to serve as the
2.26 commissioner's designee.

2.27 Subd. 2. **Duties of board.** The board shall:

2.28 (1) accept applications from local government units and nonprofit organizations for
2.29 waivers of administrative rules and temporary, limited exemptions from enforcement of
2.30 procedural requirements in state law as provided in section 465.7903, and determine
2.31 whether to approve, modify, or reject the application;

2.32 (2) accept applications for grants to local government units and related organizations
2.33 proposing to design models or plans for innovative service delivery and management
2.34 as provided in section 465.7905 and determine whether to approve, modify, or reject
2.35 the application;

3.1 (3) accept applications from local government units for financial assistance to enable
3.2 them to plan for cooperative efforts as provided in section 465.7906, and determine
3.3 whether to approve, modify, or reject the application;

3.4 (4) accept applications from eligible local government units for service-sharing
3.5 grants as provided in section 465.805, and determine whether to approve, modify, or
3.6 reject the application;

3.7 (5) accept applications from counties, cities, and towns proposing to combine under
3.8 sections 465.81 to 465.86, and determine whether to approve or disapprove the application;

3.9 (6) make recommendations to the legislature for the authorization of pilot projects
3.10 for the implementation of innovative service delivery activities that require statutory
3.11 authorization;

3.12 (7) make recommendations to the legislature regarding the elimination of state
3.13 mandates that inhibit local government efficiency, innovation, and cooperation by
3.14 prescribing specific processes for achieving a desired outcome;

3.15 (8) investigate and review the role of unfunded state mandates in intergovernmental
3.16 relations and assess their impact on state and local government objectives and
3.17 responsibilities;

3.18 (9) make recommendations to the governor and the legislature regarding:

3.19 (i) allowing flexibility for local units of government in complying with specific
3.20 unfunded state mandates for which terms of compliance are unnecessarily rigid or
3.21 complex;

3.22 (ii) reconciling any two or more unfunded state mandates that impose contradictory
3.23 or inconsistent requirements;

3.24 (iii) terminating unfunded state mandates that are duplicative, obsolete, or lacking
3.25 in practical utility;

3.26 (iv) suspending, on a temporary basis, unfunded state mandates that are not vital
3.27 to public health and safety and that compound the fiscal difficulties of local units of
3.28 government, including recommendations for initiating the suspensions;

3.29 (v) consolidating or simplifying unfunded state mandates or the planning or
3.30 reporting requirements of the mandates, in order to reduce duplication and facilitate
3.31 compliance by local units of government with those mandates; and

3.32 (vi) establishing common state definitions or standards to be used by local units of
3.33 government in complying with unfunded state mandates that use different definitions or
3.34 standards for the same terms or principles;

3.35 (10) identify relevant unfunded state mandates;

3.36 (11) facilitate proposals for grants made by eligible applicants; and

4.1 (12) make recommendations on topics to the Legislative Audit Commission for
 4.2 program evaluations that are likely to result in recommendations that will improve the
 4.3 cost-effective delivery of government services.

4.4 The duties imposed under clauses (8) to (12) must be performed to the extent possible
 4.5 given existing resources. Each recommendation under clause (9) must, to the extent
 4.6 practicable, identify the specific unfunded state mandates to which the recommendation
 4.7 applies. The commissioners or directors of state agencies responsible for the promulgation
 4.8 or enforcement of the unfunded mandates addressed in clauses (7) to (12) shall assign staff
 4.9 to assist the board in carrying out the board's duties under this section.

4.10 Subd. 3. **Additional coordinating functions.** The board may also:

4.11 (1) serve as a clearinghouse for existing ideas and information from community
 4.12 leaders;

4.13 (2) provide a Web site where interested parties may share information and practices;

4.14 (3) receive recommendations from the legislative auditor concerning waivers and
 4.15 other initiatives within the board's jurisdiction;

4.16 (4) conduct research concerning innovation in service delivery and local government
 4.17 efficiency, innovation, and cooperation; and

4.18 (5) facilitate regional dialogue concerning successful innovation and collaboration.

