

Notwithstanding Minnesota Statutes, section 353.64, subdivision 1, or any other general or special law to the contrary, a person employed by the county of Polk as a deputy sheriff, on the effective date of this act shall be deemed to have been a member of the public employees police and fire fund established by Minnesota Statutes, sections 353.63 to 353.68 and not of the Crookston police relief association for the period from January 4, 1953 November 1, 1952 to December 31 January 15, 1957, when that person was employed as an officer by the Crookston police department. The amount and manner of payment shall be governed by the provisions of Laws 1982, chapter 578, article II, section 2, subdivisions 1 to 3, as amended. Any employee contributions made to the Crookston policeman's relief association shall be transferred to the public employees police and fire fund as a portion of the employee payment. Upon receipt of the required amounts by the public employees police and fire fund, credit shall be given to the officer for service as a member for the period ~~from January 4, 1953 to December 31, 1957~~ specified.

Sec. 26. **REPEALER.**

Minnesota Statutes, sections 422A.05, subdivision 7; and 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4, are repealed.

Sec. 27. **EFFECTIVE DATE; LOCAL APPROVAL.**

This act is effective the day following final enactment, subject to the following conditions. Sections 1 and 5 apply to applications for refunds filed after July 1, 1983. Section 8 and the repeal of Laws 1982, chapter 519, section 4, are retroactive to July 1, 1982. Sections 10, 16, and 23 are retroactive to January 1, 1983. Sections 18, 19, and 20 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

Approved June 7, 1983

CHAPTER 287 — H.F.No. 575

An act relating to labor; providing for a competitive state insurance fund; ratifying changes in the state employee bargaining unit composition schedule; ratifying state and University of Minnesota labor agreements, compensation plans, and plans for early retirement incentives; appropriating money; amending Minnesota Statutes 1982, section 179.741, subdivision 1, and by adding a subdivision; proposing new law coded as Minnesota Statutes, chapter 176A.

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

Article 1

Section 1. Minnesota Statutes 1982, section 179.741, subdivision 1, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **STATE EMPLOYEES.** Subject to the provisions of section 179.742, subdivision 5, all appropriate units of state employees certified as of April 25, 1980 are abolished. The following shall be the appropriate units of executive branch state employees for the purposes of sections 179.61 to 179.76. All units shall exclude employees excluded by section 179.74, subdivision 4 and supervisory employees shall only be assigned to units 12 and 16. Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. No additional units of executive branch state employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of all sworn state patrol personnel, all uniformed conservation officers, and all criminal apprehension agents.

(2) Craft, maintenance, and labor unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(3) Service unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(4) Health care nonprofessional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(5) Health care professional unit. This unit shall consist of all positions which are required to be filled by registered nurses.

(6) Clerical and office unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(7) Technical unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(8) Correctional Guards unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

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(9) State university instructional unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(10) Community college instructional unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(11) State university administrative unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(12) Professional engineering ~~supervisory~~ unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(13) Health treatment unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(14) General professional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(15) Professional state residential instructional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

(16) Supervisory employees unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through ~~June 16, 1981~~ May 4, 1982.

Sec. 2. Minnesota Statutes 1982, section 179.741, is amended by adding a subdivision to read:

Subd. 1a. UNIT 12 EMPLOYEES. Notwithstanding the changes made in the composition of unit 12 by this act, employees in unit 12 shall continue to be treated as supervisory employees for purposes of the right to strike and for purposes of interest arbitration.

Sec. 3. AMENDED UNIT COMPOSITION SCHEDULE.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The unit composition schedule for state employees adopted by the legislative commission on employee relations on March 24, 1980, as amended through the effective date of this section, is amended by striking the job classifications entitled "police training course supervisor" and "police training instructor" from unit (14) and inserting those job classifications into unit (1).

Sec. 4. STATE EMPLOYEE RATIFICATION.

Subdivision 1. NEGOTIATED SUPPLEMENTAL AGREEMENTS. The supplemental agreements negotiated between the state and the exclusive representatives of state bargaining units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, and 16, providing for early retirement incentives, which were given interim approval by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.

Subd. 2. COMMISSIONER'S PLAN. The terms of the commissioner of employee relations' plan for unrepresented state employees, as amended and given interim approval by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.

Sec. 5. UNIVERSITY RATIFICATION.

Subdivision 1. EARLY RETIREMENT. The supplemental labor agreements and other compensation plans approved by the board of regents, providing early retirement incentives for University of Minnesota employees, as approved by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.

Subd. 2. UNREPRESENTED EMPLOYEES SALARY SUPPLEMENTS. The salary supplements provided in the University of Minnesota regents' compensation plans, as approved by the legislative commission on employee relations after adjournment of the 1982 legislature, are approved for the following groups of unrepresented employees: nursing, clerical and office, technical, twin city instructional, noninstructional professional, outstate instructional, supervisory, managerial and confidential, and graduate assistants.

