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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4087

03/04/2020 Authored by Marquart The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to local government; reestablishing the Council on Local Results and
1.3 Innovation; modifying program requirements; appropriating money; amending
1.4 Minnesota Statutes 2018, sections 6.90; 6.91.

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

1.6 Section 1. Minnesota Statutes 2018, section 6.90, is amended to read:

1.7 6.90 COUNCIL ON LOCAL RESULTS AND INNOVATION.

1.8 Subdivision 1. Creation. (a) 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 appointed by the chair of the Property and Local Sales Tax Division of
1.12 committee with jurisdiction over taxes in the house of representatives Taxes Committee;

1.13 (3) two persons appointed by the designated lead member of the largest minority party
1.14 of the Property and Local Sales Tax Division of committee with jurisdiction over taxes in
1.15 the house of representatives Taxes Committee;

1.16 (4) four persons appointed by the Subcommittee on Committees of the Senate Rules and
1.17 Administration Committee committee with jurisdiction over committee appointments in
1.18 the senate;

1.19 (5) one person appointed by the Association of Minnesota Counties; and

1.20 (6) one person appointed by the League of Minnesota Cities.

2.1 (b) Each appointment under paragraph (a), clauses (2) to (4), must include one person
 2.2 with expertise or interest in county government and one person with expertise or interest
 2.3 in city government. No members appointed under paragraph (a), clauses (2) to (4), may be
 2.4 members of the legislature. The appointing authorities must use their best efforts to ensure
 2.5 that a majority of council members have experience with local performance measurement
 2.6 systems programs. The membership of the council must include geographically balanced
 2.7 representation as well as representation balanced between large and small jurisdictions. The
 2.8 appointments under paragraph (a), clauses (2) to (6), must be made within two months of
 2.9 the date of enactment.

2.10 (c) Appointees to the council under paragraph (a), clauses (2) to (4), serve terms of four
 2.11 years, except that one of each of the initial appointments under paragraph (a), clauses (2)
 2.12 to (4) shall, serve a term of two years; Each appointing agent must designate which appointee
 2.13 is serving the two-year term. Subsequent appointments for members appointed under
 2.14 paragraph (a), clauses (2) to (4), must be made by the council, including appointments to
 2.15 replace any appointees who might resign from the council ~~prior to completion of~~ before
 2.16 completing their term. Appointees under paragraph (a), clauses (2) to (4), are not eligible
 2.17 to vote on appointing their successor, nor on the successors of other appointees whose terms
 2.18 are expiring contemporaneously. In making appointments, the council shall make all possible
 2.19 efforts to reflect the geographical distribution and meet the qualifications of appointees
 2.20 required of the initial appointees. Subsequent appointments for members appointed under
 2.21 paragraph (a), clauses (5) and (6), must be made by the original appointing authority.
 2.22 Appointees to the council under paragraph (a), clauses (2) to (6), may serve no more than
 2.23 two consecutive terms.

2.24 (d) In the event of a vacancy under paragraph (a), clauses (2) to (6), that the council is
 2.25 unable to fill, the state auditor shall provide notification to the original appointing authority
 2.26 for each vacant position, and the appointing authority shall make new appointments in
 2.27 accordance with the requirements for initial appointments within two months of the
 2.28 notification.

2.29 Subd. 2. **Duties.** ~~(a) By February 15, 2011, the council shall develop a standard set of~~
 2.30 ~~approximately ten performance measures for counties and ten performance measures for~~
 2.31 ~~cities that will aid residents, taxpayers, and state and local elected officials in determining~~
 2.32 ~~the efficacy of counties and cities in providing services, and measure residents' opinions of~~
 2.33 ~~those services. In developing its measures, the council must solicit input from private citizens.~~
 2.34 ~~Counties and cities that elect to participate in the standard measures system shall report~~
 2.35 ~~their results to the state auditor under section 6.91, who shall compile the results and make~~

3.1 ~~them available to all interested parties by publishing them on the auditor's website and report~~
 3.2 ~~them to the legislative tax committees. Each year after the initial designation of performance~~
 3.3 ~~measures, the council shall evaluate the usefulness of the standard set of performance~~
 3.4 ~~measures and may revise the set by adding or removing measures as it deems appropriate.~~

3.5 ~~(b) By February 15, 2012, the council shall develop minimum standards for~~
 3.6 ~~comprehensive performance measurement systems, which may vary by size and type of~~
 3.7 ~~governing jurisdiction.~~

3.8 (a) Each year, the council must evaluate, in conjunction with the requirements provided
 3.9 in paragraphs (b) and (c), the usefulness of the current standard set of performance measures
 3.10 and may revise the set by adding or removing measures as it deems appropriate.