4.19 Subd. 4. **Staff.** The board may hire staff or consultants as necessary to perform
 4.20 its duties.

4.21 Subd. 5. **Terms, compensation, and removal.** The terms, compensation, and
 4.22 removal of members is governed by section 15.0575, unless otherwise provided. The
 4.23 terms of legislative members of the board correspond with the term of the office held by
 4.24 the member at the time of appointment.

4.25 **Sec. 4. [465.7903] RULE AND LAW WAIVER REQUESTS.**

4.26 Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local
 4.27 government unit or a nonprofit organization may request the Board of Innovation to
 4.28 grant a waiver from one or more administrative rules or a temporary, limited exemption
 4.29 from enforcement of state procedural laws governing delivery of services by the local
 4.30 government unit or nonprofit organization. Two or more local government units may
 4.31 submit a joint application for a waiver or exemption under this section if they propose to
 4.32 cooperate in providing a service or program that is subject to the rule or law. Before a
 4.33 local unit of government may submit an application to the board, the governing body of
 4.34 the local government unit must approve, in concept, the proposed waiver or exemption
 4.35 at a meeting required to be public under chapter 13D. A waiver or exemption granted

5.1 to a nonprofit organization under this section applies to services provided to all of the
5.2 organization's clients.

5.3 (b) A school district that is granted a variance from rules of the commissioner of
5.4 education under section 122A.163 need not apply to the board for a waiver of those rules
5.5 under this section. A school district may not seek a waiver of rules under this section if
5.6 the commissioner of education has authority to grant a variance to the rules under section
5.7 122A.163. This paragraph does not preclude a school district from being included in a
5.8 cooperative effort with another local government unit under this section.

5.9 Subd. 2. **Application.** (a) A local government unit or nonprofit organization
5.10 requesting a waiver of a rule or exemption from enforcement of a law under this section
5.11 shall present a written application to the board. The application must include:

5.12 (1) identification of the service or program at issue;

5.13 (2) identification of the administrative rule or the law imposing a procedural
5.14 requirement with respect to which the waiver or exemption is sought; and

5.15 (3) a description of the improved service outcome sought, including an explanation
5.16 of the effect of the waiver or exemption in accomplishing that outcome.

5.17 (b) A local government unit submitting an application must provide a copy to the
5.18 exclusive representative certified under section 179A.12 to represent employees who
5.19 provide the service or program affected by the requested waiver or exemption.

5.20 Subd. 3. **Review process.** (a) Upon receipt of an application, the board shall
5.21 commence review of the application, as provided in this subdivision. The board shall
5.22 dismiss an application if it finds that the application proposes a waiver of rules or
5.23 exemption from enforcement of laws that would result in due process violations, violations
5.24 of federal law or the state or federal constitution, or the loss of services to people who
5.25 are entitled to them.

5.26 (b) The board shall determine whether a law from which an exemption for
5.27 enforcement is sought is a procedural law, specifying how a local government unit or
5.28 nonprofit organization is to achieve an outcome, rather than a substantive law prescribing
5.29 the outcome or otherwise establishing policy. In making its determination, the board shall
5.30 consider whether the law specifies such requirements as:

5.31 (1) who must deliver a service;

5.32 (2) where the service must be delivered;

5.33 (3) to whom and in what form reports regarding the service must be made; and

5.34 (4) how long or how often the service must be made available to a given recipient.

5.35 (c) If a member of the board also is a commissioner, a commissioner's designee, or
5.36 the state auditor, or is employed by an agency with jurisdiction over a rule or law affected

6.1 by an application, the member must not participate in the decision on the particular waiver
6.2 or exemption.

6.3 (d) If the application is submitted by a local government unit or a nonprofit
6.4 organization in the metropolitan area or the unit or nonprofit organization requests a
6.5 waiver of a rule or temporary, limited exemptions from enforcement of a procedural law
6.6 over which the Metropolitan Council or a metropolitan agency has jurisdiction, the board
6.7 shall also transmit a copy of the application to the council for review and comment. The
6.8 council shall report its comments to the board within 60 days of the date the application
6.9 was transmitted to the council. The council may point out any resources or technical
6.10 assistance it may be able to provide a local government unit or nonprofit organization
6.11 submitting a request under this section.

