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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 2227**

March 30, 2009

Authored by Marquart, Hilty, Kalin, Bunn, Loeffler and others  
The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections

May 6, 2010

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Rules and Legislative Administration  
Committee Recommendation and Adoption of Report: To Pass and re-referred to the Committee on Finance

May 10, 2010

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Ways and Means

May 11, 2010

Committee Recommendation and Adoption of Report:  
To Pass and Read Second Time

May 12, 2010

Fiscal Calendar  
Amended  
Read Third Time as Amended  
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act  
1.2 relating to local government; establishing Minnesota Innovation and Research  
1.3 Council; imposing powers and duties of council; appropriating money; amending  
1.4 Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing  
1.5 coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota  
1.6 Statutes 2008, section 6.80.

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

1.8 **ARTICLE 1**

1.9 **STRATEGIC PLAN**

1.10 Section 1. **STRATEGIC PLAN REPORT.**

1.11 By January 15, 2011, the Minnesota Innovation and Research Council shall report to  
1.12 the governor and the chairs and ranking minority members of the legislative committees  
1.13 and divisions with jurisdiction over state government policy and finance with a strategic  
1.14 plan containing findings and recommendations to improve state and local government  
1.15 delivery of public services. The strategic plan must specify:

1.16 (1) how to enhance the public involvement and input as the public uses state and  
1.17 local government services and public schools;

1.18 (2) how technology can be leveraged to reduce costs and enhance quality;

1.19 (3) how service innovation will increase value or results per dollar spent; and

1.20 (4) the design for a platform that will facilitate high-quality innovation and evaluate  
1.21 state and local government structural redesign in the future.

1.22 The strategic plan shall also provide a process to review and modify  
1.23 recommendations at regular intervals in the future based on specific results measured  
1.24 at regular intervals.

2.1 The strategic plan shall also include any proposed legislation necessary to implement  
2.2 the council's recommendations.

## 2.3 ARTICLE 2

### 2.4 MINNESOTA INNOVATION AND RESEARCH COUNCIL

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

#### 2.7 Subd. 9. Recommendations to the Minnesota Innovation and Research Council.

2.8 The legislative auditor may make recommendations to the Minnesota Innovation and  
2.9 Research Council established under section 465.7902 that will assist the council in  
2.10 accomplishing its duties.

#### 2.11 Sec. 2. [465.7901] DEFINITIONS.

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

2.16 Subd. 2. Council. "Council" means the Minnesota Innovation and Research Council  
2.17 established by section 465.7902.

2.18 Subd. 3. Local government unit. "Local government unit" means a county, home  
2.19 rule charter or statutory city, school district, town, or special taxing district.

2.20 Subd. 4. Metropolitan agency. "Metropolitan agency" has the meaning given in  
2.21 section 473.121, subdivision 5a.

2.22 Subd. 5. Metropolitan area. "Metropolitan area" has the meaning given in section  
2.23 473.121, subdivision 2.

2.24 Subd. 6. Metropolitan Council. "Metropolitan Council" means the Metropolitan  
2.25 Council established by section 473.123.

2.26 Subd. 7. Scope. As used in sections 465.7901 to 465.7907 and 465.805 to 465.808,  
2.27 the terms defined in this section have the meanings given them.

#### 2.28 Sec. 3. [465.7902] MINNESOTA INNOVATION AND RESEARCH COUNCIL.

2.29 Subdivision 1. Membership. The Minnesota Innovation and Research Council  
2.30 consists of 15 members, appointed as follows:

2.31 (1) two members of the senate, appointed by the Subcommittee on Committees of  
2.32 the Senate Committee on Rules and Administration, one member of the majority caucus  
2.33 and one member of the largest minority caucus;

- 3.1 (2) two members of the house of representatives, appointed by the speaker of the  
3.2 house, one member of the majority caucus and one member of the largest minority caucus;  
3.3 (3) the commissioner of management and budget;  
3.4 (4) the commissioner of administration;  
3.5 (5) the state chief information officer;  
3.6 (6) an administrative law judge appointed by the chief administrative law judge;  
3.7 (7) the state auditor;  
3.8 (8) two members with a background in academic research concerning system  
3.9 redesign and delivery, including one member appointed by the chancellor of the Minnesota  
3.10 State Colleges and Universities and one member appointed by the president of the  
3.11 University of Minnesota;  
3.12 (9) one member with experience in the leadership of nonprofit organizations,  
3.13 appointed by the Minnesota Council of Nonprofits;  
3.14 (10) one member with experience in foundation leadership appointed by the  
3.15 Minnesota Council on Foundations;  
3.16 (11) one member with experience as a leader of a for-profit corporation, appointed  
3.17 by the Minnesota Chamber of Commerce; and  
3.18 (12) one member representing public employees appointed by the American  
3.19 Federation of State, County and Municipal Employees.

