

Memo for the November 19, 2025 Legislative-Citizen Commission on Minnesota Resources Meeting

DATE of MEMO: November 18, 2025

AGENDA ITEM: 6a, Potential Policy Revisions for Consideration

SUBJECT: LCCMR conflict of interest (COI) policies

Executive Summary

Staff was asked to solicit input from members about the LCCMR's conflict-of-interest policy, including changes made to statute in 2023 that prohibited members from voting on the recommendations package in certain circumstances. Based on survey results, staff have developed some initial options for modifications of statute, policy, or procedure to address issues identified. If members can provide staff direction during the November 19, 2025 meeting on which (if any) options they would like to pursue further, staff can develop or refine the options for potential adoption at a future meeting(s).

Background

The LCCMR has a conflict-of-interest policy for members as part of its adopted operating procedures. The policy is grounded in state law and was updated in 2023 in response to a statutory change that restricts a member's ability to vote on a recommendations package if the recommendations "relate to an organization" with which the member has a direct personal financial interest (paragraph (b) of MS 116P.09 Subd 6 *Conflict of interest*). The statutory change also reduces the threshold of votes required for approving recommendations if such a conflict exists.

Following concerns being raised during several LCCMR meetings, staff was asked to solicit input from the Commission about how the LCCMR's conflict-of-interest policy is working so the Commission could consider any adjustments to the policy. Staff gathered input through a survey of all Commission members. Survey results show several members expressing concern with the recent addition to policy, the different types of conflicts (e.g., direct financial, indirect financial, and non-financial), and the way each is managed. Members were aligned on several procedures and examples of conflicts, however it appears more clarity and guidance may be needed. Several members also commented on other aspects of the policy that may need to be addressed, and some members made specific suggestions for improvements. The responses to the survey are posted separately in their entirety.

Staff have developed options for addressing concerns and suggestions below. Options include potential changes to statute, policy, and procedure. Staff request guidance from members at the November 19, 2025 meeting about which, if any, of the options it would like to consider further so staff can develop or refine the options for potential adoption at future meeting(s).

Potential Options for Change

A. Statute options

Some of the concerns members raised about conflicts of interest could be addressed by recommending the Legislature modify statute. If members indicate which (if any) of the following options the commission would like to pursue, staff could develop bill language for consideration at the December 10, 2025 meeting. Adopting bill language as a recommendation to the Legislature would require 11 affirmative votes.

1. *Narrow the voting restriction.* Recommend the Legislature *revise* paragraph (b) of MS 116P.09 Subd 6 *Conflict of interest* to narrow the prohibition on voting on the final recommendations package to only when the organization with which the member has a direct personal financial interest *is being recommended to receive funding*. This revision would still result in some members not being able to vote on the final recommendations package, but the instances in which that would happen would be narrowed from the current broad approach.
2. *Replace with a different prohibition.* Recommend the Legislature *replace* paragraph (b) of MS 116P.09 Subd 6 *Conflict of interest*, with the following prohibition currently only found in Commission policy: members cannot serve as project manager for or receive personal funding from a proposal being reviewed or funded. This replacement would restore the conflict-of-interest rules in place before 2023 but would emphasize the existing prohibition related to conflict of interest. Besides this prohibited conflict, all other conflicts would be managed the same.
3. *Repeal the 2023 statute change.* Recommend the Legislature *repeal* paragraph (b) of MS 116P.09 Subd 6 *Conflict of interest* that prohibits members from voting on the final recommendations package if that package relates to an organization with which the member has a direct personal financial interest (even if the organization would not receive funding through any proposal). This would result in the LCCMR operating under the conflict-of-interest rules that applied before 2023. Members would still be prohibited via policy from being the project manager for or directly receiving funds through a proposal. Besides this prohibited conflict, all other conflicts would be managed the same..

B. Procedure options

Formally at a Commission level or informally at a staff level, procedures could be updated to address concerns raised in responses to the survey. If members indicate which (if any) of the following options they would like to pursue, staff could further develop them for future use or consideration by members, ideally before reviewing proposals in response to the 2027 RFP.

1. LCCMR could build in steps for soliciting potential conflicts from members and developing a conflict-of-interest management plan for members at the beginning of their term. The management plan would define organizational boundaries (e.g., if a member who is a state employee must refrain from votes related to all state agencies or just their specific state agency) and guide other complex conflict-of-interest situations. This would require securing arrangements with House and Senate non-partisan research and legal staff (or other resources) to assist with determinations and management plan writing.

2. Procedures could be updated to include any of the following:
 - a. Clarifying responsibilities, procedures, and timing for declaring and determining conflicts of interest
 - b. Sharing more details of members' conflicts of interest with the full commission
 - c. Sharing individual member management plans/results for conflicts of interest with the full commission
 - d. Identifying when conflict-of-interest decisions should be elevated to the full commission
 - e. Establishing procedures for responding to member or non-member concerns about a non-declared potential conflict of interest
 - f. Clarifying if, and when, it is appropriate for members to request feedback from colleagues or organizations on proposals, especially when that colleague or organization also has a proposal pending

C. Policy options

The conflict-of-interest policy components that are in LCCMR's operational procedures (i.e., not statute) could be revised to address several of the concerns raised in responses to the survey. If members indicate which (if any) of the following options they would like to pursue, staff could further develop the options for consideration by members at a future meeting(s), ideally before reviewing proposals in response to the 2027 RFP.

1. Define and/or provide examples of each: direct personal financial interest, indirect personal financial interest, and non-financial conflicts of interest.
2. Provide examples of *bias* that are not considered a conflict of interest and do not need to be managed.
3. Clarify where possible which examples *are* conflicts versus which *may be* conflicts.
4. Clarify that once declared, a conflict of interest may not be withdrawn.

Sample Motion

Member _____ moves to request staff further develop options [A1/A2/A3; B1, B2a, B2b, B2c, etc; C1, C2, C3, C4]