

(1) acquisition and maintenance of county parks or recreational areas as defined in Minnesota Statutes, sections 398.31 to 398.36;

(2) land use planning programs being carried on in the county including the enforcement of any controls developed in said program; and

(3) no more than \$4 per capita of the county's population on the promotion of tourist, agricultural, and economic development.

Subd. 4. USE FOR STATE OR FEDERAL PROGRAMS. Any funds set aside by the county board pursuant to subdivisions 2 and 3 may be used by the county board as the county's share in any state or federal aid program relating to the purposes stated in subdivisions 2 and 3.

Subd. 5. APPORTIONMENT. Any balance must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent. But in unorganized territories, the portion that should have accrued to the township must be administered by the county board of commissioners.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after the governing body of St. Louis county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 40. EFFECTIVE DATE; LOCAL APPROVAL.

Sections 28 to 35 are only effective as to all affected governing bodies on the day after the last of the governing bodies of the city of Alexandria and the towns of Alexandria, Carlos, and La Grand in Douglas county and the chief clerical officer of each of them timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

The rest of this act, unless otherwise specifically stated, is effective the day following its final enactment.

Presented to the governor May 18, 2002

Signed by the governor May 22, 2002, 1:20 p.m.

CHAPTER 391—H.F.No. 2598

VETOED

CHAPTER 392—H.F.No. 3127

An act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and

New language is indicated by underline, deletions by ~~strikeout~~.

paid firefighter pension plan laws; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing and revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354A.011, subdivision 27; 354A.12, subdivision 3d; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement,

New language is indicated by underline, deletions by ~~strikeout~~.

sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41; 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2.

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

New language is indicated by underline, deletions by ~~strikeout~~.

ARTICLE 1

LOCAL POLICE AND PAID
FIRE RELIEF ASSOCIATION
GOVERNING LAW CLARIFICATION

Section 1. Minnesota Statutes 2000, section 69.77, is amended to read:

69.77 POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.

Subdivision 1. **AUTHORIZED CONDITIONED EMPLOYER SUPPORT FOR A RELIEF ASSOCIATION.** (a) Notwithstanding any law to the contrary, only if the municipality and the relief association comply with the provisions of this section, a municipality may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, for the operation and maintenance of the relief association ~~only if the municipality and the relief association comply with the provisions of this section.~~

(b) The commissioner shall not include in the apportionment of police or fire state aid to the county auditor pursuant to under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality shall may not qualify initially to receive, or be entitled subsequently to retain, state aid pursuant to under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the municipality, if otherwise qualified, ~~shall be~~ is entitled to again receive state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a municipality with a local police or salaried firefighters' relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. **COVERED RETIREMENT PLANS.** The provisions of this section shall apply to the following local retirement ~~funds~~ plans:

(1) any police pension fund or relief association which is established pursuant to chapter 423 the Bloomington firefighters relief association;

(2) any salaried firefighters' pension fund or relief association which is established pursuant to chapter 424 the Fairmont police relief association;

(3) any pension fund or relief association which is established pursuant to this chapter which has five or more members who receive compensation for services

New language is indicated by underline, deletions by ~~strikeout~~.

rendered in the employment covered by the pension fund or relief association and which provides for retirement coverage or a service pension based on the compensation paid to members for that service the Minneapolis firefighters relief association;

(4) any pension fund or relief association which is established and operates in whole or in part pursuant to special legislation and which provides for retirement coverage or a service pension based on the compensation paid to members for service as police officers or firefighters or which provides for retirement coverage or a service pension to volunteer firefighters based on the compensation paid to or the service pension provided by a pension fund or relief association located in the same municipality for police officers employed by the municipality but not covered by clause (1), (2) or (3) the Minneapolis police relief association; and

(5) any governmental subdivision retirement fund established pursuant to any law providing for retirement coverage to police officers or salaried firefighters or a retirement benefit to their dependents and not otherwise described in this subdivision the Virginia fire department relief association.

Subd. 2. **INAPPLICABLE PENALTY.** The penalty provided for in subdivision 1 ~~shall~~ does not apply to a relief association enumerated in subdivision 1a if the requirements of subdivisions 2a 3 to 2h 10 are met.

Subd. 2a 3. **MINIMUM MEMBER CONTRIBUTION.** Each active member of the relief association ~~shall~~ must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions ~~shall~~ must be made by payroll deduction from the salary of the member by the municipality, and ~~shall~~ must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision ~~shall~~ does not apply to any members who are volunteer firefighters.

Subd. 2b 4. **RELIEF ASSOCIATION FINANCIAL REQUIREMENTS; MINIMUM MUNICIPAL OBLIGATION.** (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality ~~shall~~ must be determined on or before the submission date established by the municipality ~~pursuant to~~ under subdivision 2e 5.

(b) The financial requirements of the relief association for the following calendar year ~~shall~~ must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 4k and 356.216, as required ~~pursuant to~~ under subdivision 2h 10. If an actuarial estimate is prepared by the actuary of the relief association as part

New language is indicated by underline, deletions by ~~strikeout~~.

of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate shall must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to ~~under clauses (a), (b), and (c)~~ shall (1), (2), and (3) constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated pursuant to ~~under clauses (a) and (b)~~ shall (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(a) (1) the normal level cost requirement for the following year, expressed as a dollar amount, which shall ~~must~~ be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected ~~increase~~ change in the active membership, for the following year;

(b) (2) for the Bloomington fire department relief association, the Fairmont police relief association, and the Virginia fire department relief association, to the dollar amount of normal cost ~~thus determined shall under clause (1)~~ must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. ~~For a relief association in a municipality, The administrative expenses are those authorized under section 69.80. No amount of administrative expenses under this clause shall are~~ to be included in the financial requirements of a the Minneapolis firefighters relief association in a city of the first class with a population of more than 300,000. or the Minneapolis police relief association; and

(c) (3) to the dollar amount of normal cost and expenses determined under clauses (a) and (b) shall (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 4d. The amortization date specified in this clause shall ~~apply~~ applies to all local police or salaried firefighters' relief associations and shall ~~supersede~~ that date ~~supersedes~~ any amortization date specified in any applicable special law.

(d) The minimum obligation of the municipality shall ~~be~~ is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established pursuant to under sections 69.011 to 69.051 receivable by the relief association after any allocation made pursuant to under section 69.031, subdivision 5, elause (2), subelause (e) paragraph (b), clause (2), or 423A.01,

New language is indicated by underline, deletions by ~~strikeout~~.

subdivision 2, clause (6), from the local police and salaried firefighters' relief association amortization aid program established ~~pursuant to~~ under section 423A.02 and, subdivision 1, from the supplementary amortization state-aid program established under ~~Laws 1984, chapter 564, section 48, and Laws 1985, chapter 261, section 17~~ section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

Subd. ~~2e~~ 5. **DETERMINATION SUBMISSION.** The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality, which shall may not be earlier than August 1 and shall may not be later than September 1 of each year. The governing body of the municipality shall must ascertain whether or not the determinations were prepared in accordance with law.

Subd. ~~2d~~ 6. **MUNICIPAL PAYMENT.** (a) The municipality shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality to the relief association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall must be added to the minimum obligation of the municipality for the following year calculated ~~pursuant to~~ under subdivision ~~2b~~ 4 and shall must include interest at the compound rate of six percent per annum ~~compounded~~ from the date that the municipality was required to make payment ~~pursuant to~~ under this subdivision until the date that the municipality actually makes the required payment.

Subd. ~~2e~~ 7. **BUDGET INCLUSION.** (a) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated ~~pursuant to~~ under subdivision ~~2b~~ 4.

(b) The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied ~~pursuant to~~ under this section shall may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

Subd. ~~2f~~ 8. **ACCELERATED AMORTIZATION.** Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the

New language is indicated by underline, deletions by ~~strikeout~~.

municipality in any year shall must be used to amortize any unfunded actuarial accrued liabilities of the relief association.

Subd. 2g 9. **LOCAL POLICE AND PAID FIRE RELIEF ASSOCIATION INVESTMENT AUTHORITY.** (a) The funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies. ~~Notwithstanding the foregoing,~~ Up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the state board of investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the state board of investment in fixed income pools or in a separately managed account at the discretion of the state board of investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).

Subd. 2h 10. **ACTUARIAL VALUATION REQUIRED.** The association shall obtain an actuarial valuation showing the condition of the special fund of the relief association pursuant to under sections 356.215 and 356.216 and any applicable standards for actuarial work established by the legislative commission on pensions and retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation shall must be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive director of the legislative commission on pensions and retirement, and the state auditor, not later than July 1 of the following year.

Subd. 2i 11. **MUNICIPAL APPROVAL OF BENEFIT CHANGES REQUIRED.** Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters' relief association enumerated in subdivision 1a shall is not be effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification ~~prior to~~ before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

Subd. 3 12. **CITATION.** This section may be cited as the "Police and Firefighters' Relief Associations Guidelines Act of 1969."

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 2000, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, ~~shall constitute~~ constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(a) (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(b) (2) salaries of the president, secretary, and treasurer of the association, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986, and their itemized expenses incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(c) (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(d) (4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(e) (5) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(f) (6) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association ~~shall~~ must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund ~~shall be deemed to be~~ is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense ~~shall~~ must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 3. Minnesota Statutes 2000, section 353A.08, subdivision 6a, is amended to read:

Subd. 6a. **MILITARY SERVICE CONTRIBUTION AND REFUND.** A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under sections

New language is indicated by underline, deletions by ~~strikeout~~.

Minnesota Statutes 2000, section 423.57 and 424.23, and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (h), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Sec. 4. Minnesota Statutes 2000, section 423A.17, is amended to read:

423A.17 CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.

(a) Notwithstanding a provision of section ~~69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; or 424.24, subdivision 1~~, or other law, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

Sec. 5. Minnesota Statutes 2000, section 423A.171, is amended to read:

423A.171 BYLAW AMENDMENTS.

(a) Notwithstanding a provision of section ~~69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; 423B.10; or 424.24, subdivision 1~~, or other law

New language is indicated by underline, deletions by ~~strikeout~~.

governing a local police or salaried firefighters' relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision 2i 11, may amend the bylaws of the relief association to provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the public employees retirement association is effective upon approval by the public employees retirement association and the municipality ~~pursuant to~~ under paragraph (c).

Sec. 6. Minnesota Statutes 2000, section 424A.09, is amended to read:

424A.09 APPLICATION TO CERTAIN RELIEF ASSOCIATIONS.

This chapter shall ~~supersede~~ supersedes any special law applicable to any municipal volunteer firefighters' relief association or independent nonprofit firefighting corporation specifically authorizing the relief association or nonprofit firefighting corporation to exceed the service pension limitations contained in Minnesota Statutes 1978, sections 69.06 and 69.691. Any relief association which amended its bylaws to provide for a full pro rata service pension amount at the specified retirement age with 15 years service credit or 75 percent of the pro rata service pension amount at the specified retirement age with ten years of service ~~pursuant to~~ under Minnesota Statutes 1978, section 69.06, may continue to provide the specified service pension amounts at the applicable years of credited service to any member who has credit for at least ten or 15 years, whichever is the applicable minimum service period specified in the bylaws governing the relief association, on or before December 31, 1979 ~~notwith-~~ standing section 424A.02.

Sec. 7. APPLICATION; BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.

To the extent that Minnesota Statutes 2000, chapter 424, applied to the Bloomington firefighters relief association on the day before the effective date of section 5, Minnesota Statutes 2000, chapter 424, continues to apply to the Bloomington firefighters relief association after that date.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 8. REVISOR INSTRUCTIONS.

(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."

(b) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>69.021, subd. 10</u>	<u>69.77, subd. 2c</u>	<u>69.77, subd. 5</u>
<u>299A.465, subd. 5</u>	<u>424.03</u>	<u>Minnesota Statutes,</u> <u>2000, 424.03</u>
<u>353A.07, subd. 6</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>353A.09, subd. 4</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>356.216</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>356.219, subd. 2</u>	<u>69.77, subd. 2g</u>	<u>69.77, subd. 9</u>
<u>423.01, subd. 2</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>423A.18</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423A.19, subd. 4</u>	<u>69.77, subd. 2i</u>	<u>69.77, subd. 11</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2a</u>	<u>69.77, subd. 3</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2c</u>	<u>69.77, subd. 5</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2d</u>	<u>69.77, subd. 6</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2e</u>	<u>69.77, subd. 7</u>
<u>423B.06, subd. 1</u>	<u>69.77, subd. 2f</u>	<u>69.77, subd. 8</u>
<u>423B.21, subd. 1</u>	<u>69.77, subd. 2b</u>	<u>69.77, subd. 4</u>

Sec. 9. REPEALER; OBSOLETE POLICE AND FIRE PENSION LAWS.

