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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **3639**

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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

1.1 A bill for an act
1.2 relating to state government; establishing certain requirements for state contracts
1.3 valued at more than \$100,000; proposing coding for new law in Minnesota
1.4 Statutes, chapter 16C.

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

1.6 Section 1. **[16C.051] REQUIREMENTS FOR CONTRACTS OVER \$100,000.**

1.7 Subdivision 1. **Application.** This section applies to a contract with an estimated
1.8 value of \$100,000 or more. The requirements imposed by this section are in addition
1.9 to, and do not supersede, the requirements of any other applicable section of law. This
1.10 section does not apply to a Department of Transportation contract that is subject to
1.11 section 161.3203.

1.12 Subd. 2. **Required review.** (a) Before entering into a contract subject to this section,
1.13 the agency head must prepare a comprehensive written estimate of the cost of having the
1.14 same work provided in the most cost-effective manner by agency employees. The cost
1.15 estimate must include all costs of having agency employees provide the work, including
1.16 the cost of pension, insurance, and all other employee benefits. The cost estimate is
1.17 nonpublic data, as defined in section 13.02, subdivision 9, until the day after the deadline
1.18 for receipt of responses under paragraph (b).

1.19 (b) After soliciting and receiving responses, the agency head shall publicly designate
1.20 the responder to which it proposes to award the contract. The commissioner shall prepare
1.21 a comprehensive written estimate of the cost of the proposal based on the designated
1.22 responder's bid, including costs associated with monitoring the proposed contract. If the
1.23 designated responder proposes to perform any or all of the desired services outside the
1.24 state, the commissioner shall include in the cost estimate, as nearly as possible, any loss of

2.1 sales and income tax revenue to the state. The cost estimate must not include trade secret
2.2 data which is classified as nonpublic data under section 13.37, subdivision 2.

2.3 (c) An agency may not enter into a contract subject to this section unless the agency
2.4 head determines that:

2.5 (1) the cost estimated under paragraph (b) will be lower than the cost estimated
2.6 under paragraph (a);

2.7 (2) the quality of the work to be provided by the designated responder is likely to
2.8 equal or exceed the quality of services that could be provided by state employees;

2.9 (3) the contract, together with other contracts to which the department is or has been
2.10 a party, will not violate section 16C.08 or 16C.09, or otherwise reduce full-time equivalent
2.11 positions within the department; and

2.12 (4) the proposed contract is in the public interest.

2.13 Subd. 3. **Reports.** The commissioner of administration must report to the legislature
2.14 by September 1 each year, in compliance with sections 3.195 and 3.197, on implementation
2.15 of this section. The report must list all contracts subject to this section that were executed
2.16 or performed, whether wholly or in part, in the previous fiscal year. The report must
2.17 identify, with respect to each contract: the contractor; contract amount; duration; work,
2.18 provided or to be provided; the comprehensive estimate derived under subdivision 2,
2.19 paragraph (a); the comprehensive estimate derived under subdivision 2, paragraph (b); the
2.20 actual cost to the agency of the contractor's performance of the contract; and a statement
2.21 containing the agency head's determinations under subdivision 2, paragraph (c).

2.22 Subd. 4. **Short title.** This section may be cited as the "Taxpayers Accountability
2.23 Act."