3.20 All members must have experience or interest in the work of system redesign or public  
3.21 sector innovation. The legislative members serve as nonvoting members. Only members  
3.22 designated in clauses (3) to (7) may vote on proposed rule or law waivers under section  
3.23 465.7903. A commissioner serving on the council may designate an employee from the  
3.24 commissioner's agency to serve as the commissioner's designee. A person registered as a  
3.25 lobbyist under chapter 10A may not be a member of the council.

3.26 Subd. 2. **Duties of council.** The council shall:

- 3.27 (1) accept applications from local government units and nonprofit organizations for  
3.28 waivers of administrative rules and temporary, limited exemptions from enforcement of  
3.29 procedural requirements in state law as provided in section 465.7903, and determine  
3.30 whether to approve, modify, or reject the application;  
3.31 (2) accept applications for grants to local government units and related organizations  
3.32 proposing to design models or plans for innovative service delivery and management as  
3.33 provided in section 465.7905, and determine whether to approve, modify, or reject the  
3.34 application;

4.1 (3) accept applications from eligible local government units for service-sharing  
4.2 grants as provided in section 465.7905, and determine whether to approve, modify,  
4.3 or reject the application;

4.4 (4) make recommendations to the legislature for the authorization of pilot projects  
4.5 for the implementation of innovative service delivery activities that require statutory  
4.6 authorization;

4.7 (5) make recommendations to the legislature regarding the elimination of state  
4.8 mandates that inhibit local government efficiency, innovation, and cooperation by  
4.9 prescribing specific processes for achieving a desired outcome;

4.10 (6) investigate and review the role of unfunded state mandates in intergovernmental  
4.11 relations and assess their impact on state and local government objectives and  
4.12 responsibilities;

4.13 (7) make recommendations to the governor and the legislature regarding:

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

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

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

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

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

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

4.30 (8) identify relevant unfunded state mandates;

4.31 (9) on a ten-year cycle, review all state agencies, boards, commissions, or councils  
4.32 for purposes of making recommendations to the legislature on whether the group should  
4.33 continue or should be sunset;

4.34 (10) facilitate proposals for grants made by eligible applicants; and

5.1 (11) make recommendations on topics to the Legislative Audit Commission for  
5.2 program evaluations that are likely to result in recommendations that will improve the  
5.3 cost-effective delivery of government services.

5.4 The duties imposed under clauses (6) to (11) must be performed to the extent  
5.5 possible given existing resources. Each recommendation under clause (7) must, to  
5.6 the extent practicable, identify the specific unfunded state mandates to which the  
5.7 recommendation applies. The commissioners or directors of state agencies responsible for  
5.8 the promulgation or enforcement of the unfunded mandates addressed in clauses (5) to  
5.9 (11) shall assist the council in carrying out the council's duties under this section.

5.10 Subd. 3. **Additional coordinating functions.** The council may also:

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

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

5.14 (3) receive recommendations from the legislative auditor concerning waivers and  
5.15 other initiatives within the council's jurisdiction;

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

5.18 (5) facilitate regional dialogue concerning successful innovation and collaboration;  
5.19 and

5.20 (6) use its best efforts to maximize public involvement in its work, including the use  
5.21 of best practices in social media.

5.22 Subd. 4. **Staff.** The council shall hire an executive director who serves as the state's  
5.23 chief innovation officer. The council may hire other staff or consultants as necessary to  
5.24 perform its duties. The commissioner of administration must provide administrative  
5.25 support services to the council.