Subdivision 1. **FIRST CLASS CITY FIRE; REPEALER.** Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; and 69.62, are repealed.

Subd. 2. **THIRD CLASS CITY POLICE; REPEALER.** Minnesota Statutes 2000, sections 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; and 423.392, are repealed.

Subd. 3. **SECOND CLASS CITY POLICE; REPEALER.** Minnesota Statutes 2000, sections 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; and 423.90, are repealed.

Subd. 4. **SECOND CLASS CITY FIRE; REPEALER.** Minnesota Statutes 2000, sections 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; and 424.29, are repealed.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 5. **ALBERT LEA FIRE; REPEALER.** Laws 1943, chapters 170 and 397; Laws 1947, chapter 274; Laws 1949, chapters 87 and 281; Laws 1951, chapters 233, 420, and 435; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1959, chapter 207; Laws 1963, chapter 643; Laws 1984, chapter 574, section 23; Laws 1985, chapter 261, section 36; and Laws 1993, chapter 72, are repealed.

Subd. 6. **ALBERT LEA POLICE; REPEALER.** Laws 1965, chapter 174; Laws 1976, chapter 247; and Laws 1985, chapter 261, section 36, are repealed.

Subd. 7. **ANOKA POLICE; REPEALER.** Laws 1965, chapter 174; Laws 1973, chapter 587; Laws 1978, chapter 563, section 28; and Laws 1981, chapter 224, sections 263 and 264, are repealed.

Subd. 8. **AUSTIN FIRE; REPEALER.** Laws 1943, chapter 170; Laws 1949, chapter 87; Laws 1951, chapters 45 and 435; Laws 1957, chapter 164; Laws 1963, chapter 36; Laws 1965, chapter 418; Laws 1976, chapter 36; Laws 1978, chapter 579; Laws 1980, chapter 341, sections 9 and 10; Laws 1981, chapter 224, sections 268 and 270; Laws 1992, chapter 455; and Laws 1994, chapter 490, are repealed.

Subd. 9. **AUSTIN POLICE; REPEALER.** Laws 1943, chapter 432; Laws 1976, chapter 36; Laws 1980, chapter 341, sections 9 and 10; and Laws 1981, chapter 224, sections 268 and 270, are repealed.

Subd. 10. **BLOOMINGTON POLICE; REPEALER.** Laws 1965, chapter 498; Laws 1975, chapter 121; Laws 1978, chapter 563, section 17; Laws 1980, chapter 341, section 6; Laws 1981, chapter 224, section 240; and Laws 1993, chapter 202, article 1, are repealed.

Subd. 11. **BRAINERD POLICE; REPEALER.** Laws 1959, chapter 437, is repealed.

Subd. 12. **BROOKLYN CENTER POLICE; REPEALER.** Laws 1967, chapter 736; and Laws 1978, chapter 563, section 18, are repealed.

Subd. 13. **BUHL POLICE; REPEALER.** Laws 1957, chapter 630; Laws 1975, chapter 425; Laws 1976, chapter 247; Laws 1981, chapter 68, section 43; Laws 1982, chapter 578, article II, section 1, subdivision 8; Laws 1984, chapter 574, sections 18 and 20; Laws 1985, chapter 261, section 18; and Laws 1986, chapter 458, section 23, are repealed.

Subd. 14. **CHISHOLM FIRE; REPEALER.** Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapters 293 and 827; Laws 1961, chapter 631; Laws 1971, chapter 809; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapter 648; Laws 1979, chapter 131, section 3; Laws 1981, chapter 68, sections 36 and 37; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 15. **CHISHOLM POLICE; REPEALER.** Laws 1945, chapter 74; Laws 1949, chapter 164; Laws 1953, chapter 235; Laws 1959, chapter 211; Laws 1961, chapter 290; Laws 1971, chapter 810; Laws 1973, chapter 433; Laws 1976, chapter 78;

New language is indicated by underline, deletions by ~~strikeout~~.

Laws 1978, chapters 563, section 27, and 648; Laws 1979, chapter 131, section 3; Laws 1981, chapters 68, sections 31, 32, and 33; and 224, section 261; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 16. CLOQUET FIRE; REPEALER. Laws 1941, chapter 196; Laws 1953, chapter 253; Laws 1955, chapter 42; Laws 1961, chapter 295; Laws 1965, chapter 594; Laws 1967, chapter 783; and Laws 1969, chapter 716, are repealed.

Subd. 17. COLUMBIA HEIGHTS FIRE; REPEALER. Laws 1965, chapter 605; Laws 1975, chapter 424; Laws 1977, chapter 374, sections 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60; Laws 1978, chapter 563, sections 29 and 30; and Laws 1981, chapter 224, section 267, are repealed.

Subd. 18. COLUMBIA HEIGHTS POLICE; REPEALER. Laws 1977, chapter 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37; and Laws 1993, chapter 126, are repealed.

Subd. 19. CROOKSTON FIRE; REPEALER. Laws 1949, chapter 378; Laws 1957, chapter 144; Laws 1963, chapter 636; Laws 1971, chapter 51; Laws 1978, chapter 563, sections 24, 25, and 26; Laws 1981, chapter 224, sections 252 and 253; and Laws 1983, chapter 291, sections 9, 10, 11, 12, 13, 14, 15, 16, and 17, are repealed.

Subd. 20. CROOKSTON POLICE; REPEALER. Laws 1976, chapter 85; Laws 1977, chapter 275; Laws 1983, chapter 84, section 1; and Laws 1984, chapter 574, section 26, are repealed.

Subd. 21. CRYSTAL POLICE; REPEALER. Laws 1963, chapter 619; Laws 1969, chapter 1087; and Laws 1980, chapter 607, article XV, section 23, are repealed.

Subd. 22. DULUTH FIRE; REPEALER. Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 188; Laws 1961, chapter 186; Laws 1963, chapter 208; Laws 1965, chapter 179; Laws 1967, chapter 732; Laws 1975, chapter 127; Laws 1976, chapter 78, section 4; Laws 1977, chapter 164, section 3; Laws 1992, chapter 448, section 1; and Laws 1994, chapter 474, are repealed.

Subd. 23. DULUTH POLICE; REPEALER. Laws 1915, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1943, chapter 267; Laws 1949, chapter 153; Laws 1953, chapter 91; Laws 1955, chapter 187; Laws 1959, chapter 191; Laws 1975, chapter 408; Laws 1976, chapter 99; Laws 1980, chapter 600, section 11; and Laws 1992, chapter 448, are repealed.

Subd. 24. EVELETH FIRE; REPEALER. Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1941, chapters 74 and 182; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapter 293; Laws 1961, chapter 620; Laws 1963, chapter 670; and Laws 1969, chapter 552, are repealed.

Subd. 25. EVELETH POLICE; REPEALER. Laws 1965, chapter 636; and Laws 1969, chapter 670, are repealed.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 26. FARIBAULT FIRE; REPEALER. Laws 1947, chapter 43; Laws 1949, chapter 154; Laws 1951, chapter 43; Laws 1957, chapter 36; Laws 1961, chapter 443; Laws 1967, chapter 807; Laws 1969, chapter 614; Laws 1975, chapter 389; Laws 1984, chapter 574, section 22; Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6; and Laws 1993, chapter 112, section 2, are repealed.

Subd. 27. FARIBAULT POLICE; REPEALER. Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6, are repealed.

Subd. 28. FRIDLEY FIRE; REPEALER. Laws 1969, chapter 594, is repealed.

Subd. 29. FRIDLEY POLICE; REPEALER. Laws 1977, chapter 83, is repealed.

Subd. 30. HIBBING FIRE; REPEALER. Laws 1935, chapter 192; Laws 1943, chapter 413; Laws 1945, chapter 182; Laws 1947, chapter 101; Laws 1951, chapter 48; Laws 1955, chapter 294; Laws 1959, chapter 208; Laws 1967, chapter 816; Laws 1969, chapter 686; Laws 1971, chapter 614; Laws 1975, chapter 254, sections 5 and 6; Laws 1977, chapter 169; Laws 1981, chapter 224, section 260; Laws 1982, chapter 443; Laws 1987, chapter 372, article 2, sections 7, 8, and 9; and Laws 1991, chapter 269, article 2, sections 12 and 13, are repealed.

Subd. 31. HIBBING POLICE; REPEALER. Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1939, chapter 304; Laws 1945, chapter 300; Laws 1947, chapter 40; Laws 1949, chapter 191; Laws 1951, chapter 243; Laws 1953, chapter 401; Laws 1957, chapter 793; Laws 1965, chapter 536; Laws 1967, chapter 678; Laws 1969, chapter 672; Laws 1971, chapter 807; Laws 1983, chapter 74; Laws 1987, chapter 372, article 2, section 7; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 32. MANKATO FIRE; REPEALER. Laws 1949, chapter 144; Laws 1953, chapter 37; Laws 1957, chapter 16; Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; and Laws 1989, chapter 319, article 11, section 3, are repealed.

Subd. 33. MANKATO POLICE; REPEALER. Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; Laws 1986, chapter 458, section 34; and Laws 1987, chapter 372, article 2, section 12, are repealed.

Subd. 34. MOORHEAD FIRE; REPEALER. Laws 1951, chapter 499; Laws 1955, chapter 75; Laws 1965, chapter 190; Laws 1969, chapter 138; Laws 1975, chapter 120; Laws 1978, chapter 563, sections 12 and 13; Laws 1979, chapter 216, sections 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44; Laws 1981, chapter 224, section 236; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 35. MOORHEAD POLICE; REPEALER. Laws 1945, chapter 277; Laws 1967, chapter 775; Laws 1978, chapter 563, section 19; Laws 1979, chapter 216,

New language is indicated by underline, deletions by ~~strikeout~~.

sections 27, 28, 29, 30, 31, and 44; Laws 1980, chapter 600, section 16; Laws 1981, chapter 224, section 243; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 36. NEW ULM POLICE; REPEALER. Laws 1965, chapter 174; Laws 1974, chapter 251; Laws 1981, chapter 224, sections 265 and 266; and Laws 1985, chapter 261, section 20, are repealed.

Subd. 37. RED WING FIRE; REPEALER. Laws 1953, chapter 348; Laws 1955, chapter 49; Laws 1957, chapter 10; Laws 1961, chapter 300; Laws 1965, chapter 604; Laws 1973, chapter 359; Laws 1975, chapter 254, sections 1, 2, 3, and 4; and Laws 1984, chapter 574, section 24, are repealed.

Subd. 38. RED WING POLICE; REPEALER. Laws 1965, chapter 174; Laws 1973, chapter 346; Laws 1983, chapter 291, section 8; and Laws 1994, chapter 410, are repealed.

Subd. 39. RICHFIELD FIRE; REPEALER. Laws 1955, chapter 348; Extra Session Laws 1961, chapter 28; Laws 1963, chapter 464; Laws 1967, chapter 798; Laws 1978, chapter 563, sections 20 and 21; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 244; and Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 13, 14, and 20, are repealed.

Subd. 40. RICHFIELD POLICE; REPEALER. Laws 1957, chapter 455; Laws 1965, chapter 458; Laws 1978, chapter 563, section 16; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 239; and Laws 1991, chapter 96, are repealed.

Subd. 41. ROCHESTER FIRE; REPEALER. Laws 1959, chapter 131; Laws 1969, chapter 694; Laws 1978, chapter 563, section 14; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 237, are repealed.

Subd. 42. ROCHESTER POLICE; REPEALER. Laws 1969, chapter 641; Laws 1975, chapter 368, section 54; Laws 1978, chapters 563, section 23; and 793, section 96; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 248, are repealed.

Subd. 43. ST. CLOUD FIRE; REPEALER. Laws 1961, chapter 343; Laws 1963, chapter 453; Laws 1967, chapter 702; Laws 1974, chapter 382; Laws 1977, chapter 270; Laws 1978, chapter 690, sections 9 and 10; and Laws 1982, chapter 402, are repealed.

