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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 325

01/25/2021

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The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act

1.2 relating to local government; repealing the political subdivision compensation

1.3 limit; making a conforming change; amending Minnesota Statutes 2020, section

1.4 473.606, subdivision 5; repealing Minnesota Statutes 2020, section 43A.17,

1.5 subdivision 9.

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

1.7 Section 1. Minnesota Statutes 2020, section 473.606, subdivision 5, is amended to read:

1.8 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation

1.9 shall have the power to appoint engineers and other consultants, attorneys, and such other

1.10 officers, agents, and employees as it may see fit, who shall perform such duties and receive

1.11 such compensation as the corporation may determine ~~notwithstanding the provisions of~~

1.12 ~~section 43A.17, subdivision 9~~, and be removable at the pleasure of the corporation. The

1.13 corporation must adopt an affirmative action plan, which shall be submitted to the appropriate

1.14 agency or office of the state for review and approval. The plan must include a yearly progress

1.15 report to the agency or office. Whenever the corporation performs any work within the

1.16 limits of a city of the first class, or establishes a minimum wage for skilled or unskilled

1.17 labor in the specifications or any contract for work within one of the cities, the rate of pay

1.18 to such skilled and unskilled labor must be the prevailing rate of wage for such labor in that

1.19 city.

1.20 Sec. 2. **REPEALER.**

1.21 Minnesota Statutes 2020, section 43A.17, subdivision 9, is repealed.

2.1 Sec. 3. **EFFECTIVE DATE.**

2.2 Sections 1 and 2 are effective the day following final enactment.

43A.17 SALARY LIMITS, RATES, RANGES AND EXCEPTIONS.

Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, excluding a school district, may not exceed 110 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) must be adjusted annually in January. The limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which must be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which must not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation is the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathic medicine occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation must be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.