5.26 Subd. 5. **Terms and removal.** Members serve at the pleasure of the appointing  
5.27 authority.

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

5.29 Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local  
5.30 government unit or a nonprofit organization may request the Minnesota Innovation and  
5.31 Research Council to grant a waiver from one or more administrative rules or a temporary,  
5.32 limited exemption from enforcement of state procedural laws governing delivery of  
5.33 services by the local government unit or nonprofit organization. Two or more local  
5.34 government units may submit a joint application for a waiver or exemption under this  
5.35 section if they propose to cooperate in providing a service or program that is subject to the

6.1 rule or law. Before a local unit of government may submit an application to the council,  
6.2 the governing body of the local government unit must approve, in concept, the proposed  
6.3 waiver or exemption at a meeting required to be public under chapter 13D. A waiver  
6.4 or exemption granted to a nonprofit organization under this section applies to services  
6.5 provided to all of the organization's clients.

6.6 (b) A school district that is granted a variance from rules of the commissioner of  
6.7 education under section 122A.163 need not apply to the council for a waiver of those rules  
6.8 under this section. A school district may not seek a waiver of rules under this section if  
6.9 the commissioner of education has authority to grant a variance to the rules under section  
6.10 122A.163. This paragraph does not preclude a school district from being included in a  
6.11 cooperative effort with another local government unit under this section.

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

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

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

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

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

6.23 Subd. 3. **Review process.** (a) Upon receipt of an application, the council shall  
6.24 commence review of the application, as provided in this subdivision. The council shall  
6.25 dismiss an application if it finds that the application proposes a waiver of rules or  
6.26 exemption from enforcement of laws that would result in due process violations, violations  
6.27 of federal law or the state or federal constitution, or the loss of services to people who  
6.28 are entitled to them. If the council does not dismiss an application, the council must  
6.29 publish notice in the State Register before it acts on the application. The notice must list  
6.30 the name of the local government unit or nonprofit organization requesting the waiver or  
6.31 exemption, the service or program at issue, and the rule or law with respect to which the  
6.32 waiver of exemption is sought.

6.33 (b) The council shall determine whether a law from which an exemption for  
6.34 enforcement is sought is a procedural law, specifying how a local government unit or  
6.35 nonprofit organization is to achieve an outcome, rather than a substantive law prescribing  
6.36 the outcome or otherwise establishing policy. For the purposes of this section, "procedural

7.1 law" does not include a statutory notice requirement. For purposes of this section,  
7.2 "procedural law" may not include any provision related to voting or elections. In making  
7.3 its determination, the council shall consider whether the law specifies such requirements  
7.4 as:

7.5 (1) who must deliver a service;

7.6 (2) where the service must be delivered;

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

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

7.9 (c) If a member of the council also is a commissioner, a commissioner's designee, or  
7.10 the state auditor, or is employed by an agency with jurisdiction over a rule or law affected  
7.11 by an application, the member must not participate in the decision on the particular waiver  
7.12 or exemption.

7.13 (d) If the application is submitted by a local government unit or a nonprofit  
7.14 organization in the metropolitan area or the unit or nonprofit organization requests a  
7.15 waiver of a rule or temporary, limited exemptions from enforcement of a procedural  
7.16 law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the  
7.17 council shall also transmit a copy of the application to the Metropolitan Council for  
7.18 review and comment. The Metropolitan Council shall report its comments to the council  
7.19 within 60 days of the date the application was transmitted to the Metropolitan Council.  
7.20 The Metropolitan Council may point out any resources or technical assistance it may be  
7.21 able to provide a local government unit or nonprofit organization submitting a request  
7.22 under this section.

7.23 (e) Within 15 days after receipt of the application, the council shall transmit a copy  
7.24 of it to the commissioner of each agency having jurisdiction over a rule or law from which  
7.25 a waiver or exemption is sought. The agency may mail a notice that it has received an  
7.26 application for a waiver or exemption to all persons who have registered with the agency  
7.27 under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or  
7.28 exemption is requested. If no agency has jurisdiction over the rule or law, the council shall  
7.29 transmit a copy of the application to the attorney general. The agency shall inform the  
7.30 council of its agreement with or objection to and grounds for objection to the waiver or  
7.31 exemption request within 60 days of the date when the application was transmitted to it.  
7.32 An agency's failure to respond under this paragraph is considered agreement to the waiver  
7.33 or exemption. The council shall decide whether to grant a waiver or exemption at its next  
7.34 regularly scheduled meeting following its receipt of an agency's response or the end of  
7.35 the 60-day response period. If consideration of an application is not concluded at that  
7.36 meeting, the matter may be carried over to the next meeting of the council. Interested

8.1 persons may submit written comments and requests to present oral comments to the  
8.2 council on the waiver or exemption request up to the time of its vote on the application.