Subd. 44. ST. CLOUD POLICE; REPEALER. Laws 1973, chapter 432; Laws 1980, chapter 341, sections 2, 3, 4, and 5; Laws 1984, chapter 574, section 25; and Laws 1999, chapter 222, article 3, section 6, are repealed.

Subd. 45. ST. LOUIS PARK FIRE; REPEALER. Laws 1967, chapter 730; Laws 1969, chapter 576; Laws 1978, chapter 563, section 22; Laws 1981, chapter 224, section 247; and Laws 1985, chapter 261, sections 32, 33, 34, and 35, are repealed.

Subd. 46. ST. LOUIS PARK POLICE; REPEALER. Laws 1963, chapter 454; Laws 1980, chapter 600, section 17; Laws 1984, chapter 574, section 19; and Laws

New language is indicated by underline, deletions by ~~strikeout~~.

1990, chapter 589, article 1, section 7, are repealed.

Subd. 47. ST. PAUL FIRE; REPEALER. Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 375; Laws 1957, chapters 256 and 257; Laws 1961, chapter 376; Laws 1963, chapter 221; Laws 1965, chapter 790; Laws 1967, chapters 644 and 708; Laws 1969, chapters 443, 669, and 671; Laws 1973, chapter 287; Laws 1975, chapter 423; Laws 1977, chapter 164, section 1; Laws 1981, chapter 68, section 35; Laws 1989, chapter 319, article 11, section 12; Laws 1992, chapters 422 and 563, sections 3, 4, and 5; Laws 1993, chapter 110; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 48. ST. PAUL POLICE; REPEALER. Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389 and 390; Laws 1919, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1955, chapter 151; Laws 1961, chapters 434 and 435, section 2; Laws 1963, chapter 271; Laws 1965, chapter 465; Laws 1969, chapters 442, 668, and 671; Laws 1971, chapter 549; Laws 1973, chapter 286; Laws 1980, chapter 600, sections 12, 13, 14, and 15; Laws 1981, chapter 68, section 34; Laws 1983, chapter 47; Laws 1988, chapter 709, article 8, section 5; Laws 1989, chapter 319, article 11, sections 2 and 12; Laws 1992, chapters 393, section 1; 563, section 5; and 586, section 1; Laws 1994, chapter 409; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 49. SOUTH ST. PAUL FIRE; REPEALER Laws 1943, chapter 397; Laws 1947, chapter 274; Laws 1949, chapter 281; Laws 1951, chapters 233 and 420; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1961, chapter 747; Laws 1963, chapter 715; Laws 1965, chapter 457; Laws 1969, chapter 849; and Laws 1971, chapter 178, are repealed.

Subd. 50. SOUTH ST. PAUL POLICE; REPEALER. Laws 1994, chapter 541, section 3, is repealed.

Subd. 51. THIEF RIVER FALLS POLICE; REPEALER. Laws 1981, chapters 68, sections 41 and 42; 224, sections 272 and 273; Laws 1985, chapter 261, section 14; and Laws 1992, chapter 431, section 1, are repealed.

Subd. 52. VIRGINIA POLICE; REPEALER. Laws 1935, chapters 92 and 259; Laws 1937, chapter 197; Laws 1949, chapter 235; Laws 1965, chapter 174; Laws 1982, chapter 574, sections 3, 4, 5, 6, and 8; Laws 1985, chapter 261, sections 15 and 16; Laws 1989, chapter 319, article 11, section 4; and Laws 1992, chapter 392, section 1, are repealed.

Subd. 53. WEST ST. PAUL FIRE; REPEALER. Laws 1961, chapter 399; Laws 1965, chapter 540; Laws 1982, chapter 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20; and Laws 1984, chapter 574, section 33, are repealed.

Subd. 54. WEST ST. PAUL POLICE; REPEALER Laws 1965, chapter 174; Laws 1967, chapter 751; Laws 1981, chapter 297, sections 1 and 2; Laws 1987, chapter 372, article 2, section 10; and Laws 1995, chapter 262, article 10, section 4, are repealed.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 55. WINONA FIRE; REPEALER. Extra Session Laws 1961, chapter 80; Laws 1963, chapter 443; and Laws 1967, chapter 848, are repealed.

Subd. 56. WINONA POLICE; REPEALERS. Laws 1959, chapter 108; Extra Session Laws 1961, chapter 80; Laws 1977, chapter 429, section 62; Laws 1986, chapter 359, sections 22, 23, 24, and 25; and Laws 1988, chapter 709, article 9, section 5, are repealed.

Subd. 57. OTHER REPEALER. Minnesota Statutes 2000, sections 69.78; 297L.10, subdivision 2; and 423A.03, are repealed.

Sec. 10. EFFECTIVE DATE.

Sections 1 to 9 are effective on July 1, 2002.

ARTICLE 2

**RETIREMENT PLAN ALLOWABLE SERVICE
CREDIT FOR STRIKE PERIODS**

Section 1. Minnesota Statutes 2001 Supplement, section 352.01, subdivision 11, is amended to read:

Subd. 11. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Service by an employee for which on or before July 1, 1957, the employee was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by Laws 1955, chapter 239.

(2) Service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24.

(3) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041.

(4) Except as provided in clauses (8) and (9), service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4.

For purposes of clauses (3) and (4), except as provided in clauses (8) and (9), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.

New language is indicated by underline, deletions by ~~strikeout~~.

(5) The period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund.

(6) Service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system.

(7) Service before July 1, 1978, by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division, which was credited by the metropolitan transit commission-transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.

(8) Service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern.

Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

(9) Any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause must include interest at an annual rate of 8.5 percent compounded annually from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence.

New language is indicated by underline, deletions by ~~strikeout~~.

(10) A period purchased under section 356.555.

(11) A period of time during which the employee was on strike without pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the employee must be an amount equal to the employee and employer contribution rates set forth in section 352.04, subdivisions 2 and 3, applied to the employee's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE; LIMITS AND COMPUTATION.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained full or fractional service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer, if by appropriate action of its governing body, which is made a part of its official records, and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay

New language is indicated by underline, deletions by ~~strikeout~~.

the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount;

(6) an authorized temporary layoff under subdivision 12. For temporary layoffs that begin before January 1, 2002, allowable service credit is limited to three months allowable service per authorized temporary layoff in one calendar year. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:

(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year, for each month of the temporary layoff; or

(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of

New language is indicated by underline, deletions by ~~strikeout~~.

allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated;
or

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within three times the length of the military leave period, or five years of the date of discharge from the military service, whichever is less. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave period as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount; or

(8) a period of time during which a member who is a state employee was on strike without pay, not to exceed a period of one year, if the member makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the member must be an amount equal to the employee, employer, and employer additional contribution rates set forth in section 353.27, subdivisions 2, 3, and 3a, applied to the employee's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under

New language is indicated by underline, deletions by ~~strikeout~~.

section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:

(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or

(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.

(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.

(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.

(g) No member shall receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(h) "Allowable service" also means a period purchased under section 356.555.

Sec. 3. Minnesota Statutes 2001 Supplement, section 354.05, subdivision 13, is amended to read:

Subd. 13. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant

New language is indicated by underline, deletions by ~~strikeout~~.

to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) A period purchased under section 356.555, or

(9) A period of time during which a teacher who is a state employee was on strike without pay, not to exceed a period of one year, if the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies.

Sec. 4. **EFFECTIVE DATE.**

(a) Sections 1, 2, and 3 are effective retroactive to July 1, 2001.

(b) The authority to obtain credit for allowable service under section 1, clause (11); section 2, paragraph (a), clause (8); and section 3, clause (9), expires 12 months after the date of enactment.

New language is indicated by underline, deletions by ~~strikeout~~.

ARTICLE 3

PERA MEMBERSHIP ELIGIBILITY
AND SERVICE CREDIT PRORATION

Section 1. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** (a) Public employees whose salary from one governmental subdivision exceeds \$425 in any month shall participate as members of the association. If the salary is less than \$425 in a subsequent month, the employee retains membership eligibility. Eligible public employees shall participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following public employees are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

New language is indicated by underline, deletions by ~~strikeout~~.

(3) patient and inmate personnel who perform services for a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision. An employer must not apply the definition of temporary position so as to exclude employees who are hired to fill positions that are permanent or that are for an unspecified period but who are serving a probationary period at the start of the employment. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

The membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of

New language is indicated by underline, deletions by ~~strikeout~~.

coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(8) employees who at the time they are hired by a of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school, if the employment is predicated on the student status of the individual;

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(12) except for employees of Hennepin county, foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible to be reported for membership from the date of the extension;

(13) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

New language is indicated by underline, deletions by ~~strikeout~~.

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) plumbers employed by the metropolitan airports commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each business year of employment with the governmental subdivision;

(21) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

Sec. 3. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. **TERMINATION OF MEMBERSHIP.** (a) "Termination of membership" means the conclusion of membership in the association and occurs:

(1) upon termination of public service under subdivision 11a;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or

(3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

(b) The termination of membership must be reported to the association by the governmental subdivision.

(c) If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.

Sec. 4. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE; LIMITS AND COMPUTATION.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained ~~full or~~ fractional service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, ~~if~~ by appropriate action of its governing body, which is made a part of its official records, and which is adopted before the date of the

New language is indicated by underline, deletions by ~~strikeout~~.

first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2); based on the salary or the compensated hours used in computing the payment amount;

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2); based on the salary or the compensated hours used in computing the payment amount;

(6) an authorized temporary layoff under subdivision 12. For temporary layoffs that begin before January 1, 2002, allowable service credit is, limited to three months allowable service per authorized temporary layoff in one calendar year. For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:

(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year; for each month of the temporary layoff; or

(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a

New language is indicated by underline, deletions by ~~strikeout~~.

fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated. An employee who has received the maximum service credit allowed for an authorized temporary layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary layoff; or

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States, provided that if the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within a period that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. Payment may not be accepted following 20 days after termination of public service under subdivision 11a. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching corresponding employer contribution, and additional employer contribution under section 353.27, subdivisions 3 and 3a, if applicable, must be paid by the governmental subdivision employing the member upon the person's return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for full calendar months or fractions of a month during the leave purchased period as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

New language is indicated by underline, deletions by ~~strikeout~~.

(d) For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E, whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:

(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or

(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.

(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.

(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.

(g) No member shall may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(h) (e) "Allowable service" also means a period purchased under section 356.555.

Sec. 5. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 40. **REDUCED SALARY DURING PERIOD OF WORKERS' COMPENSATION.** (a) A member who is receiving temporary workers' compensation payments related to the member's service to the public employer and who either is receiving a reduced salary from the employer during that period or is receiving no salary from the employer during that period is entitled to receive allowable service and salary credit for the period of time that the member is receiving the workers' compensation payments upon making the payments specified in this subdivision.

(b) The differential salary amount is the difference between the average rate of salary received by the member, if any, during the period of time that the member is collecting temporary workers' compensation payments and the average rate of salary of the member on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before beginning to collect the temporary workers' compensation payments, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

New language is indicated by underline, deletions by ~~strikeout~~.

(c) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount; plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount; plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(d) The employer may, by appropriate action of its governing body and documented in its official records, pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(e) Payment under this subdivision must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the temporary workers' compensation payments terminate to the date on which the payment or payments are received by the executive director. Payment under this subdivision must be completed within one year after the termination of the temporary workers' compensation payments to the member, or within 20 days after the termination of public service by the employee under subdivision 11a, whichever is earlier.

Sec. 6. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 4, is amended to read:

Subd. 4. **EMPLOYER REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.** (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each employee who qualifies for membership under this chapter and remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director; Data required to be submitted as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and social security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; and
- (5) adjustments or corrections covering past pay periods; and
- (6) the number of compensated hours of each employee during the payroll period.

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the format prescribed by the executive

New language is indicated by underline, deletions by ~~strikeout~~.

director. The required enrollment data on new employees must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

Sec. 7. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 11, is amended to read:

Subd. 11. **EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION.** All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its executive director, including schedules of salaries applicable to various categories of employment, and the number of actual or estimated compensated hours for employees. In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its executive director. Should the association receive such schedules of estimated earnings, the executive director is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its executive director, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Sec. 8. Minnesota Statutes 2000, section 353.64, subdivision 7a, is amended to read:

Subd. 7a. **PENSION COVERAGE FOR CERTAIN METROPOLITAN TRANSIT POLICE OFFICERS.** A person who is employed as a full-time police officer on or after the first day of the first payroll period after July 1, 1993, by the metropolitan council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the

New language is indicated by underline, deletions by ~~strikeout~~.

provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The metropolitan council shall deduct the employee contribution from the salary of each full-time police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each full-time police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 9. REPEALER.