6.12 (e) Within 15 days after receipt of the application, the board shall transmit a copy of
6.13 it to the commissioner of each agency having jurisdiction over a rule or law from which
6.14 a waiver or exemption is sought. The agency may mail a notice that it has received an
6.15 application for a waiver or exemption to all persons who have registered with the agency
6.16 under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or
6.17 exemption is requested. If no agency has jurisdiction over the rule or law, the board
6.18 shall transmit a copy of the application to the attorney general. The agency shall inform
6.19 the board of its agreement with or objection to and grounds for objection to the waiver
6.20 or exemption request within 60 days of the date when the application was transmitted to
6.21 it. An agency's failure to respond under this paragraph is considered agreement to the
6.22 waiver or exemption. The board shall decide whether to grant a waiver or exemption at
6.23 its next regularly scheduled meeting following its receipt of an agency's response or the
6.24 end of the 60-day response period. If consideration of an application is not concluded at
6.25 that meeting, the matter may be carried over to the next meeting of the board. Interested
6.26 persons may submit written comments to the board on the waiver or exemption request up
6.27 to the time of its vote on the application.

6.28 (f) If the exclusive representative of the affected employees of the requesting local
6.29 government unit objects to the waiver or exemption request, it may inform the board of the
6.30 objection to and the grounds for the objection to the waiver or exemption request within
6.31 60 days of the receipt of the application.

6.32 Subd. 4. **Hearing.** If the agency or the exclusive representative does not agree with
6.33 the waiver or exemption request, the board shall set a date for a hearing on the application.
6.34 The hearing must be conducted informally at a meeting of the board. Persons representing
6.35 the local government unit shall present their request for the waiver or exemption, and
6.36 a representative from the agency shall explain the agency's objection to the waiver or

7.1 exemption. Members of the board may request additional information from either party.
7.2 The board may also request, either before or at the hearing, information or comments
7.3 from representatives of business, labor, local governments, state agencies, consultants,
7.4 and members of the public. If necessary, the hearing may be continued at a subsequent
7.5 board meeting. A waiver or exemption requires a majority vote of the board members.
7.6 The board may modify the terms of the waiver or exemption request in arriving at the
7.7 agreement required under subdivision 5.

7.8 Subd. 5. **Conditions of agreements.** (a) If the board grants a request for a waiver
7.9 or exemption, the board and the entity making the request shall enter into an agreement
7.10 providing for the delivery of the service or program that is the subject of the application.
7.11 The agreement must specify desired outcomes and the means of measurement by which
7.12 the board will determine whether the outcomes specified in the agreement have been met.
7.13 The agreement must specify the duration of the waiver or exemption. The duration of a
7.14 waiver from an administrative rule may be for no less than two years and no more than
7.15 four years, subject to renewal if both parties agree. An exemption from enforcement of a
7.16 law terminates ten days after adjournment of the regular legislative session held during the
7.17 calendar year following the year when the exemption is granted, unless the legislature has
7.18 acted to extend or make permanent the exemption.

7.19 (b) If the board grants a waiver or exemption, it must report the waiver or exemption
7.20 to the legislature, including the chairs of the governmental operations and appropriate
7.21 policy committees in the house of representatives and senate, and the governor within
7.22 30 days.

7.23 (c) The board may reconsider or renegotiate the agreement if the rule or law affected
7.24 by the waiver or exemption is amended or repealed during the term of the original
7.25 agreement. A waiver of a rule under this section has the effect of a variance granted
7.26 by an agency under section 14.05, subdivision 4. The recipient of an exemption from
7.27 enforcement of a procedural requirement in state law under this section is exempt from
7.28 that law for the duration of the exemption. The board may require periodic reports from
7.29 the recipient, or conduct investigations of the service or program.

7.30 Subd. 6. **Enforcement.** If the board finds that the recipient of a waiver or an
7.31 exemption has failed to comply with the terms of the agreement under subdivision 5, it
7.32 may rescind the agreement. After an agreement is rescinded, the recipient is subject to the
7.33 rules and laws covered by the agreement.