8.3 (f) If the exclusive representative of the affected employees of the requesting local  
8.4 government unit objects to the waiver or exemption request, it may inform the council  
8.5 of the objection to and the grounds for the objection to the waiver or exemption request  
8.6 within 60 days of the receipt of the application.

8.7 Subd. 4. **Hearing.** If the agency or the exclusive representative does not agree  
8.8 with the waiver or exemption request, the council shall set a date for a hearing on the  
8.9 application. The hearing must be conducted informally at a meeting of the council.

8.10 Persons representing the local government unit shall present their request for the waiver or  
8.11 exemption, and a representative from the agency shall explain the agency's objection to the  
8.12 waiver or exemption. Members of the council may request additional information from  
8.13 either party. The council may also request, either before or at the hearing, information  
8.14 or comments from representatives of business, labor, local governments, state agencies,  
8.15 consultants, and members of the public. If a member of the public requests to present  
8.16 comments or information at the hearing, the council must permit the member of the  
8.17 public an opportunity to present the comments or information. If necessary, the hearing  
8.18 may be continued at a subsequent council meeting. A waiver or exemption requires a  
8.19 majority vote of the council members. The council may modify the terms of the waiver or  
8.20 exemption request in arriving at the agreement required under subdivision 5.

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

8.32 (b) If the council grants a waiver or exemption, it must report the waiver or  
8.33 exemption to the legislature, including the chairs of the governmental operations and  
8.34 appropriate policy committees in the house of representatives and senate, and the governor  
8.35 within 30 days.



9.1 (c) The council may reconsider or renegotiate the agreement if the rule or law  
9.2 affected by the waiver or exemption is amended or repealed during the term of the original  
9.3 agreement. A waiver of a rule under this section has the effect of a variance granted by  
9.4 an agency under section 14.055. The recipient of an exemption from enforcement of a  
9.5 procedural requirement in state law under this section is exempt from that law for the  
9.6 duration of the exemption. The council may require periodic reports from the recipient, or  
9.7 conduct investigations of the service or program.

9.8 Subd. 6. **Enforcement.** If the council finds that the recipient of a waiver or an  
9.9 exemption has failed to comply with the terms of the agreement under subdivision 5, it  
9.10 may rescind the agreement. After an agreement is rescinded, the recipient is subject to the  
9.11 rules and laws covered by the agreement.

9.12 Subd. 7. **Access to data.** If the recipient of a waiver or an exemption through a  
9.13 cooperative program under this section gains access to data that is classified as not public,  
9.14 the access to and use of the data for the recipient is governed by the same restrictions on  
9.15 access to and use of the data that apply to the unit that collected, created, received, or  
9.16 maintained the data.

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

9.18 Subdivision 1. **Application.** A state agency may apply to the council for a waiver  
9.19 from:

9.20 (1) an administrative rule or policy adopted by the commissioner of management  
9.21 and budget that deals with the state personnel system;

9.22 (2) an administrative rule or policy of the commissioner of administration that  
9.23 deals with the state procurement system; or

9.24 (3) a policy of the commissioner of management and budget that deals with the  
9.25 state accounting system.

9.26 Two or more state agencies may submit a joint application. A waiver application  
9.27 must identify the rule or policy at issue, and must describe the improved outcome sought  
9.28 through the waiver.

9.29 Subd. 2. **Review process.** (a) The council shall review all applications submitted  
9.30 under this section. The council shall dismiss an application if it finds that the application  
9.31 proposes a waiver that would result in due process violations, violations of federal law  
9.32 or the state or federal constitution, or the loss of services to people who are entitled to  
9.33 them. If a proposed waiver would violate the terms of a collective bargaining agreement  
9.34 effective under chapter 179A, the waiver is not effective without the consent of the  
9.35 exclusive representative that is a party to the agreement. The council may approve a

10.1 waiver only if the council determines that if the waiver is granted: (1) services can  
10.2 be provided in a more efficient or effective manner; and (2) services related to human  
10.3 resources must be provided in a manner consistent with section 43A.01. In the case of a  
10.4 waiver from a policy of the commissioner of management and budget, the council may  
10.5 approve the waiver only if it determines that services will be provided in a more efficient  
10.6 or effective manner and that state funds will be adequately accounted for and safeguarded  
10.7 in a manner that complies with generally accepted government accounting principles.