Subd. 3. DULUTH AND WASECA. The salary supplements provided in the labor agreement between the regents of the University of Minnesota and the university education association, representing the organized faculty at the Duluth and Waseca campuses, is ratified, as approved by the legislative commission on employee relations on January 31, 1983.

Sec. 6. EFFECTIVE DATE.

Sections 1, 2, 4, and 5 are effective the day following final enactment. Section 3 is effective July 1, 1983.

Changes or additions are indicated by underline, deletions by strikeout.

ARTICLE 2

Section 1. [176A.01] DEFINITIONS.

Subdivision 1. APPLICATION. For the purposes of sections 1 to 13, the terms defined in this section have the meanings given them.

Subd. 2. "Manager" means the manager of the state compensation insurance fund.

Subd. 3. "Fund" means the state compensation insurance fund.

Subd. 4. "Board" means the board of directors of the state compensation insurance fund.

Subd. 5. "Personal injury" or "injury" has the meaning given to it in section 176.011, subdivision 16.

Sec. 2. [176A.02] CREATION; PURPOSE; ORGANIZATION OF THE FUND.

Subdivision 1. FUND CREATED. The fund is created as a nonprofit independent public corporation for the purpose of insuring employers against liability for personal injuries for which their employees may be entitled to benefits under chapter 176.

Subd. 2. BOARD OF DIRECTORS. The board of directors consists of seven members and the commissioner of labor and industry who shall be an ex officio member. Each director shall hold office until a successor is appointed and qualifies. Each director shall represent a policyholder and may be an employee of a policyholder. A policyholder may designate a person to represent them on the board. The initial board of directors shall be appointed by the governor and shall consist of seven members, and the commissioner of labor and industry. Each member of the initial board shall be either an employer or employee. If the fund is operational and issuing policies upon the expiration of the terms of the initial board and thereafter, the governor shall appoint every other director until the governor has made four appointments. The remaining three directors shall be chosen by the fund's policyholders. In addition to the commissioner, no more than one member of the board shall be a representative of a governmental entity. At least two members of the board shall represent private, for profit, enterprises. No member of the board may represent or be an employee of an insurance company.

The membership terms shall be as provided in section 15.0575. The membership compensation shall be set by the board.

The board shall annually elect a chairman from among its members and other officers it deems necessary for the performance of its duties.

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Subd. 3. FUND MANAGEMENT. The management and control of the fund is vested solely in the board.

Subd. 4. POWERS AND DUTIES OF THE BOARD. The board is vested with full power, authority, and jurisdiction over the fund. The board may perform all acts necessary or convenient in the exercise of any power, authority, or jurisdiction over the fund, either in the administration of the fund or in connection with the insurance business to be carried on by it under the provisions of this chapter, as fully and completely as the governing body of a private insurance carrier to fulfill the objectives and intent of this chapter.

Subd. 5. MANAGER. The fund is under the administrative control of the manager appointed by the board pursuant to section 5.

Subd. 6. PERSONAL LIABILITY, EXCLUDED. The members of the board and officers or employees of the fund are not liable personally, either jointly or severally, for any debt or obligation created or incurred by the fund.

Sec. 3. [176A.03] SPECIFIC POWERS OF THE FUND.

Subdivision 1. GENERAL. For the purpose of carrying out its function the fund has the powers specified in this section.

Subd. 2. INSURE WORKERS' COMPENSATION LIABILITY. The fund may insure an employer against any workers' compensation claim arising out of and in the course of employment, as fully as any other insurer.

Sec. 4. [176A.04] GENERAL POWERS.

For the purpose of exercising the specific powers granted in this chapter and effectuating the other purposes of this chapter, the fund:

- (a) may sue and be sued;
- (b) may have a seal and alter it at will;
- (c) may make, amend, and repeal rules relating to the conduct of the business of the fund;
- (d) may enter into contracts relating to the administration of the fund;
- (e) may rent, lease, buy, or sell property in its own name and may construct or repair buildings necessary to provide space for its operations;
- (f) may declare a dividend when there is an excess of assets over liabilities, and minimum surplus requirements as consistent with chapter 60A;
- (g) may pay medical expenses, rehabilitation expenses, compensation due claimants of insured employers, pay salaries, and pay administrative and other expenses;
- (h) may hire personnel and set salaries and compensation; and

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(i) may perform all other functions that are necessary or appropriate to administer the fund.

Sec. 5. [176A.05] MANAGER.

Subdivision 1. APPOINTMENT, QUALIFICATIONS. The board shall appoint a manager of the fund who shall be in charge of the day-to-day operation of the fund. The manager shall have proven successful experience as an executive at the general management level. The manager shall receive compensation as set by the board and shall serve at the pleasure of the board.

Subd. 2. BOND. Before entering on the duties of the office, the manager shall qualify by giving an official bond in an amount and with sureties approved by the board. The manager shall file the bond with the secretary of state. The premium for the bond shall be paid by the fund from the account established in section 7.

Sec. 6. [176A.06] MANAGER'S POWERS.