7.34 Subd. 7. **Access to data.** If the recipient of a waiver or an exemption through a
7.35 cooperative program under this section gains access to data that is classified as not public,
7.36 the access to and use of the data for the recipient is governed by the same restrictions on

8.1 access to and use of the data that apply to the unit that collected, created, received, or
8.2 maintained the data.

8.3 **Sec. 5. [465.7904] WAIVERS OF STATE RULES; POLICIES.**

8.4 Subdivision 1. **Application.** A state agency may apply to the board for a waiver
8.5 from: (1) an administrative rule or policy adopted by the commissioner of finance
8.6 that deals with the state personnel system; (2) an administrative rule or policy of the
8.7 commissioner of administration that deals with the state procurement system; or (3) a
8.8 policy of the commissioner of finance that deals with the state accounting system. Two or
8.9 more state agencies may submit a joint application. A waiver application must identify the
8.10 rule or policy at issue, and must describe the improved outcome sought through the waiver.

8.11 Subd. 2. **Review process.** (a) The board shall review all applications submitted
8.12 under this section. The board shall dismiss an application if it finds that the application
8.13 proposes a waiver that would result in due process violations, violations of federal law
8.14 or the state or federal constitution, or the loss of services to people who are entitled to
8.15 them. If a proposed waiver would violate the terms of a collective bargaining agreement
8.16 effective under chapter 179A, the waiver is not effective without the consent of the
8.17 exclusive representative that is a party to the agreement. The board may approve a waiver
8.18 only if the board determines that if the waiver is granted: (1) services can be provided in
8.19 a more efficient or effective manner; and (2) services related to human resources must
8.20 be provided in a manner consistent with section 43A.01. In the case of a waiver from
8.21 a policy of the commissioner of finance, the board may approve the waiver only if it
8.22 determines that services will be provided in a more efficient or effective manner and that
8.23 state funds will be adequately accounted for and safeguarded in a manner that complies
8.24 with generally accepted government accounting principles.

8.25 (b) Within 15 days of receipt of the application, the board shall send a copy of the
8.26 application to: (1) the agency whose rule or policy is involved; and (2) all exclusive
8.27 representatives who represent employees of the agency requesting the waiver. The agency
8.28 whose rule or policy is involved may mail a copy of the application to all persons who
8.29 have registered with the agency under section 14.14, subdivision 1a.

8.30 (c) The agency whose rule or policy is involved or an exclusive representative shall
8.31 notify the board of its agreement with or objection to and grounds for objection to the
8.32 waiver within 60 days of the date when the application was transmitted to the agency or
8.33 the exclusive representative. An agency's or exclusive representative's failure to respond
8.34 under this paragraph is considered agreement to the waiver.

9.1 (d) If the agency or the exclusive representative objects to the waiver, the board
 9.2 shall schedule a meeting at which the agency requesting the waiver may present its case
 9.3 for the waiver and the objecting party may respond. The board shall decide whether
 9.4 to grant a waiver at its next regularly scheduled meeting following its receipt of an
 9.5 agency's response, or the end of the 60-day response period, whichever occurs first. If
 9.6 consideration of an application is not concluded at the meeting, the matter may be carried
 9.7 over to the next meeting of the board. Interested persons may submit written comments to
 9.8 the board on the waiver request.

9.9 (e) If the board grants a request for a waiver, the board and the agency requesting the
 9.10 waiver shall enter into an agreement relating to the outcomes desired as a result of the
 9.11 waiver and the means of measurement to determine whether those outcomes have been
 9.12 achieved with the waiver. The agreement must specify the duration of the waiver, which
 9.13 must be for at least two years and not more than four years. If the board determines that an
 9.14 agency that has received a waiver is failing to comply with the terms of the agreement, the
 9.15 board may rescind the agreement.

9.16 Subd. 3. **Board.** For purposes of evaluating waiver requests involving rules or
 9.17 policies of the commissioner of administration, the commissioner of administration may
 9.18 not participate in the evaluation.