Minnesota Statutes 2001 Supplement, section 353.01, subdivision 39, is repealed.

Sec. 10. APPLICATION.

Section 8 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 11. EFFECTIVE DATE.

(a) Except as provided in paragraphs (c) and (d), sections 1, 2, and 3 are effective on July 1, 2002.

(b) Sections 4, 6, 7, and 9 are effective retroactively from January 1, 2002.

(c) The amendment to Minnesota Statutes, section 353.01, subdivision 2b, clause (12), in section 2, is effective on the day after the date on which the governing body of Hennepin county and the chief clerical officer of the county complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(d) The amendments to Minnesota Statutes, section 353.01, subdivision 2b, clauses (8) and (20), are effective retroactively from January 1, 2002.

(e) Section 5 is effective on the day following final enactment.

(f) Section 8 is effective July 1, 2002, and applies to salaries earned by part-time metropolitan transit police officers after June 30, 2002.

ARTICLE 4

**PERA LOCAL GOVERNMENT CORRECTIONAL
RETIREMENT PLAN MODIFICATIONS**

Section 1. Minnesota Statutes 2000, section 353E.02, subdivision 1, is amended to read:

Subdivision 1. **RETIREMENT COVERAGE.** Local government correctional service employees are The members of the local government correctional service

New language is indicated by underline, deletions by ~~strikeout~~.

retirement plan established by this chapter are:

(1) local government correctional service employees as defined in subdivision 2; and

(2) medical center protection officers as defined in subdivision 2a.

Sec. 2. Minnesota Statutes 2000, section 353E.02, is amended by adding a subdivision to read:

Subd. 2a. **MEDICAL CENTER PROTECTION OFFICER.** (a) A medical center protection officer, for purposes of subdivision 1, is a person whom the employer certifies:

(1) is employed by the Hennepin county medical center as a protection officer;

(2) is directly responsible for the direct security of the medical center;

(3) is expected to respond to any incidents within the medical center as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire plan.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

Sec. 3. Minnesota Statutes 2000, section 353E.03, is amended to read:

353E.03 CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.

Subdivision 1. **MEMBER CONTRIBUTIONS.** A member of the local government correctional service ~~employee~~ retirement plan shall make an employee contribution in an amount equal to ~~6.01~~ 5.83 percent of salary.

Subd. 2. **EMPLOYER CONTRIBUTIONS.** The employer shall contribute for a member of the local government correctional service ~~employee~~ retirement plan an amount equal to ~~9.02~~ 8.75 percent of salary.

Sec. 4. Laws 2000, chapter 461, article 10, section 3, as amended by Laws 2001, First Special Session chapter 10, article 3, section 28, is amended to read:

Sec. 3. **EFFECTIVE DATE.**

Section 1 is effective on the day following final enactment. ~~Section 2 is effective on the first day of the first full pay period beginning after January 1, 2003.~~

Sec. 5. **REPEALER.**

Laws 2000, chapter 461, article 10, section 2, is repealed.

Sec. 6. **EFFECTIVE DATE.**

(a) Sections 1, 2, and 3 are effective on July 1, 2002.

(b) Section 4 is effective on the day following final enactment.

(c) Section 5 is effective on August 1, 2002.

New language is indicated by underline, deletions by ~~strikeout~~.

ARTICLE 5

PENSION COVERAGE FOR PRIVATIZED PUBLIC HOSPITALS

Section 1. Minnesota Statutes 2000, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **MEDICAL FACILITY.** "Medical facility" means:

- (1) the Glencoe area health center;
- (2) the Luverne public hospital; and
- (3) the Waconia-Ridgeview medical center; and
- (4) the Kanabec hospital.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective upon the latter of:

• (1) the day after the governing body of Kanabec county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Kanabec county board by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Kanabec hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the Kanabec hospital.

ARTICLE 6

CLOSED CHARTER SCHOOL UNPAID RETIREMENT CONTRIBUTIONS

Section 1. Minnesota Statutes 2001 Supplement, section 354.05, subdivision 2, is amended to read:

Subd. 2. **TEACHER.** (a) "Teacher" means:

- (1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in ~~the a~~ public schools school of the state located outside of the corporate limits of ~~the cities~~ a city of

New language is indicated by underline, deletions by ~~strikeout~~.

the first class, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the board of trustees of the Minnesota state colleges and universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) Teacher "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service

New language is indicated by underline, deletions by ~~strikeout~~.

is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(4) a person exempt from licensure under section 122A.30.

Sec. 2. Minnesota Statutes 2000, section 354A.011, subdivision 27, is amended to read:

Subd. 27. **TEACHER.** (a) "Teacher" means any person who renders service ~~in~~ for a public school district, other than a charter school, located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

(a) (1) a full-time employee in a position for which a valid license from the state department of children, families, and learning is required;

(b) (2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

(c) (3) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required; or

(d) (4) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service ~~shall~~ may not be covered by the association.

(b) The term ~~shall~~ does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the teachers retirement association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2; or

(5) a teacher employed by a charter school, irrespective of the location of the school; or

New language is indicated by underline, deletions by ~~strikeout~~.

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 3. Minnesota Statutes 2000, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. **SUPPLEMENTAL ADMINISTRATIVE EXPENSE ASSESSMENT.** (a) The active and retired membership of the Minneapolis teachers retirement fund association and of the St. Paul teachers retirement fund association is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher retirement fund association are those expenses for the fiscal year that:

(1) exceed, for the St. Paul teachers retirement fund association \$443,745, or for the Minneapolis teacher retirement fund association \$671,513, plus, in each case, an additional amount derived by applying the percentage increase in the consumer price index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor since July 1, 2001, to the applicable dollar amount; and

(2) exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of each first class city teachers retirement fund association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses determined under paragraph (c), clause (2), among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in

New language is indicated by underline, deletions by strikeout.

amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul teachers retirement fund association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the St. Paul teachers retirement fund association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the St. Paul teachers retirement fund association, the amount of the investment expenses of the St. Paul teachers retirement fund association, and the net remaining amount of administrative expenses of the St. Paul teachers retirement fund association;

(2) the amount of administrative expenses for the St. Paul teachers retirement fund association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 4. STATE PAYMENT OF CERTAIN UNPAID CHARTER SCHOOL RETIREMENT CONTRIBUTIONS.

Subdivision 1. UNPAID CONTRIBUTIONS. (a) The state of Minnesota shall make any unpaid employee, employer, and employer additional contributions to the applicable retirement association for teaching or other service in a designated charter school which closed before April 1, 2002, without having paid the required contributions to the retirement association.

(b) By June 1, 2002, the chief administrative officer of the retirement association shall certify to the commissioner of children, families, and learning the amount of accrued contributions, plus applicable interest, which were not paid by each designated charter school before its closure. On July 1, 2002, the commissioner of children, families, and learning shall pay the amounts certified from the state total building lease aid otherwise payable under Minnesota Statutes, section 124D.11, subdivision 4a, to the affected retirement associations. The forecasted amount of charter school lease aid must not be adjusted to reflect the amount remitted under this section. Rather, charter school lease aid must be prorated by the amount remitted. The commissioner shall remit directly to the retirement association the amounts certified under this section. The applicable retirement association shall credit employee contribution payments to the applicable member accounts and shall credit to the applicable members allowable and formula service and covered salary for the period when the teaching or other service was actually performed in the charter school. State payments representing unpaid employee contributions must be considered accumulated employee or member deductions for purposes of Minnesota Statutes, section 353.34; 354.49; or 354A.37.

Subd. 2. COVERED RETIREMENT ASSOCIATIONS. This section applies to the following public retirement associations providing retirement coverage for employees in charter schools:

- (1) the teachers retirement association;
- (2) the Minneapolis teachers retirement fund association;
- (3) the St. Paul teachers retirement fund association;
- (4) the Duluth teachers retirement fund association; and
- (5) the public employees retirement association.

Subd. 3. DESIGNATED CLOSED CHARTER SCHOOLS. This section applies to the Frederick Douglass charter school and any other charter school that is determined by the commissioner of children, families, and learning to have closed before April 1, 2002.

Sec. 5. CONTINUING RECOVERY AUTHORITY.

Nothing in section 4 relieves the sponsor of a closed charter school and the operator of a closed charter school from any financial responsibility that those parties may have to pay unpaid employee, employer, or employer additional contributions to the applicable public retirement plans. The commissioner of revenue shall undertake

New language is indicated by underline, deletions by strikeout.

all reasonable efforts to recover these amounts. Any recovered amounts must be deposited in the general fund and are appropriated to the department of children, families, and learning to offset the payment of unpaid contributions under section 4.

Sec. 6. EFFECTIVE DATE.

(a) Sections 1 and 2 are effective on July 1, 2002.

(b) Sections 4 and 5 are effective on the day following final enactment.

ARTICLE 7

**TEACHER RETIREMENT PLANS
SERVICE CREDIT PURCHASE
DEADLINE EXTENSION**

Section 1. Laws 1999, chapter 222, article 16, section 16, is amended to read:

Sec. 16. REPEALER.

Sections 1 to 13 are repealed on May 16, ~~2002~~ 2003.

Sec. 2. Laws 2000, chapter 461, article 12, section 20, is amended to read:

Sec. 20. EFFECTIVE DATE.

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, ~~2002~~ 2003.

Sec. 3. Laws 2001, First Special Session chapter 10, article 6, section 21, is amended to read:

Sec. 21. EXPIRATION DATE.

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, 2003.

(b) Sections 9 and 15 expire May 16, ~~2002~~ 2003.

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective on the day following final enactment.

New language is indicated by underline, deletions by strikeout.

ARTICLE 8

RECODIFICATION OF SOCIAL SECURITY COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2000, section 355.01, subdivision 1, is amended to read:

Subdivision 1. **IN GENERAL.** For the purposes of this chapter, as amended, each of the terms defined in this section have has the meanings meaning ascribed to them herein.

Sec. 2. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2a. **CONSTITUTIONAL OFFICER.** “Constitutional officer” means a person who serves as the governor, lieutenant governor, attorney general, secretary of state, state auditor, or state treasurer, who is duly elected and who was sworn into office.

Sec. 3. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2b. **DIRECTOR.** “Director” means the executive director of the public employees retirement association.

Sec. 4. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2c. **DULUTH TEACHER.** “Duluth teacher” means a person employed by independent school district No. 709, Duluth, who holds a position covered by the Duluth teachers retirement fund association established under chapter 354A.

Sec. 5. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2d. **EDUCATIONAL EMPLOYEE.** “Educational employee” means an employee of the state of Minnesota or of a public subdivision of the state who performs services in a position covered by the teachers retirement association under chapter 354.

Sec. 6. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2e. **EMPLOYEE.** “Employee” means a person employed by the state of Minnesota or by a political subdivision of the state and includes an officer of the state of Minnesota or of a political subdivision of the state.

Sec. 7. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2f. **EMPLOYEE TAX.** “Employee tax” means the tax imposed by section 3101 of the Internal Revenue Code of 1986.

Sec. 8. Minnesota Statutes 2000, section 355.01, subdivision 3, is amended to read:

Subd. 3. **EMPLOYMENT.** The term (a) “Employment” means any service performed by an employee in the employ of the state, or any political subdivision thereof, for such that employer, except:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) service which in the absence of an agreement entered into under this chapter, as amended, would constitute "employment" as defined in the Social Security act; or

(2) service which under the Social Security Act ~~may~~ is not permitted to be included in an agreement between the state and the federal Secretary of Health, Education, and Welfare Human Services entered into under this chapter, as amended.

(b) Service which under the Social Security Act ~~may~~ is permitted to be included in an agreement only upon certification by the governor in accordance with section 218(d) (3) of that act ~~shall~~ must be included in the term "employment" if and when the governor issues, with respect to ~~such~~ that service, a the appropriate federal certificate to the federal Secretary of Health, Education, and Welfare Human Services.