3.11 (b) The set of performance measures must contain at least ten measures for counties and
 3.12 ten measures for cities that will aid residents, taxpayers, and state and local elected officials
 3.13 in determining the efficacy of counties and cities in providing services and will measure
 3.14 residents' opinions of those services.

3.15 (c) The council must solicit input from private citizens.

3.16 ~~(e)~~ (d) In addition to its specific duties under paragraphs (a) and (b) to (c), the council
 3.17 shall generally promote the use of performance measurement measurements for governmental
 3.18 entities across the state and shall serve as a resource for all governmental entities seeking
 3.19 to implement a system of local performance measurement program. The council may
 3.20 highlight and promote systems programs that are innovative, or are ones that it deems to be
 3.21 best practices of local performance measurement systems programs across the state and
 3.22 nation. The council should give preference in its recommendations to systems programs
 3.23 that are results-oriented. The council may, with the cooperation of the state auditor, establish
 3.24 and foster a collaborative network of practitioners of local performance measurement systems
 3.25 programs. The council may support the Association of Minnesota Counties and the League
 3.26 of Minnesota Cities to seek and receive private funding to provide expert technical assistance
 3.27 to local governments for the purposes of replicating best practices.

3.28 ~~Subd. 3. Reports. (a) The council shall report its initial set of standard performance~~
 3.29 ~~measures to the Property and Local Sales Tax Division of the house of representatives Taxes~~
 3.30 ~~Committee and the Taxes Division on Property Taxes of the senate Taxes Committee by~~
 3.31 ~~February 28, 2011.~~

3.32 ~~(b)~~ By February 1 of each subsequent year, the council shall report to the committees
 3.33 with jurisdiction over taxes in the house of representatives and the senate on participation
 3.34 in and results of the local performance measurement system program, along with any

4.1 revisions in the standard set of performance measures for the upcoming year. These reports
 4.2 may be made by the state auditor in lieu of the council if agreed to by the auditor and the
 4.3 council.

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

4.6 (b) The chair of the council shall be elected by the members. Once elected, a chair ~~shall~~
 4.7 ~~serve~~ serves a term of two years.

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

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

4.11 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council must
 4.12 be open to the public and the council must provide notice of a meeting on the state auditor's
 4.13 website at least seven days before the meeting. A meeting of the council occurs when a
 4.14 quorum is present.

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

4.18 ~~Subd. 5. **Expiration.** The council expires on January 1, 2020.~~

4.19 **EFFECTIVE DATE.** This section is effective retroactively from December 31, 2019.

4.20 Sec. 2. Minnesota Statutes 2018, section 6.91, is amended to read:

4.21 **6.91 LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

4.22 Subdivision 1. ~~**Reports of local performance measures**~~ **Purpose.** (a) ~~A county or city~~
 4.23 ~~that elects to participate in the standard measures program must report its results to its~~
 4.24 ~~citizens annually through publication, direct mailing, posting on the jurisdiction's website,~~
 4.25 ~~or through a public hearing at which the budget and levy will be discussed and public input~~
 4.26 ~~allowed.~~ The purpose of this section is to encourage local governments to participate in the
 4.27 local performance measurement program administered by the state auditor and to further
 4.28 public engagement in implementing and improving performance measures selected by the
 4.29 participating local government.