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

10.13 (c) The agency whose rule or policy is involved or an exclusive representative shall  
10.14 notify the council of its agreement with or objection to and grounds for objection to the  
10.15 waiver within 60 days of the date when the application was transmitted to the agency or  
10.16 the exclusive representative. An agency's or exclusive representative's failure to respond  
10.17 under this paragraph is considered agreement to the waiver.

10.18 (d) If the agency or the exclusive representative objects to the waiver, the council  
10.19 shall schedule a meeting at which the agency requesting the waiver may present its case  
10.20 for the waiver and the objecting party may respond. The council shall decide whether  
10.21 to grant a waiver at its next regularly scheduled meeting following its receipt of an  
10.22 agency's response, or the end of the 60-day response period, whichever occurs first. If  
10.23 consideration of an application is not concluded at the meeting, the matter may be carried  
10.24 over to the next meeting of the council. Interested persons may submit written comments  
10.25 to the council on the waiver request.

10.26 (e) If the council grants a request for a waiver, the council and the agency requesting  
10.27 the waiver shall enter into an agreement relating to the outcomes desired as a result of the  
10.28 waiver and the means of measurement to determine whether those outcomes have been  
10.29 achieved with the waiver. The agreement must specify the duration of the waiver, which  
10.30 must be for at least two years and not more than four years. If the council determines that  
10.31 an agency that has received a waiver is failing to comply with the terms of the agreement,  
10.32 the council may rescind the agreement.

10.33 Subd. 3. **Participation.** If a waiver request involves a rule or policy adopted by an  
10.34 official specified in section 465.7902, subdivision 1, clauses (3) to (7), that official may  
10.35 not participate in the evaluation of that waiver request.

11.1 Sec. 6. **[465.7905] INNOVATION AND REDESIGN GRANTS.**

11.2 Subdivision 1. **Application.** One or more local units of government, an association  
11.3 of local governments, the Metropolitan Council, a local unit of government acting in  
11.4 conjunction with an organization or a state agency, an organization established by two  
11.5 or more local units of government under a joint powers agreement, or a not-for-profit  
11.6 organization may apply to the Minnesota Innovation and Research Council for a grant  
11.7 to be used to: (1) develop models for service redesign; or (2) meet the start-up costs  
11.8 of providing shared services or functions. Agreements solely to make joint purchases  
11.9 do not qualify for grants. The application must specify a nonstate funding source for  
11.10 25 percent of the total cost of the proposal. The application to the council must state  
11.11 what other sources of funding have been considered by the local units of government to  
11.12 implement the project and explain why it is not possible to complete the project without  
11.13 assistance from the council. The council may not award a grant if it determines that the  
11.14 local units of government could complete the project without council assistance or if it  
11.15 determines the applicant has not specified a nonstate funding source for 25 percent of  
11.16 the total cost. A copy of the application must be provided by the units to the exclusive  
11.17 representatives certified under section 179A.12 to represent employees who provide the  
11.18 service or program affected by the application.

11.19 Subd. 2. **Proposals.** (a) Proposed models for service redesign may provide options  
11.20 to local governments, neighborhood or community organizations, other not-for-profit  
11.21 organizations, or individuals to redesign service delivery. In awarding grants under this  
11.22 paragraph, the council must consider whether the proposal:

11.23 (1) expands consumer choices and opportunities;

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

11.26 (3) reduces administrative costs through statewide or regional contracting, or related  
11.27 administrative efficiencies;

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

11.30 (5) fosters entrepreneurial leadership in the public sector; and

11.31 (6) increases value to the taxpayer or results per dollar spent.

11.32 (b) A proposal for a grant for shared services or functions must include plans to  
11.33 fully integrate a service or function provided by two or more local government units.

11.34 The proposal must include how value for the taxpayer or results per dollar spent will be  
11.35 impacted.

12.1 Subd. 3. **Requirements.** A copy of the work product for which the grant was  
12.2 provided must be furnished to the council upon completion, and the council may  
12.3 disseminate it to other local units of government or interested groups. If the council finds  
12.4 that the work was not completed or implemented according to the terms of the grant  
12.5 agreement, it may require the grantee to repay all or a portion of the grant. The council  
12.6 shall award grants on the basis of each qualified applicant's score under the scoring  
12.7 system in section 465.7906. The amount of a grant under subdivision 2, paragraph (a),  
12.8 may not exceed \$250,000. The amount of a grant under subdivision 2, paragraph (b),  
12.9 may not exceed \$100,000.