Sec. 9. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3a. FEDERAL INSURANCE CONTRIBUTIONS ACT. "Federal Insurance Contributions Act" means subchapters A and B of chapter 21 of the Internal Revenue Code of 1986, as amended through December 31, 2000.

Sec. 10. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3b. GOVERNMENTAL EMPLOYER. "Governmental employer" means any political subdivision as defined in section 218 of the Social Security Act. The term includes a city, county, town, hospital district, or other body, politic and corporate, located in Minnesota.

Sec. 11. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3c. HIGHER EDUCATION EMPLOYEE. "Higher education employee" means an employee of the state of Minnesota who performs services in a Minnesota state colleges and universities system in a position covered by the individual retirement account plan under section 354B.21 and who remains a member of the teachers retirement association for purposes of social security coverage only.

Sec. 12. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3d. HOSPITAL EMPLOYEE. "Hospital employee" means an officer or employee of a public hospital who performs services in a position covered by the public employees retirement association under chapter 353.

Sec. 13. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3e. JUDGE. "Judge" means a judge as defined in section 490.121, subdivision 3.

Sec. 14. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 3f. LEGISLATOR. "Legislator" means a member of the legislature who is duly elected and who was sworn into office.

Sec. 15. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3g. LOCAL GOVERNMENTAL SUBDIVISION. "Local governmental subdivision" means:

- (1) a political subdivision as defined in section 218(b) of the Social Security Act;
- (2) an instrumentality of the state;
- (3) an instrumentality of one or more of the political subdivisions of the state, including the league of Minnesota cities;
- (4) an instrumentality of the state and one or more of its political subdivisions;
- (5) a governmental subdivision as defined in section 353.01, subdivision 6; and
- (6) any instrumentality established under a joint powers agreement under section 471.59 wherein the instrumentality is responsible for the employment and the payment of the salaries of the employees of the instrumentality.

Sec. 16. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3h. MINNEAPOLIS TEACHER. "Minneapolis teacher" means a person employed by special school district No. 1, Minneapolis, who holds a position covered by the Minneapolis teachers retirement fund association established under chapter 354A.

Sec. 17. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3i. POLITICAL SUBDIVISION. "Political subdivision" means any political subdivision as defined in section 218(b) of the Social Security Act, and includes any instrumentality of the state, any instrumentality of one or more of its political subdivisions, including the league of Minnesota municipalities, any instrumentality of the state and one or more of its political subdivisions, and an instrumentality established under a joint powers agreement under section 471.59, wherein the instrumentality is responsible for the employment and payment of the salaries of employees of the instrumentality.

Sec. 18. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3j. PUBLIC EMPLOYEE. "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the public employees retirement association established under chapter 353.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 19. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3k. PUBLIC HOSPITAL. "Public hospital" means a hospital that is owned or operated by a governmental employer or a combination of governmental employers, or a hospital that is an integral part of a governmental employer or of a combination of governmental employers.

Sec. 20. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 31. ST. PAUL TEACHER. "St. Paul teacher" means a person employed by independent school district No. 625, St. Paul, who holds a position covered by the St. Paul teachers retirement fund association established under chapter 354A.

Sec. 21. Minnesota Statutes 2000, section 355.01, subdivision 6, is amended to read:

Subd. 6. SECRETARY OF HEALTH AND HUMAN SERVICES. The term "Secretary of Health, Education, and Welfare Human Services" means the secretary of the federal Department of Health and Human Services and includes any individual to whom the Secretary of Health, Education, and Welfare Human Services has delegated any functions under the Social Security Act with respect to coverage under such act of employees of states and their political subdivisions.

Sec. 22. Minnesota Statutes 2000, section 355.01, subdivision 8, is amended to read:

Subd. 8. SOCIAL SECURITY ACT. The term "Social Security Act" means the Act of Congress approved August 14, 1935, chapter 531, Statutes at Large, volume 49, page 620, officially cited as the "Social Security Act," as such act has been and may from time to time be amended (including the relevant regulations and requirements issued pursuant thereto).

Sec. 23. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 11. SPECIAL AUTHORITY OR DISTRICT. "Special authority or district" means a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, a soil and water conservation district organized under chapter 103C, a port authority organized under sections 469.048 to 469.068, an economic development authority organized under sections 469.090 to 469.108, or a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 24. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 12. SPECIAL AUTHORITY OR DISTRICT EMPLOYEE. "Special authority or district employee" means an employee, other than an elected official, of a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, of a soil and water conservation district organized under chapter 103C, of a

New language is indicated by underline, deletions by ~~strikeout~~.

port authority organized under sections 469.048 to 469.068, of an economic development authority organized under sections 469.090 to 469.108, or of a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 25. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 13. STATE EMPLOYEE. "State employee" means an employee of the state of Minnesota or of a political subdivision who performs services in a position covered by the general state employees retirement plan of the Minnesota state retirement system governed by chapter 352, except any position for which the compensation is on a fee basis.

Sec. 26. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 14. WAGES. "Wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash. The term does not include that part of the remuneration which, even if it were for employment within the meaning of the Federal Insurance Contributions Act, would not constitute wages within the meaning of that act.

Sec. 27. Minnesota Statutes 2000, section 355.02, is amended to read:

355.02 AGREEMENTS.

Subdivision 1. **GENERAL AUTHORITY.** (a) The state agency director, with the approval of the governor, is hereby authorized to enter into an agreement on behalf of the state with the federal Secretary of Health, Education, and Welfare Human Services, consistent with the terms and provisions of this chapter, as amended, for the purpose of extending the benefits of the federal old age and survivors, and disability insurance system to employees of the state or any political subdivision thereof with respect to services specified in such the agreement which constitute "employment," whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Pursuant to such (b) Under this specific authorization the agreement may contain such those provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the state agency director and the federal Secretary of Health, Education, and Welfare Human Services shall agree upon, but, except as may be otherwise required by or under the Social Security Act as to the services to be covered, such agreement shall must provide in effect that:

(1) benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though such those services constituted employment within the meaning of title II of the Social Security Act;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) the state or other employer will pay to the federal Secretary of the Treasury, at such time or times as may be prescribed under the Social Security Act, contributions with respect to wages, equal to the sum of the taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by the agreement constituted employment within the meaning of that act;

(3) Such the agreement shall be is effective with respect to services in employment covered by the agreement performed after a date specified therein but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year in which such agreement is entered into or in which the modification of the agreement making it applicable to such services, is entered into except that an agreement or modification entered into prior to January 1, 1960, may be effective with respect to services performed after December 31, 1955, or after a later date specified in such agreement or modification; and

(4) all services which constitute employment and are performed in the employ of the state or any of its political subdivisions by employees thereof, may be covered by such the agreement whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Subd. 2. **INTERSTATE INSTRUMENTALITY.** (a) Any instrumentality jointly created by this state and any other state or states is hereby authorized, upon the granting of like authority by such the other state or states, to:

(1) to enter into an agreement with the federal Secretary of Health, Education, and Welfare Human Services whereby the benefits of the federal old age and, survivors, and disability insurance system shall be are extended to employees of such the instrumentality;

(2) to require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under section 355.03, subdivision 1, if they were covered by an agreement made pursuant to under subdivision 1; and

(3) to make payments to the federal Secretary of the Treasury in accordance with such that agreement, including payments from its own funds, and otherwise to comply with such those agreements. Such

(b) The agreements shall must, to the extent practicable, be consistent with the terms and provisions of subdivision 1 and other provisions of this chapter, as amended.

Subd. 3. **GROUPS COVERED BY SOCIAL SECURITY.** The following groups must be covered by an agreement or a modification to an agreement between the state agency and the federal Secretary of Health and Human Services:

- (1) constitutional officers;
- (2) Duluth teachers;
- (3) educational employees;

New language is indicated by underline, deletions by strikeout.

- (4) higher education employees;
- (5) hospital employees;
- (6) judges;
- (7) legislators;
- (8) Minneapolis teachers;
- (9) public employees;
- (10) St. Paul teachers;
- (11) special authority or district employees; and
- (12) state employees.

Sec. 28. Minnesota Statutes 2000, section 355.03, is amended to read:

355.03 EMPLOYEES AND EMPLOYERS, CONTRIBUTIONS.

Subdivision 1. **EMPLOYEE CONTRIBUTION AMOUNT.** Every employee of the state, or of any of its political subdivisions, whose services are covered by the agreement entered into under section 355.02 ~~shall be required to~~ must pay for the period of ~~such~~ the coverage, into the contribution fund established by section 355.04, contributions, with respect to wages, equal to the amount of the employee's tax which would be imposed by the Federal Insurance Contributions Act if ~~such~~ those services constituted employment within the meaning of that act. ~~Such~~ This liability ~~shall arise~~ arises in consideration of the employee's retention in the service of the state, or any of its political subdivisions, or the employee's entry upon ~~such~~ that service, after the enactment of this chapter, as amended.

Subd. 2. **EMPLOYEE DEDUCTION.** The contribution imposed by this section ~~shall~~ must be collected by the covered employee's employer by deducting the amount of the contribution from wages as and when paid; ~~but.~~ The failure to make such deduction ~~shall does~~ does not relieve the employee from liability for such contribution.

Subd. 2a. **EMPLOYER CONTRIBUTION.** (a) Employer contributions that are required under the agreement must be paid by the applicable employing unit.

(b) Employer contributions on behalf of St. Paul teachers, Duluth teachers, Minneapolis teachers, or education employees may be paid from normal school operating funds. Employer contributions on behalf of state employees must be paid by the applicable department or agency from its appropriation or other revenue, in the same proportion as salaries are paid, and must be charged as an administrative cost of the state governmental unit.

(c) Employing units may pay the employer contribution from taxes collected or from other governmental revenue. An employing unit may include in its tax levy the amount necessary to pay its social security obligations. If the taxes authorized to be levied cause the total levy amount to exceed any limitation on the power of the employing unit to levy taxes, the unit may still levy the necessary amount. The

New language is indicated by underline, deletions by strikeout.

employing unit, in the event of a deficit, may issue debt obligations, payable in not more than two years, in an amount which may cause its indebtedness to exceed any limitation without holding an election and may levy taxes to amortize the indebtedness. The authorized social security expenditures must not be included in computing the cost of government for purposes of any home rule charter or other charter.

(d) If the required employer contribution for social security is increased and, as a result of that increase, there is insufficient money available to a state governmental unit, there is appropriated to the state department or agency from the general fund the amount required to meet the deficiency, based on certifications from the director to the commissioner of finance. The transfer of the appropriated amount may only occur after the commissioner of finance notifies the chair and ranking minority member of the house committee on ways and means and the chair and ranking minority member of the senate finance committee of the amount to be transferred.

(e) For members of the general state employees retirement plan of the Minnesota state retirement system who are employed by the state horticultural society, the department of Minnesota for the disabled American veterans organization, the department of Minnesota of the veterans of foreign wars organization, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission, and the Minnesota-Wisconsin-Minneapolis-St. Paul survival plan project, the applicable employing unit must pay the employer contribution from any revenue source that it has.

Subd. 3. **ADJUSTMENTS; REFUNDS.** If more or less than the correct amount of the contribution imposed by this section is paid or deducted with respect to any remuneration, proper adjustments, or refund if adjustment is impracticable, shall must be made, without interest, in such manner and at such times as the state agency shall prescribe director prescribes.

Subd. 4. **DELINQUENT PAYMENTS.** Delinquent payments that are due under this chapter, with compound interest at the rate of six percent per annum, may be recovered by legal action in a court of competent jurisdiction against an employing unit that is liable for the amount. The director may request that the delinquent payment and interest amount be deducted from any other money that is payable to the applicable employing unit by any department or agency of the state. An action for the recovery of delinquent payments is not subject to any statutory provision that would otherwise limit the time within which an action may be commenced.

Sec. 29. [355.035] REIMBURSEMENT BY EMPLOYING UNITS.

An employing unit which employs a member of a covered group must reimburse the state agency for its pro rata share of the cost of the administration of the agency with respect to social security coverage in accordance with the rules of the director pertaining to this reimbursement.

Sec. 30. [355.036] REPORTS.

An employing unit which employs a member of a covered group must make any reports in the form required and must include the information that the director requires.

New language is indicated by underline, deletions by strikeout.

An employing unit also must comply with the reporting requirements that the director or the federal Secretary of Health and Human Services may from time to time determine are necessary to ensure the correctness and verification of relevant information.