4.30 (b) ~~Each year, jurisdictions participating in the local performance measurement and~~
 4.31 ~~improvement program must file a report with the state auditor by July 1, in a form prescribed~~
 4.32 ~~by the auditor. All reports must include a declaration that the jurisdiction has complied with,~~

5.1 ~~or will have complied with by the end of the year, the requirement in paragraph (a). For~~
 5.2 ~~jurisdictions participating in the standard measures program, the report shall consist of the~~
 5.3 ~~jurisdiction's results for the standard set of performance measures under section 6.90,~~
 5.4 ~~subdivision 2, paragraph (a). In 2012, jurisdictions participating in the comprehensive~~
 5.5 ~~performance measurement program must submit a resolution approved by its local governing~~
 5.6 ~~body indicating that it either has implemented or is in the process of implementing a local~~
 5.7 ~~performance measurement system that meets the minimum standards specified by the council~~
 5.8 ~~under section 6.90, subdivision 2, paragraph (b). In 2013 and thereafter, jurisdictions~~
 5.9 ~~participating in the comprehensive performance measurement program must submit a~~
 5.10 ~~statement approved by its local governing body affirming that it has implemented a local~~
 5.11 ~~performance measurement system that meets the minimum standards specified by the council~~
 5.12 ~~under section 6.90, subdivision 2, paragraph (b). For the purpose of this section:~~

5.13 (1) "local government" means any county or statutory or home rule charter city of this
 5.14 state; and

5.15 (2) "participating local government" means any local government that elects to participate
 5.16 in the local performance measurement program.

5.17 **Subd. 2. ~~Benefits of participation~~ Duties of the state auditor.** (a) ~~A county or city that~~
 5.18 ~~elects to participate in the standard measures program for 2011 is: (1) eligible for per capita~~
 5.19 ~~reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity;~~
 5.20 ~~and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012,~~
 5.21 ~~if levy limits are in effect.~~

5.22 (b) ~~Any county or city that elects to participate in the standard measures program for~~
 5.23 ~~2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000~~
 5.24 ~~for any government entity. Any jurisdiction participating in the comprehensive performance~~
 5.25 ~~measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes~~
 5.26 ~~payable in 2013 if levy limits are in effect.~~

5.27 (c) ~~Any county or city that elects to participate in the standard measures program for~~
 5.28 ~~2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita, but~~
 5.29 ~~not to exceed \$25,000 for any government entity. Any jurisdiction participating in the~~
 5.30 ~~comprehensive performance measurement program for 2013 or any year thereafter is exempt~~
 5.31 ~~from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if~~
 5.32 ~~levy limits are in effect.~~

5.33 The Office of the State Auditor must:

5.34 (1) provide guidance for complying with this section on its website;

6.1 (2) prescribe the form on which participating local governments will report their
 6.2 compliance with this section; and

6.3 (3) compile the results from the reports provided by participating local governments and
 6.4 publish the results on its website.

6.5 Subd. 3. **Certification of participation Program performance measures.** ~~(a) The state~~
 6.6 ~~auditor shall certify to the commissioner of revenue by August 1 of each year the counties~~
 6.7 ~~and cities that are participating in the standard measures program and the comprehensive~~
 6.8 ~~performance measurement program. Each year, a participating local government must select~~
 6.9 ~~the following from the list of performance measures established by the council under section~~
 6.10 6.90:

6.11 (1) at least ten performance measures to evaluate; and

6.12 (2) at least one performance measure needing improvement to adopt and determine a
 6.13 strategy and plan for its improvement.

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

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

6.19 Subd. 4. **Appropriation Citizen workshop meeting.** ~~(a) The amount necessary to fund~~
 6.20 ~~obligations under subdivision 2 is annually appropriated from the general fund to the~~
 6.21 ~~commissioner of revenue. A participating local government must hold a citizen workshop~~
 6.22 meeting to:

6.23 (1) identify the ten performance measures selected for evaluation;

6.24 (2) determine a strategy and adopt a plan for improvement of at least one performance
 6.25 measure;

6.26 (3) review and report the results of the performance measures implemented in the previous
 6.27 year, if applicable; and

6.28 (4) provide an opportunity for public comment.