9.19 **Sec. 6. [465.7905] SERVICE BUDGET MANAGEMENT MODEL GRANTS.**

9.20 Subdivision 1. **Application.** One or more local units of government, an association
 9.21 of local governments, the Metropolitan Council, a local unit of government acting in
 9.22 conjunction with an organization or a state agency, or an organization established by two
 9.23 or more local units of government under a joint powers agreement may apply to the Board
 9.24 of Innovation for a grant to be used to develop models for innovative service budget
 9.25 management. The application must specify a nonstate funding source for 25 percent of the
 9.26 total cost of the proposal. The application to the board must state what other sources of
 9.27 funding have been considered by the local units of government to implement the project
 9.28 and explain why it is not possible to complete the project without assistance from the
 9.29 board. The board may not award a grant if it determines that the local units of government
 9.30 could complete the project without board assistance or if it determines the applicant has
 9.31 not specified a nonstate funding source for 25 percent of the total cost. A copy of the
 9.32 application must be provided by the units to the exclusive representatives certified under
 9.33 section 179A.12 to represent employees who provide the service or program affected
 9.34 by the application.

10.1 Subd. 2. **Proposals.** Proposed models may provide options to local governments,
 10.2 neighborhood or community organizations, or individuals to redesign and deliver services.
 10.3 In awarding grants under this section, the board must consider whether the proposal:

10.4 (1) expands consumer choices and opportunities;

10.5 (2) shifts government toward an expanded role as a purchaser, rather than a provider,
 10.6 of services;

10.7 (3) reduces administrative costs through statewide or regional contracting, or related
 10.8 administrative efficiencies;

10.9 (4) reduces administrative costs through the accumulation of multiple related
 10.10 services into a single contract with one provider, or related administrative efficiencies; and

10.11 (5) fosters entrepreneurial leadership in the public sector.

10.12 Subd. 3. **Requirements.** A copy of the work product for which the grant was
 10.13 provided must be furnished to the board upon completion, and the board may disseminate
 10.14 it to other local units of government or interested groups. If the board finds that the model
 10.15 was not completed or implemented according to the terms of the grant agreement, it may
 10.16 require the grantee to repay all or a portion of the grant. The board shall award grants on
 10.17 the basis of each qualified applicant's score under the scoring system in section 465.806.
 10.18 The amount of a grant under this section may not exceed \$250,000.

10.19 Sec. 7. **[465.7906] COOPERATION PLANNING GRANTS.**

10.20 Two or more local government units; an association of local governments; a local
 10.21 unit of government acting in conjunction with the Metropolitan Council, an organization,
 10.22 or a state agency; or an organization formed by two or more local units of government
 10.23 under a joint powers agreement may apply to the Board of Innovation for a grant to be
 10.24 used to develop a plan for intergovernmental cooperation in providing services. The
 10.25 application to the board must state what other sources of funding have been considered by
 10.26 the local units of government to implement the project and explain why it is not possible
 10.27 to complete the project without assistance from the board. The board may not award a
 10.28 grant if it determines that the local units of government could complete the project without
 10.29 board assistance. A copy of the application must be submitted by the applicants to the
 10.30 exclusive representatives certified under section 179A.12 to represent employees who
 10.31 provide the service or program affected by the application.

10.32 The plan may include model contracts or agreements to be used to implement the
 10.33 plan. A copy of the work product for which the grant was provided must be furnished
 10.34 to the board upon completion, and the board may disseminate it to other local units
 10.35 of government or interested groups. If the board finds that the grantee has failed to

11.1 implement the plan according to the terms of the agreement, it may require the grantee
11.2 to repay all or a portion of the grant. The board shall award grants on the basis of each
11.3 qualified applicant's score under the scoring system in section 465.806. The amount of a
11.4 grant under this section may not exceed \$50,000.

11.5 Sec. 8. **[465.805] SERVICE SHARING GRANTS.**

11.6 Two or more local units of government; an association of local governments; a local
11.7 unit of government acting in conjunction with the Metropolitan Council, an organization,
11.8 or a state agency; or an organization established by two or more local units of government
11.9 under a joint powers agreement may apply to the Board of Innovation for a grant to be
11.10 used to meet the start-up costs of providing shared services or functions. Agreements
11.11 solely to make joint purchases are not sufficient to qualify under this section. The
11.12 application to the board must state what other sources of funding have been considered by
11.13 the local units of government to implement the project and explain why it is not possible
11.14 to complete the project without assistance from the board. The board may not award a
11.15 grant if it determines that the local units of government could complete the project without
11.16 board assistance. A copy of the application must be provided by the applicants to the
11.17 exclusive representatives certified under section 179A.12 to represent employees who
11.18 provide the service or program affected by the application.