12.10 **Sec. 7. [465.7906] SCORING SYSTEM.**

12.11 In deciding whether to award a grant under section 465.7905, the council shall  
12.12 use the following scoring system:

12.13 (1) Up to 15 points must be awarded to reflect the extent to which the application  
12.14 demonstrates creative thinking, careful planning, cooperation, involvement of the clients  
12.15 of the affected service, and commitment to persist through challenges.

12.16 (2) Up to 25 points must be awarded to reflect the extent to which the proposed  
12.17 project is likely to improve the quality of the service, increase value to the taxpayers or  
12.18 results per dollar spent, and to have benefits for other local governments.

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

12.23 (4) Up to 15 points must be awarded to reflect the extent to which the application  
12.24 reflects the statutory goal of the grant program.

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

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

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

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

12.33 **Sec. 8. [465.7907] REPAYMENT OF GRANTS.**

13.1            Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient  
13.2 offered to repay the grant in its original application, as part of a grant awarded under  
13.3 section 465.7905, the council may require the grant recipient to repay all or part of the  
13.4 grant if the council determines the project funded by the grant resulted in an actual savings  
13.5 for the participating local units of government. The grant agreement must specify how the  
13.6 savings are to be determined and the period of time over which the savings will be used  
13.7 to calculate a repayment requirement. The repayment of grant money under this section  
13.8 must not exceed an amount equal to the total savings achieved through the implementation  
13.9 of the project.

13.10           Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant  
13.11 applications under section 465.7906, the council shall award additional points to any  
13.12 applicant that projects a potential cost savings through the implementation of its project  
13.13 and offers to repay part or all of the grant under the formula in subdivision 1.

13.14           Subd. 3. **Use of repayment revenue.** All grant money repaid to the council under  
13.15 this section is appropriated to the council for additional grants authorized by section  
13.16 465.7905.

13.17           **Sec. 9. [465.805] POLICY INNOVATION AND RESEARCH.**

13.18           Subdivision 1. **Research topics.** The council shall periodically select policy  
13.19 innovation topics suitable for review and analysis by a consortium of independent  
13.20 organizations. Topics may include general or specific functions of state government. The  
13.21 council shall give primary consideration to areas of concern where a comprehensive  
13.22 review and analysis of available research is likely to yield recommendations for policy  
13.23 changes that will provide significant efficiencies and improvements in the operation of  
13.24 state government and an increase in value to the taxpayer. Legislators and legislative  
13.25 committees may provide the council with recommendations for topics. The council shall  
13.26 make the final determination regarding the selection of topics under this section.

13.27           Subd. 2. **Request for proposal process.** (a) After making the determination of a  
13.28 research topic under subdivision 1, the council shall prepare a request for proposal relating  
13.29 to the topic that specifies:

13.30           (1) the precise topic and scope of the research required for the report to the  
13.31 commission;

13.32           (2) the deadlines for the response to the request for proposal and for the subsequent  
13.33 report; and

13.34           (3) any other restrictions or guidelines required by the commission.

14.1 The council shall make the request for proposal publicly available and must  
14.2 review responses from any interested party. A group of individuals or organizations  
14.3 may submit a response. The council may encourage the development of a collaborative  
14.4 design lab containing a cross-section of researchers and public sector designers from  
14.5 various nonprofits, businesses, foundations, and education institutions to respond to the  
14.6 request for proposal.

14.7 (b) After the deadline for submission of responses has expired, the council must hold  
14.8 a hearing to consider all submissions. The council shall consider the following factors in  
14.9 selecting a response to the request for proposal:

14.10 (1) the experience and training of individuals and organizations who will prepare the  
14.11 report to the commission;

14.12 (2) the reliability and credibility of individuals and organizations who will prepare  
14.13 the report;

14.14 (3) the proposed method of research; and

14.15 (4) the resources available for the preparation of the report.

14.16 (c) After consideration and hearing of the responses to the request for proposal, the  
14.17 council may:

14.18 (1) select a submission;

14.19 (2) revise the original request for proposal and extend the deadline for responses; or

14.20 (3) terminate the request for proposal process for the selected topic.

14.21 The chief innovation officer shall periodically communicate with the researchers  
14.22 to make sure they are focused on answering the questions outlined in the request for  
14.23 proposals.