6.29 ~~(b) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is~~
 6.30 ~~annually appropriated from the general fund to the state auditor to carry out the auditor's~~
 6.31 ~~responsibilities under sections 6.90 to 6.91. The meeting described in paragraph (a) must~~
 6.32 be held between August 15 and September 15 each year, no earlier than 6:00 p.m. Notice

7.1 of the meeting must be provided to the public by posting on the local government's website
 7.2 or through direct mail at least 15 days before the meeting date. This meeting must be held
 7.3 before and separate from the meeting at which the local government sets its preliminary
 7.4 budget and levy.

7.5 Subd. 5. **Final meeting; resolution.** At the meeting at which a participating local
 7.6 government sets its final budget and levy, under section 275.07, subdivision 1, the
 7.7 participating local government must approve a resolution declaring that:

7.8 (1) it adopted, implemented, and identified for improvement at least one performance
 7.9 measure to be implemented in the following year;

7.10 (2) it developed a plan for the performance measure's improvement;

7.11 (3) it held a citizen workshop meeting during which it presented the performance
 7.12 measures selected for the upcoming year to the public and allowed for public comment;
 7.13 and

7.14 (4) performance measure results from the previous year, if applicable, were made public
 7.15 as required by subdivision 6.

7.16 Subd. 6. **Reporting requirements.** (a) A participating local government must report
 7.17 the program results to its citizens annually through publication, direct mailing, posting on
 7.18 the local government's website, or through the citizen workshop meeting.

7.19 (b) By July 1 each year, a participating local government must report to the state auditor
 7.20 a declaration from the local government's governing body that it has complied with the
 7.21 requirements of subdivisions 3 to 6, certifying its completion of the performance measures
 7.22 in the previous year. The declaration must contain the local government's resolution adopted
 7.23 at the final meeting.

7.24 Subd. 7. **Reimbursement calculation.** (a) Beginning in calendar year 2021 and thereafter,
 7.25 each participating local government that has satisfied the requirements under this section
 7.26 is eligible for a per capita reimbursement.

7.27 (b) For eligible counties, the reimbursement is calculated as follows:

7.28 (1) for a county with a population up to 10,000, the payment is equal to \$4 per capita to
 7.29 a maximum of \$20,000;

7.30 (2) for a county with a population between 10,001 and 30,000, the reimbursement is
 7.31 equal to \$2 per capita to a maximum of \$30,000; and

8.1 (3) for a county with a population over 30,000, the reimbursement is equal to \$1 per
8.2 capita to a maximum of \$150,000.

8.3 (c) For eligible cities, the reimbursement is calculated as follows:

8.4 (1) for a city with a population up to 500, the reimbursement is equal to \$8 per capita
8.5 to a maximum of \$2,000;

8.6 (2) for a city with a population between 501 and 2,500, the reimbursement is equal to
8.7 \$5 per capita to a maximum of \$5,000; and

8.8 (3) for a city with a population over 2,500, the reimbursement is equal to \$2 per capita
8.9 to a maximum of \$50,000.

8.10 (d) For purposes of this section, the population data used for the calculation of a
8.11 reimbursement is the population of each eligible local government as of January 1 of the
8.12 reimbursement distribution year according to data provided by the state demographer.

8.13 Subd. 8. Certification of participation; calculation of payment. (a) By August 1 each
8.14 year, the state auditor shall certify to the commissioner of revenue the counties and cities
8.15 that are participating in the local performance measurement program and are eligible to
8.16 receive a reimbursement.

8.17 (b) By October 1 each year, the commissioner of revenue shall certify to the eligible
8.18 local governments the amount of reimbursement it will receive.

8.19 (c) The commissioner of revenue shall make per capita aid payments under this section
8.20 on the second payment date specified in section 477A.015, paragraph (a).

8.21 Subd. 9. Appropriation. (a) The amount necessary to fund obligations under this section
8.22 is annually appropriated from the general fund to the commissioner of revenue.

8.23 (b) \$6,000 is annually appropriated from the general fund to the state auditor to carry
8.24 out the responsibilities under this section and section 6.90.

8.25 **EFFECTIVE DATE.** This section is effective for reimbursements made in 2021.