Sec. 31. [355.037] PROCEEDS OF SPECIAL BENEFIT TAXES.

The proceeds of the special benefit taxes that are authorized to be levied for redevelopment purposes under section 469.033, subdivision 6, may be used to defray all or part of the costs incurred by any housing and redevelopment authority under this chapter.

Sec. 32. Minnesota Statutes 2000, section 355.05, is amended to read:

355.05 RULES.

The state agency shall make and publish such director may promulgate those rules, not inconsistent with the provisions of this chapter, as amended, as it finds necessary or appropriate to the efficient administration of the functions with which it is charged under this chapter, as amended.

Sec. 33. Minnesota Statutes 2000, section 355.07, is amended to read:

355.07 DECLARATION OF POLICY.

(a) In order to extend to employees of the state and, its political subdivisions, and its other governmental employers, and to the dependents and survivors of such the employees of those employing units, the basic protection accorded to others by the old age and, survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 shall must not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d) (3) of the Social Security Act, in accordance with subsections (6) and (7) thereof.

New language is indicated by underline, deletions by ~~strikeout~~.

(d) Nothing in any provision of this chapter shall authorize ~~authorizes~~ the extension of the insurance system established by this chapter, as amended, to service in any police officer's or firefighter's position or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or fire fighting units, agencies or departments.

Sec. 34. Minnesota Statutes 2000, section 355.08, is amended to read:

355.08 APPLICATION OF SOCIAL SECURITY ACT.

The provisions of the Social Security Act, and all acts amendatory thereof, shall govern relative to employees of the state and, its political subdivisions, and its other governmental employers subject to Minnesota Statutes, this chapter 355, as amended, anything in said this chapter to the contrary notwithstanding.

Sec. 35. [355.091] DIVISION OF RETIREMENT PLANS.

(a) The public retirement plans enumerated in paragraph (b) must be divided into two parts in accordance with section 218(d)(6)(c) of the Social Security Act, with one part composed of plan members who did not elect social security coverage in the applicable referendum and the other part composed of plan members who did elect social security coverage in the applicable referendum.

(b) The applicable public retirement plans are:

(1) the elective state officers retirement plan;

(2) the judges retirement plan;

(3) the legislators retirement plan;

(4) the Minneapolis teachers retirement fund association;

(5) the general employees retirement plan of the public employees retirement association;

(6) the St. Paul teachers retirement fund association; and

(7) the teachers retirement association.

(c) Plan participants and persons electing participation under section 354B.21 remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.01, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 36. REPEALER.

Minnesota Statutes 2000, sections 355.01, subdivisions 2, 4, 5, 9, and 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393;

New language is indicated by underline, deletions by ~~strikeout~~.

355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; and 355.90, are repealed.

Sec. 37. EFFECTIVE DATE.

Sections 1 to 36 are effective on July 1, 2002.

ARTICLE 9

PUBLIC PENSION PLAN ACTUARIAL ASSUMPTION REVISIONS

Section 1. Minnesota Statutes 2000, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. **INTEREST AND SALARY ASSUMPTIONS.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service re- tirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis police relief association	6.0	6.0

New language is indicated by underline, deletions by ~~strikeout~~.

other local Fairmont police relief associations association	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighters Virginia fire department relief associations association	5.0	5.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis police relief association	4.0
other local Fairmont police relief associations association	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighters Virginia fire department relief associations association	3.5

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A

New language is indicated by underline, deletions by ~~strikeout~~.

correctional state employees retirement plan	assumption H
state patrol retirement plan	assumption H
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption H
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

The select calculation is,

during the ten-year select period, 0.2 a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50% 6.50	7.25% 6.90	7.7500
17	6.90	6.90	11.50	8.15	8.00	7.50 6.50	7.25 6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	7.50 6.50	7.25 6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	7.50 6.50	7.25 6.90	7.7500
20	6.75	6.75 6.40	11.50	8.00	8.00	7.50 6.50	7.25 6.90	7.7500
21	6.70 6.75	6.70 6.40	11.50	7.95 6.00	8.00	6.90 6.50	7.50 6.90	7.1454
22	6.65 6.75	6.65 6.40	11.00	7.90 6.00	8.00	6.90 6.50	7.50 6.90	7.0725
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.66 6.75	6.55 6.40	10.00	7.80 6.00	7.80 6.80	7.30 6.50	7.20 6.80	7.0363

New language is indicated by underline, deletions by strikeout.

25	6.50	6.50	9.50	7.75	7.70	7.20	7.15	7.0000
	6.75	6.40		6.00	6.75	6.50	6.75	
26	6.45	6.45	9.20	7.70	7.60	7.10	7.10	7.0000
	6.75	6.36		6.00	6.70	6.50	6.70	
27	6.40	6.40	8.90	7.65	7.50	7.00	7.05	7.0000
	6.75	6.32		6.00	6.65	6.50	6.65	
28	6.35	6.35	8.60	7.60	7.40	6.90	7.00	7.0000
	6.75	6.28		6.00	6.60	6.50	6.60	
29	6.30	6.30	8.30	7.55	7.30	6.80	6.95	7.0000
	6.75	6.24		6.00	6.55	6.50	6.55	
30	6.25	6.30	8.00	7.50	7.20	6.70	6.90	7.0000
	6.75	6.20		6.00	6.50	6.50	6.50	
31	6.20	6.25	7.80	7.45	7.10	6.60	6.85	7.0000
	6.75	6.16		6.00	6.45	6.50	6.45	
32	6.15	6.21	7.60	7.40	7.00	6.50	6.80	7.0000
	6.75	6.12		6.00	6.40	6.50	6.40	
33	6.10	6.17	7.40	7.30	6.90	6.40	6.75	7.0000
	6.75	6.08		6.00	6.35	6.50	6.35	
34	6.05	6.09	7.20	7.10	6.80	6.30	6.70	7.0000
	6.75	6.04		6.00	6.30	6.50	6.30	
35	6.00	6.05	7.00	7.00	6.70	6.20	6.65	7.0000
	6.75	6.00		6.00	6.25	6.50	6.25	
36	6.95	6.01	6.80	6.85	6.60	6.10	6.60	6.9019
	6.75	5.96		6.00	6.20	6.50	6.20	
37	5.90	5.97	6.60	6.70	6.50	6.00	6.55	6.8074
	6.75	5.92		6.00	6.15	6.50	6.15	
38	5.85	5.93	6.40	6.55	6.40	5.90	6.50	6.7125
	6.75	5.88		5.90	6.10	6.50	6.10	
39	5.80	5.89	6.20	6.40	6.30	5.80	6.40	6.6054
	6.75	5.84		5.80	6.05	6.50	6.05	
40	5.75	5.85	6.00	6.25	6.20	5.70	6.30	6.5000
	6.75	5.80		5.70	6.00	6.50	6.00	
41	5.70	5.81	5.90	6.10	6.10	5.60	6.20	6.3540
	6.75	5.76		5.60	5.90	6.50	5.95	
42	5.65	5.77	5.80	5.95	6.00	5.50	6.10	6.2087
	6.75	5.72		5.50	5.80	6.50	5.90	
43	5.60	5.73	5.70	5.80	5.90	5.45	6.00	6.0622
	6.65	5.68		5.40	5.70	6.50	5.85	
44	5.55	5.69	5.60	5.65	5.80	5.40	5.90	5.9048
	6.55	5.64		5.30	5.60	6.50	5.80	
45	5.50	5.65	5.50	5.50	5.70	5.35	5.80	5.7500
	6.45	5.60		5.20	5.50	6.50	5.75	
46	5.45	5.62	5.45	5.45	5.60	5.30	5.70	5.6940
	6.35	5.56		5.10	5.40	6.40	5.70	

New language is indicated by underline, deletions by strikeout.

47	<u>5.40</u>	5.59	5.40	5.40	5.50	5.25	5.65	5.6375
	<u>6.25</u>	<u>5.52</u>		<u>5.00</u>	<u>5.30</u>	<u>6.30</u>		
48	5.35	5.56	5.35	5.35	5.45	5.20	5.60	5.5822
	<u>6.15</u>	<u>5.48</u>		<u>5.00</u>	<u>5.20</u>	<u>6.20</u>		
49	5.30	5.53	5.30	5.30	5.40	5.15	5.55	5.5404
	<u>6.05</u>	<u>5.44</u>		<u>5.00</u>	<u>5.10</u>	<u>6.10</u>		
50	5.25	5.50	5.25	5.25	5.35	5.10	5.50	5.5000
	<u>5.95</u>	<u>5.40</u>		<u>5.00</u>	<u>5.00</u>	<u>6.00</u>		
51	5.20	5.45	5.25	5.20	5.30	5.05	5.45	5.4384
	<u>5.85</u>	<u>5.36</u>		<u>5.00</u>	<u>5.00</u>	<u>5.90</u>		
52	5.15	5.40	5.25	5.15	5.25	5.00	5.40	5.3776
	<u>5.75</u>	<u>5.32</u>		<u>5.00</u>	<u>5.00</u>	<u>5.80</u>		
53	5.10	5.35	5.25	5.10	5.25	5.00	5.35	5.3167
	<u>5.65</u>	<u>5.28</u>		<u>5.00</u>	<u>5.00</u>	<u>5.70</u>		
54	5.05	5.30	5.25	5.05	5.25	5.00	5.30	5.2826
	<u>5.55</u>	<u>5.24</u>		<u>5.00</u>	<u>5.00</u>	<u>5.60</u>		
55	5.00	5.25	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.45</u>	<u>5.20</u>			<u>5.00</u>	<u>5.50</u>		
56	5.00	5.20	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.35</u>	<u>5.16</u>			<u>5.00</u>	<u>5.40</u>	<u>5.20</u>	
57	5.00	5.15	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>	<u>5.12</u>			<u>5.00</u>	<u>5.30</u>	<u>5.15</u>	
58	5.00	5.10	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>	<u>5.08</u>		<u>5.10</u>	<u>5.00</u>	<u>5.20</u>	<u>5.10</u>	
59	5.00	5.05	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>	<u>5.04</u>		<u>5.20</u>	<u>5.00</u>	<u>5.10</u>	<u>5.05</u>	
60	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.30</u>	<u>5.00</u>		<u>5.00</u>	
61	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.40</u>	<u>5.00</u>		<u>5.00</u>	
62	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.50</u>	<u>5.00</u>		<u>5.00</u>	
63	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.60</u>	<u>5.00</u>		<u>5.00</u>	
64	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
65	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
66	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
67	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
68	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	

New language is indicated by underline, deletions by ~~strikeout~~.

69	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
70	5.00	5.00	5.25	5.00	5.25	5.00	5.25	5.2500
	<u>5.25</u>			<u>5.70</u>	<u>5.00</u>		<u>5.00</u>	
71	5.00	5.00		5.00				
	<u>5.25</u>			<u>5.70</u>				

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 2. EFFECTIVE DATE.

Section 1 is effective on June 30, 2002.

ARTICLE 10

**AUTHORIZATION OF ADDITIONAL
SUPPLEMENTAL RETIREMENT PLANS**

Section 1. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **RESTRICTION; EXCEPTIONS.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

New language is indicated by underline, deletions by strikeout.

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the board of trustees of the Minnesota state colleges and universities and covered under the higher education supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund

New language is indicated by underline, deletions by strikeout.

contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(1) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 2. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.

Notwithstanding any other provision of law or charter, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975, is required or permitted to~~ establish for any of its employees any local pension plan or fund financed in whole or in part from public funds, other than:

(1) a supplemental pension or deferred compensation plan authorized under section 356.24; or

(2) a volunteer firefighter's relief association established pursuant to ~~under~~ chapter 424A and governed by sections 69.771 to 69.776.

Sec. 3. RATIFICATION AND VALIDATION OF CERTAIN PAST ACTIONS.

Any supplemental pension plan that is organized and operated under section 401(a) of the federal Internal Revenue Code, as amended, that is wholly and solely funded by an employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay, and that was established before the effective date of this act and any contributions to the plan that may be characterized as public funds within the meaning of Minnesota Statutes, section 356.24, are hereby ratified and validated.

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 11

**GENERAL RETIREMENT LAW
REORGANIZATION AND RECODIFICATION
PUBLIC RETIREMENT PLAN PURPOSE**

Section 1. Minnesota Statutes 2000, section 356.001, is amended to read:

356.001 PURPOSE OF PUBLIC PLANS.

Subdivision 1. **EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES.** (a) The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries

New language is indicated by underline, deletions by ~~strikeout~~.

of members in the event of death of a member.