14.24 Subd. 3. **Reports to council.** The council shall hold a hearing to receive a report  
14.25 prepared under this section and shall ensure that the governor and the relevant committees  
14.26 in the legislature are provided with notice of the report and an opportunity to review the  
14.27 report, including an opportunity for additional hearings.

14.28 Sec. 10. **[465.808] RECEIPTS; APPROPRIATION.**

14.29 (a) The council may charge a fee for the use of services provided by the council's  
14.30 staff. The receipts from fees charged under this section are deposited in a special revenue  
14.31 account and appropriated to the council for services provided under sections 465.7901 to  
14.32 465.808.

14.33 (b) The council may accept gifts and grants. Money received under this paragraph  
14.34 is deposited in a special revenue account and appropriated to the council for services  
14.35 provided under sections 465.7901 to 465.808.

15.1 Sec. 11. **[465.809] GUARANTEEING INCREASED VALUE TO THE**  
15.2 **TAXPAYER.**

15.3 Subdivision 1. **Report.** (a) The council shall report by January 15 each year to the  
15.4 governor and appropriate committees of the house of representatives and senate on its  
15.5 activities. The report shall include the amount of the council's net spending, the amount of  
15.6 savings and the increased outcomes to the taxpayer that was identified by the council, and  
15.7 the actual documented savings to state and local governments. Entities receiving grants  
15.8 or waivers from the council must document and verify savings to the taxpayer from the  
15.9 previous year's budgets.

15.10 (b) The report submitted on January 15, 2014, must: (1) demonstrate that council  
15.11 recommendations or actions have resulted in savings of at least \$3 for every \$1  
15.12 appropriated to the council through June 30, 2013; and (2) contain recommendations for  
15.13 the future that the council believes will result in at least \$20 of savings for every \$1 that  
15.14 will be appropriated to the council in the future. If the report submitted on January 15,  
15.15 2014, does not comply with this paragraph, the council expires on June 30, 2014.

15.16 Subd. 2. **Savings and increased value.** The council must make every effort to  
15.17 obtain \$3 in savings and show increased value to the taxpayer for each net state dollar  
15.18 spent by the council.

15.19 Subd. 3. **Innovative practices.** The council shall promote and drive innovative  
15.20 practices and must make annual recommendations to the legislature. One or all of these  
15.21 recommendations may be in partnership with an individual, foundations, nonprofits, or  
15.22 businesses. The council may make endorsements of proposals of individuals, foundations,  
15.23 nonprofits, or businesses when making recommendations. The council must make annual  
15.24 recommendations to:

15.25 (1) recommend at least \$20 in savings and show increased outcomes to the taxpayer  
15.26 for each net state dollar spent by the council. These savings may be spread out over  
15.27 various budget items;

15.28 (2) recommend policy changes that will quantifiably improve desired outcome  
15.29 attainment to the taxpayer as compared to dollars spent. This shall not be limited to  
15.30 efficiency but may also include developing new approaches to achieve desired outcomes;

15.31 (3) highlight existing innovative practices or partnerships in the state; and

15.32 (4) recommend innovative models, which may include state and local government  
15.33 structural redesign, from across the country to the legislature; highlight innovative  
15.34 practices from past or contemporary reports; recommend evidence-based service delivery  
15.35 methods for this state; or recommend theory-based working models of approaches to  
15.36 policy.

16.1 Sec. 12. **[465.8091] SUNSET.**

16.2 Sections 465.7901, 465.7902, 465.7903, 465.7904, 465.7905, 465.7906, 465.7907,  
16.3 465.805, 465.808, and 465.809 expire June 30, 2018.

16.4 Sec. 13. **APPROPRIATIONS.**

16.5 \$50,000 is appropriated from the general fund for the fiscal year ending June 30,  
16.6 2011, to the Minnesota Innovation and Research Council for the following purposes:

16.7 (1) operation and administration of the council;

16.8 (2) grants for models for service redesign;

16.9 (3) grants for shared services and functions;

16.10 (4) policy innovation and research; and

16.11 (5) the strategic plan report under article 1, section 1.

16.12 The appropriations in this section are contingent on receiving a dollar-for-dollar  
16.13 match from private sources. This is a onetime appropriation.

16.14 Sec. 14. **REPEALER.**

16.15 Minnesota Statutes 2008, section 6.80, is repealed.