11.19 The proposal must include plans fully to integrate a service or function provided by
11.20 two or more local government units. A copy of the work product for which the grant was
11.21 provided must be furnished to the board upon completion, and the board may disseminate
11.22 it to other local units of government or interested groups. If the board finds that the grantee
11.23 has failed to implement the plan according to the terms of the agreement, it may require
11.24 the grantee to repay all or a portion of the grant. The board shall award grants on the basis
11.25 of each qualified applicant's score under the scoring system in section 465.806. The
11.26 amount of a grant under this section may not exceed \$100,000.

11.27 Sec. 9. **[465.806] SCORING SYSTEM.**

11.28 In deciding whether to award a grant under section 465.7905, 465.7906, or 465.805,
11.29 the board shall use the following scoring system:

11.30 (1) Up to 15 points must be awarded to reflect the extent to which the application
11.31 demonstrates creative thinking, careful planning, cooperation, involvement of the clients
11.32 of the affected service, and commitment to assume risk.

12.1 (2) Up to 20 points must be awarded to reflect the extent to which the proposed
12.2 project is likely to improve the quality of the service and to have benefits for other local
12.3 governments.

12.4 (3) Up to 15 points must be awarded to reflect the extent to which the application's
12.5 budget provides sufficient detail, maximizes the use of state funds, documents the need
12.6 for financial assistance, commits to local financial support, and limits expenditures to
12.7 essential activities.

12.8 (4) Up to 20 points must be awarded to reflect the extent to which the application
12.9 reflects the statutory goal of the grant program.

12.10 (5) Up to 15 points must be awarded to reflect the merit of the proposed project and
12.11 the extent to which it warrants the state's financial participation.

12.12 (6) Up to five points must be awarded to reflect the cost to benefit ratio projected
12.13 for the proposed project.

12.14 (7) Up to five points must be awarded to reflect the number of government units
12.15 participating in the proposal.

12.16 (8) Up to five points must be awarded to reflect the minimum length of time the
12.17 application commits to implementation.

12.18 Sec. 10. **[465.807] REPAYMENT OF GRANTS.**

12.19 Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient
12.20 offered to repay the grant in its original application, as part of a grant awarded under
12.21 section 465.7905, 465.7906, or 465.805, the board may require the grant recipient to repay
12.22 all or part of the grant if the board determines the project funded by the grant resulted in
12.23 an actual savings for the participating local units of government. The grant agreement
12.24 must specify how the savings are to be determined and the period of time over which the
12.25 savings will be used to calculate a repayment requirement. The repayment of grant money
12.26 under this section must not exceed an amount equal to the total savings achieved through
12.27 the implementation of the project multiplied by the total amount of the grant divided by
12.28 the total budget for the project and may not exceed the total amount of the original grant.

12.29 Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant
12.30 applications under section 465.806, the board shall award additional points to any
12.31 applicant that projects a potential cost savings through the implementation of its project
12.32 and offers to repay part or all of the grant under the formula in subdivision 1.

12.33 Subd. 3. **Use of repayment revenue.** All grant money repaid to the board under this
12.34 section is appropriated to the board for additional grants authorized by sections 465.7905,
12.35 465.7906, and 465.805.

13.1 Sec. 11. **[465.808] RECEIPTS; APPROPRIATION.**

13.2 (a) The board may charge a fee for the use of services provided by the board's
13.3 staff. The receipts from fees charged under this section are deposited in a special revenue
13.4 account and appropriated to the board for services provided under sections 465.7901 to
13.5 465.808.

13.6 (b) The board may accept gifts and grants. Money received under this paragraph is
13.7 deposited in a special revenue account and appropriated to the board for services provided
13.8 under sections 465.7901 to 465.808.

13.9 Sec. 12. **APPROPRIATION.**

13.10 \$..... is appropriated from the general fund in fiscal year 2010 to the Board of
13.11 Innovation for start-up costs. This is a onetime appropriation.