(b) The public plans and funds are established and ~~shall~~ must be maintained for the exclusive benefit of the members and the beneficiaries of the members. Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds ~~shall~~ may revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.

Subd. 2. **ALLOWABLE EXPENSES.** The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, ~~shall~~ must be considered as expenditures for the exclusive benefit of the members or their beneficiaries.

Subd. 3. **EFFECT OF AMENDMENTS OR TERMINATION.** (a) If a public plan or fund as defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund ~~shall~~ may be used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.

(b) If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits that were accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member ~~shall~~ must be calculated as of the date of termination and the funding ratio of the plan or fund must be applied to the accrued benefit of each affected member.

(c) The board of trustees of the plan or fund shall ~~then~~, as soon as administratively feasible following the termination, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall establish a custodial account for the member's benefit in a federally insured bank, savings association, or credit union in which the member's account balance ~~shall~~ must be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance ~~shall~~ must be paid to the beneficiary of the member.

Subd. 4. **COVERED PLANS AND FUNDS.** This section applies to all public pension and retirement plans and funds established ~~pursuant to~~ under the laws of the state of Minnesota that receive contributions from moneys derived from taxation.

Subd. 5. **CONSTRUCTION.** Nothing contained in this section ~~shall~~ may be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.

PUBLIC PENSION PLAN ACTUARIAL, FINANCIAL, AND INVESTMENT REPORTING

Sec. 2. Minnesota Statutes 2000, section 356.20, subdivision 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **REPORT REQUIRED.** (a) The governing or managing board or administrative officials of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year.

(b) This requirement shall also apply ~~applies~~ to any plan or fund which may be a successor to any organization so enumerated or to any newly formed retirement plan, fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations.

(c) The report shall must be prepared under the supervision and at the direction of the management of each fund and shall must be signed by the presiding officer of the managing board of the fund and the chief administrative official of the fund.

Sec. 3. Minnesota Statutes 2000, section 356.20, subdivision 2, is amended to read:

Subd. 2. **COVERED PUBLIC PENSION PLANS AND FUNDS.** This section applies to the following public pension plans:

(1) the general state employees retirement fund, plan of the Minnesota state retirement system;

(2) the general employees retirement plan of the public employees retirement fund, association;

(3) the teachers retirement association;

(4) the state patrol retirement fund, plan;

(5) the Minneapolis teachers retirement fund association;

(6) the St. Paul teachers retirement fund association;

(7) the Duluth teachers retirement fund association;

(8) the Minneapolis employees retirement fund;

(9) the University of Minnesota faculty retirement plan;

(10) the University of Minnesota faculty supplemental retirement plan;

(11) the judges retirement fund;

(12) Any a police or firefighter's relief association enumerated specified or described in section 69.77, subdivision 1a, or 69.771, subdivision 1;

(13) the public employees police and fire fund, plan of the public employees retirement association;

(14) the correctional state employees retirement plan of the Minnesota state retirement system correctional officers retirement fund; and

(15) public employees the local government correctional service retirement plan of the public employees retirement association.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 2000, section 356.20, subdivision 3, is amended to read:

Subd. 3. **FILING REQUIREMENT.** The financial report is a public record. A copy of the report or a synopsis of the report containing the information required by this section shall must be distributed annually to each member, of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of the report shall must be delivered to the executive director of the legislative commission on pensions and retirement and to the legislative reference library not later than six months after the close of each fiscal year or one month following the completion and delivery to the retirement fund of the actuarial valuation report of the fund by the actuary retained by the legislative commission on pensions and retirement, if applicable, whichever is later.

Sec. 5. Minnesota Statutes 2000, section 356.20, subdivision 4, is amended to read:

Subd. 4. **CONTENTS OF FINANCIAL REPORT.** (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The accrued assets, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item must contain a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

(a) (b) Assets of the fund or plan contained in the disclosure item must include the following statement of the actuarial value of current assets as defined in section 356.215, subdivision 1:

	Value at cost	Value at market
Cash, cash equivalents, and short-term securities
Accounts receivable
Accrued investment income
Fixed income investments

New language is indicated by underline, deletions by ~~strikeout~~.

Equity investments other than real estate	.....	.....
Real estate investments	.....	.....
Equipment	.....	.....
Equity in the Minnesota postretirement investment fund	.....	.....
Other	.....	.....
Total assets		
Value at cost		.....
Value at market		.....
Value of current assets		.....

(b) (c) The unfunded actuarial accrued liability of the fund or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the value of current assets:

(1) unfunded actuarial accrued liability, determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

(2) unfunded pension benefit obligation, determined by subtracting the current assets from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess must be disclosed and indicated as a surplus.

(e) (d) The pension benefit obligations schedule included in the disclosure must contain the following information on the benefit obligations:

(1) the pension benefit obligation, determined as the actuarial present value of credited projected benefits on account of service rendered to date, separately identified as follows:

- (i) for annuitants;
 - retirement annuities;
 - disability benefits;
 - surviving spouse and child benefits;
- (ii) for former members without vested rights;
- (iii) for deferred annuitants' benefits, including any augmentation;
- (iv) for active employees;
 - accumulated employee contributions, including allocated investment income;
 - employer-financed benefits vested;
 - employer-financed benefits nonvested;
 - total pension benefit obligation; and

(2) if there are additional benefits not appropriately covered by the foregoing items of benefit obligations, a separate identification of the obligation.

New language is indicated by underline, deletions by ~~strikeout~~.

(d) (e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition must be included in the additional statements or exhibits.

Sec. 6. Minnesota Statutes 2000, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. **FINANCIAL REPORT FOR POLICE OR FIREFIGHTERS RELIEF ASSOCIATION.** For any police or firefighter's relief association referred to in subdivision 2, clause (12), a financial report duly filed pursuant to and meeting the requirements of section 69.051 shall must be deemed to have met the requirements of subdivision 4.

Sec. 7. Minnesota Statutes 2000, section 356.215, as amended by Laws 2001, First Special Session chapter 10, article 11, section 18, is amended to read:

356.215 ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.

Subdivision 1. **DEFINITIONS.** (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs have the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or, who is a fellow in the society of actuaries.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 69.773, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of this the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

New language is indicated by underline, deletions by ~~strikeout~~.

(f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) (2) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had

New language is indicated by underline, deletions by ~~strikeout~~.

increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

~~(5)~~ (3) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Subd. 2. **REQUIREMENTS.** (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported

New language is indicated by underline, deletions by ~~strikeout~~.

retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7); and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund or plan that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund, plan, or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of to which section 356.216 applies.

Subd. 2a. **PROJECTION VALUATION REQUIREMENTS.** (a) A quadrennial projection valuation ~~required~~ authorized under subdivision 2 is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified.

(b) In consultation with the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Subd. 3. **REPORTS.** (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the valuation must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year.

New language is indicated by underline, deletions by ~~strikeout~~.

(c) Two copies of a quadrennial experience study must be filed with the executive director of the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Subd. 4. **ACTUARIAL VALUATION; CONTENTS.** (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions 4a 5 to 4k 15.

Subd. 4a 5. **NORMAL COST.** For a fund providing benefits in whole or in part under a defined benefit plan, the actuarial valuation must indicate the level normal cost of the benefits provided by under the laws governing the fund as of the date of the valuation, calculated in accordance with the entry age actuarial cost method. The normal cost must be expressed as a level percentage of the present value of future payrolls of the active participants of the fund as of the date of the valuation.

Subd. 4b 6. **ACCRUED LIABILITY.** For a fund providing benefits under a defined benefit plan, the actuarial valuation must contain an exhibit indicating the actuarial accrued liabilities of the fund. This figure is the present value of future benefits, reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Subd. 4c 7. **DEFINED CONTRIBUTION PLAN ACCUMULATIONS.** For each fund providing benefits under ~~the~~ a money purchase or defined contribution plan, the actuarial valuation shall must contain an exhibit indicating the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations shall must be separately tabulated in a manner which properly reflects any differences in money purchase or defined contribution annuity rates which may apply.

Subd. 4d 8. **INTEREST AND SALARY ASSUMPTIONS.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

New language is indicated by underline, deletions by ~~strikeout~~.

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
state patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
*general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis police relief association	6.0	6.0
other local Fairmont police relief associations <u>association</u>	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighters Virginia fire department relief associations <u>association</u>	5.0	5.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis police relief association	4.0
other local Fairmont police relief associations <u>association</u>	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighters Virginia fire department relief associations <u>association</u>	3.5

New language is indicated by underline, deletions by ~~strikeout~~.

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption H
state patrol retirement plan	assumption H
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption H
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G

The select calculation is:

during the ten-year select period, ~~0.2~~ a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

New language is indicated by underline, deletions by ~~strikeout~~.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	7.50%	7.25%	7.7500
17	6.90	6.90	11.50	8.15	8.00	7.50	7.25	7.7500
18	6.85	6.85	11.50	8.10	8.00	7.50	7.25	7.7500
19	6.80	6.80	11.50	8.05	8.00	7.50	7.25	7.7500
20	6.75	6.75	11.50	8.00	8.00	7.50	7.25	7.7500
21	6.70	6.70	11.50	7.95	8.00	7.50	7.25	7.1454
22	6.65	6.65	11.00	7.90	8.00	7.50	7.25	7.0725
23	6.65	6.65	11.00	7.90	8.00	7.50	7.25	7.0725
24	6.66	6.55	10.00	7.80	8.00	7.30	7.20	7.0363
25	6.50	6.50	9.50	7.75	8.00	7.20	7.15	7.0000
26	6.45	6.45	9.20	7.70	8.00	7.10	7.10	7.0000
27	6.40	6.40	8.90	7.65	8.00	7.00	7.05	7.0000
28	6.35	6.35	8.60	7.60	8.00	6.90	7.00	7.0000
29	6.30	6.30	8.30	7.55	8.00	6.80	6.95	7.0000
30	6.25	6.30	8.00	7.50	8.00	6.70	6.90	7.0000
31	6.20	6.25	7.80	7.45	8.00	6.60	6.85	7.0000
32	6.15	6.21	7.60	7.40	8.00	6.50	6.80	7.0000
33	6.10	6.17	7.40	7.30	8.00	6.40	6.75	7.0000
34	6.05	6.09	7.20	7.10	8.00	6.30	6.70	7.0000
35	6.00	6.05	7.00	7.00	8.00	6.20	6.65	7.0000
	<u>6.75</u>	<u>6.00</u>		<u>6.00</u>	<u>6.25</u>	<u>6.50</u>	<u>6.25</u>	

New language is indicated by underline, deletions by ~~strikeout~~.