Subdivision 1. GENERAL. Subject to the authority of the board and the provisions of this chapter the manager has the powers and duties prescribed in this section.

Subd. 2. SAFETY INSPECTION. The manager may make safety inspections of risks and furnish advisory services to employers on safety and health measures.

Subd. 3. DISBURSEMENT OF FUNDS. The manager may act for the fund in collecting and disbursing money necessary to administer the fund and conduct the business of the fund.

Subd. 4. ABSTRACT SUMMARY. The manager shall have an abstract summary of any audit or survey conducted.

Subd. 5. GENERAL AUTHORITY. The manager may perform all acts necessary in the exercise of any power, authority, or jurisdiction over the fund, either in the administration of the fund or in connection with the insurance business to be carried on by the fund under this chapter, including the establishment of premium rates.

Sec. 7. [176A.07] ACCOUNT.

Subdivision 1. STATE COMPENSATION ACCOUNT. There is created and established under the jurisdiction and control of the fund a revolving account known as the "state compensation account."

The manager shall deliver all money collected or received under this chapter to the account.

The money in the account may be used by the fund in carrying out its purpose under this chapter.

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Subd. 2. PROPERTY OF FUND. All premiums and other money paid to the fund, all property and securities acquired through the use of money belonging to the fund, and all interest and dividends earned upon money belonging to the fund and deposited or invested by the fund, are the sole property of the fund and shall be used exclusively for the operation and obligations of the fund. The money of the fund is not state money. The property of the fund is not state property.

Subd. 3. NO STATE APPROPRIATION. The fund shall not receive any state appropriation at any time other than as provided by section 11.

Sec. 8. [176A.08] EXEMPTION FROM AND APPLICABILITY OF CERTAIN LAWS.

The fund shall not be considered a state agency for any purpose including, but not limited to, chapters 13, 14, 15, 15A, and 43A. However, the fund shall be subject to sections 179.61 to 179.76. The insurance operations of the fund are subject to all of the provisions of chapters 60A and 60B. The commissioner of insurance has the same powers with respect to the board as the commissioner has with respect to a private workers' compensation insurer under chapters 60A and 60B. The fund is considered an insurer for the purposes of chapters 60C, 72A, 79, and 176. The fund is subject to the same tax liability as a mutual insurance company in this state pursuant to section 60A.15, subdivision 2. As a condition of its authority to transact business in this state the fund shall be a member of the workers' compensation reinsurance association and is bound by its plan of operation.

Sec. 9. [176A.09] PRIVATE INDEPENDENT INSURANCE AGENTS.

Private independent insurance agents licensed to sell workers' compensation insurance in this state may sell insurance coverage for the fund according to rules adopted by the board. The board shall by rule also establish a schedule of commissions which the fund will pay for the services of an agent.

Sec. 10. [176A.10] ANNUAL REPORT.

The manager shall submit an annual report pursuant to section 3.195 to the governor and legislature indicating the business done by the fund during the previous year and containing a statement of the resources and liabilities of the fund.

Sec. 11. [176A.11] APPROPRIATION.

There is appropriated from the general fund to the state compensation insurance fund a sum of \$125,600 to be available until expended. There is appropriated from the general fund to the commissioner of finance the amounts of \$1,176,900 in fiscal year 1984, and \$4,424,900 in fiscal year 1985, for the purpose of transfer to the state compensation insurance fund upon certification of

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need in accordance with procedures developed by the commissioner. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Any amount appropriated or transferred plus interest at eight percent a year shall be amortized over a ten-year period and shall be repaid by the fund to the general fund in equal installments at the end of each fiscal year with the first payment occurring on June 30, 1986, provided that the fund shall not begin repayment on this date unless there exists sufficient earned surplus to comply with state law. Repayment shall then begin under the terms of this subdivision when sufficient earned surplus exists.

Sec. 12. IMPLEMENTATION.

The members of the board of directors shall be appointed no later than September 1, 1983. The board shall act promptly to hire a manager, hire necessary employees, and acquire necessary facilities and supplies to begin operation. The fund shall begin providing workers' compensation insurance coverage when the board determines that the fund is able to do so and all requirements under state law have been met.

Sec. 13. REPORT TO THE LEGISLATURE AND GOVERNOR.

The commissioner of labor and industry shall, no later than March 1, 1986, report to the legislature and governor the operations of the fund up to that date. The report shall include but not be limited to:

(1) the volume of premiums insured through the state fund and its share of the state workers' compensation insurance market;

(2) the percent division of premium dollars among various types of benefit payments and administrative costs for policies and claims under the state fund;

(3) the average rate of return enjoyed by the state fund on its invested assets;

(4) recommendations concerning desirable changes in the state fund to promote its prompt and efficient administration of policies and claims;

(5) a recommendation to the legislature and governor regarding the continued operation of the fund; and

(6) any other information the commissioner deems appropriate.

Sec. 14. EFFECTIVE DATE.

This article is effective July 1, 1983.

Approved June 7, 1983

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