36	6.95 <u>6.75</u>	6.01 <u>5.96</u>	6.80	6.85 <u>6.00</u>	6.60 <u>6.20</u>	6.10 <u>6.50</u>	6.60 <u>6.20</u>	6.9019
37	5.90 <u>6.75</u>	5.97 <u>5.92</u>	6.60	6.70 <u>6.00</u>	6.50 <u>6.15</u>	6.00 <u>6.50</u>	6.55 <u>6.15</u>	6.8074
38	5.85 <u>6.75</u>	5.93 <u>5.88</u>	6.40	6.55 <u>5.90</u>	6.40 <u>6.10</u>	5.90 <u>6.50</u>	6.50 <u>6.10</u>	6.7125
39	5.80 <u>6.75</u>	5.89 <u>5.84</u>	6.20	6.40 <u>5.80</u>	6.30 <u>6.05</u>	5.80 <u>6.50</u>	6.40 <u>6.05</u>	6.6054
40	5.75 <u>6.75</u>	5.85 <u>5.80</u>	6.00	6.25 <u>5.70</u>	6.20 <u>6.00</u>	5.70 <u>6.50</u>	6.30 <u>6.00</u>	6.5000
41	5.70 <u>6.75</u>	5.81 <u>5.76</u>	5.90	6.10 <u>5.60</u>	6.10 <u>5.90</u>	5.60 <u>6.50</u>	6.20 <u>5.95</u>	6.3540
42	5.65 <u>6.75</u>	5.77 <u>5.72</u>	5.80	5.95 <u>5.50</u>	6.00 <u>5.80</u>	5.50 <u>6.50</u>	6.10 <u>5.90</u>	6.2087
43	5.60 <u>6.65</u>	5.73 <u>5.68</u>	5.70	5.80 <u>5.40</u>	5.90 <u>5.70</u>	5.45 <u>6.50</u>	6.00 <u>5.85</u>	6.0622
44	5.55 <u>6.55</u>	5.69 <u>5.64</u>	5.60	5.65 <u>5.30</u>	5.80 <u>5.60</u>	5.40 <u>6.50</u>	5.90 <u>5.80</u>	5.9048
45	5.50 <u>6.45</u>	5.65 <u>5.60</u>	5.50	5.50 <u>5.20</u>	5.70 <u>5.50</u>	5.35 <u>6.50</u>	5.80 <u>5.75</u>	5.7500
46	5.45 <u>6.35</u>	5.62 <u>5.56</u>	5.45	5.45 <u>5.10</u>	5.60 <u>5.40</u>	5.30 <u>6.40</u>	5.70 <u>5.70</u>	5.6940
47	5.40 <u>6.25</u>	5.59 <u>5.52</u>	5.40	5.40 <u>5.00</u>	5.50 <u>5.30</u>	5.25 <u>6.30</u>	5.65 <u>6.30</u>	5.6375
48	5.35 <u>6.15</u>	5.56 <u>5.48</u>	5.35	5.35 <u>5.00</u>	5.45 <u>5.20</u>	5.20 <u>6.20</u>	5.60	5.5822
49	5.30 <u>6.05</u>	5.53 <u>5.44</u>	5.30	5.30 <u>5.00</u>	5.40 <u>5.10</u>	5.15 <u>6.10</u>	5.55	5.5404
50	5.25 <u>5.95</u>	5.50 <u>5.40</u>	5.25	5.25 <u>5.00</u>	5.35 <u>5.00</u>	5.10 <u>6.00</u>	5.50	5.5000
51	5.20 <u>5.85</u>	5.45 <u>5.36</u>	5.25	5.20 <u>5.00</u>	5.30 <u>5.00</u>	5.05 <u>5.90</u>	5.45	5.4384
52	5.15 <u>5.75</u>	5.40 <u>5.32</u>	5.25	5.15 <u>5.00</u>	5.25 <u>5.00</u>	5.00 <u>5.80</u>	5.40	5.3776
53	5.10 <u>5.65</u>	5.35 <u>5.28</u>	5.25	5.10 <u>5.00</u>	5.25 <u>5.00</u>	5.00 <u>5.70</u>	5.35	5.3167
54	5.05 <u>5.55</u>	5.30 <u>5.24</u>	5.25	5.05 <u>5.00</u>	5.25 <u>5.00</u>	5.00 <u>5.60</u>	5.30	5.2826
55	5.00 <u>5.45</u>	5.25 <u>5.20</u>	5.25	5.00 <u>5.00</u>	5.25 <u>5.00</u>	5.00 <u>5.50</u>	5.25	5.2500
56	5.00 <u>5.35</u>	5.20 <u>5.16</u>	5.25	5.00	5.25 <u>5.00</u>	5.00 <u>5.40</u>	5.25 <u>5.20</u>	5.2500
57	5.00 <u>5.25</u>	5.15 <u>5.12</u>	5.25	5.00	5.25 <u>5.00</u>	5.00 <u>5.30</u>	5.25 <u>5.15</u>	5.2500

New language is indicated by underline, deletions by ~~strikeout~~.

58	5.00 <u>5.25</u>	5.10 <u>5.08</u>	5.25	5.00 <u>5.10</u>	5.25 <u>5.00</u>	5.00 <u>5.20</u>	5.25 <u>5.10</u>	5.2500
59	5.00 <u>5.25</u>	5.05 <u>5.04</u>	5.25	5.00 <u>5.20</u>	5.25 <u>5.00</u>	5.00 <u>5.10</u>	5.25 <u>5.05</u>	5.2500
60	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.30</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
61	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.40</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
62	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.50</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
63	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.60</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
64	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
65	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
66	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
67	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
68	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
69	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
70	5.00 <u>5.25</u>	<u>5.00</u>	5.25	5.00 <u>5.70</u>	5.25 <u>5.00</u>	<u>5.00</u>	<u>5.00</u>	5.2500
71	5.00 <u>5.25</u>	<u>5.00</u>		5.00 <u>5.70</u>	<u>5.00</u>		<u>5.00</u>	

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00

New language is indicated by underline, deletions by ~~strikeout~~.

teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Subd. 4e 9. **OTHER ASSUMPTIONS.** The actuarial valuation must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision § 16, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Subd. 4f 10. **PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.** The actuarial valuation must contain those actuarial calculations that are necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Subd. 4g 11. **AMORTIZATION CONTRIBUTIONS.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund and the public employees retirement association general plan, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the

New language is indicated by underline, deletions by ~~strikeout~~.

established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund and the public employees retirement association general plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date

New language is indicated by underline, deletions by ~~strikeout~~.

for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the public employees retirement association general plan, the established date for full funding is June 30, 2031.

(f) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Subd. 4h 12. ACTUARIAL GAINS AND LOSSES. The actuarial valuation must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation. The explanation must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

(a) (1) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

(b) (2) increases and decreases in the unfunded actuarial accrued liability because of changes in actuarial assumptions;

(c) (3) increases or decreases in the unfunded actuarial accrued liability attributable to actuarial gains or losses resulting from any experience deviations from the assumptions on which the valuation is based, as follows:

(i) actual investment earnings;

(ii) actual postretirement mortality rates;

(iii) actual salary increase rates; and

(iv) the remainder of the increase or decrease not attributable to any separate source;

(d) (4) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

(e) (5) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4i 13. **MEMBERSHIP TABULATION.** (a) The actuarial valuation must contain a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation must be made for each general benefit program.

(b) The tabulations must be prepared by the administration of the pension fund and must contain the following information:

- | | |
|--|--------|
| (1) Active members | Number |
| As of last valuation date | |
| New entrants | |
| Total | |
| Separations from active service | |
| Refund of contributions | |
| Separation with deferred annuity | |
| Separation with neither refund
nor deferred annuity | |
| Disability | |
| Death | |
| Retirement with service annuity | |
| Total separations | |
| As of current valuation date | |
| (2) Annuitants | Number |
| As of last valuation date | |
| New entrants | |
| Total | |
| Terminations | |
| Deaths | |
| Other | |
| Total terminations | |
| As of current valuation date | |

(c) The tabulation required under paragraph (b), clause (2), must be made separately for each of the following classes of benefit recipients:

- (1) service retirement annuitants;
- (2) disability benefit recipients;
- (3) survivor benefit recipients; and
- (4) deferred annuitants.

Subd. 4j 14. **ADMINISTRATIVE EXPENSES.** (a) The actuarial valuation must indicate the administrative expenses of the fund, expressed both in dollars and as a percentage of covered payroll.

(b) Administrative expenses are the costs incurred by the retirement plans in the course of operating the plan, excluding investment expenses. Investment expenses include all expenses incurred for the retention of professional external investment

New language is indicated by underline, deletions by ~~strikeout~~.

managers and professional investment consultants, custodian bank fees, investment transaction costs, and the costs incurred by the retirement plans to manage investment portfolios or assets internally. Investment expenses must be deducted from the investment return used in the actuarial valuation, and must not be included in administrative expenses when calculating the allowance for expenses.

Subd. 4~~k~~ 15. **BENEFIT PLAN SUMMARY.** The actuarial valuation must contain a summary of the principal provisions of the benefit plan upon which the valuation is based.

Subd. 5 16. **QUADRENNIAL EXPERIENCE STUDY; CONTENTS.** A quadrennial experience study, if required, must contain an actuarial analysis by the approved actuary of the experience of the fund and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund was based.

Subd. 6 17. **ACTUARIAL SERVICES BY APPROVED ACTUARIES.** (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been prepared according to sections 356.20 to 356.23 and according to the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations, or experience studies prepared by an approved actuary retained by a retirement fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Subd. 7 18. **ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.** (a) The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement.

(b) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 8. Minnesota Statutes 2000, section 356.216, is amended to read:

356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.

(a) The provisions of section 356.215 governing that govern the contents of actuarial valuations shall ~~must~~ apply to any local police or fire pension fund or relief association required to make an actuarial report under this section, except as follows:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll ~~shall~~ must be the maximum rate of salary ~~from~~ on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision 4~~g~~ 11, the appropriate amortization target date specified in section 69.77, subdivision 2b, or 69.773, subdivision 4, clause (c), ~~shall~~ must be used in calculating any required amortization contribution;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 4i 13, the member contributions for active members for the calendar year and the prospective annual retirement annuities under the benefit plan for active members ~~shall~~ must be reported;

(4) actuarial valuations required ~~pursuant to~~ under section 69.773, subdivision 2, ~~shall~~ must be made at least every four years and actuarial valuations required ~~pursuant to~~ under section 69.77 shall be made annually; and

(5) the actuarial balance sheet showing accrued assets valued at market value if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, clause (6), or paragraph (b), whichever applies, if the actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the unfunded actuarial accrued liability ~~shall~~ must include the following required reserves:

- (a) (i) For active members
 1. Retirement benefits
 2. Disability benefits
 3. Refund liability due to death or withdrawal
 4. Survivors' benefits
- (b) (ii) For deferred annuitants' benefits
- (c) (iii) For former members without vested rights
- (d) (iv) For annuitants
 1. Retirement annuities
 2. Disability annuities
 3. Surviving spouses' annuities
 4. Surviving children's annuities

In addition to those required reserves, separate items ~~shall~~ must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above; and

(6) actuarial valuations ~~shall be~~ are due by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

(b) For a the Minneapolis firefighters relief association or the Minneapolis police relief association in a city of the first class with a population of more than 300,000, the following provisions additionally apply:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability, and amortization contribution of the relief association, "current assets" means the value of all assets at cost, including realized capital gains and losses, plus or minus, whichever applies, the average value of total unrealized capital gains or losses for the most recent three-year period ending with the end of the plan year immediately preceding the actuarial valuation report transmission date; and

(2) in calculating the applicable portions of the actuarial valuation, an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent must be used.

Sec. 9. Minnesota Statutes 2000, section 356.217, is amended to read:

356.217 MODIFICATIONS IN ACTUARIAL SERVICES.

(a) The cost of any requested benefit projections prepared by the commission-retained actuary relating to the Minnesota postretirement investment fund ~~for at the request of the state board of investment~~ is payable by the state board of investment.

(b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial ~~valuation~~ valuations, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.

(c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(e) The commission-retained actuary is:

(1) required to publish experience findings for those retirement plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, ~~clause~~ paragraph (f).

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 10. Minnesota Statutes 2000, section 356.219, is amended to read:

356.219 DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.

Subdivision 1. **REPORT REQUIRED.** (a) Except as indicated in subdivision 4, the state board of investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the state board of investment.

Subd. 2. **ASSET CLASS DEFINITION.** (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

(4) international stocks or convertible issues;

(5) international debt securities; and

(6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or any other applicable law, in open-end investment companies registered

New language is indicated by underline, deletions by ~~strikeout~~.

under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. CONTENT OF REPORTS. (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of \$10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any subsequent year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in market value in a that subsequent year.

(c) For public pension plans to which paragraph (b) applies, the report required by subdivision 1 must also include a calculation of the total time-weighted rate of return available from index-matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the state board of investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the state board of investment under section 11A.23.

(d) If a public pension plan has a total market value of less than \$10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. If these returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are

New language is indicated by underline, deletions by ~~strikeout~~.

consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain supporting information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan will be is subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. **ALTERNATIVE REPORTING; CERTAIN PLANS.** In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed separately for each investment option available to plan members. To the extent feasible, the returns must be computed net of all investment costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining investment cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. **PENALTY FOR NONCOMPLIANCE.** Failure to comply with the reporting requirements of this section shall must result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold any state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship for the pension plan.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 6. **INVESTMENT DISCLOSURE REPORT.** (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all investment-related costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. **EXPENSE OF REPORT.** All administrative expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. **TIMING OF REPORTS.** (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications, in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 11. Minnesota Statutes 2000, section 356.22, is amended to read:

356.22 INTERPRETATION.

Subdivision 1. **PROVISION OF ADDITIONAL VALUATIONS.** No provision in sections 356.20 to 356.23 shall may be construed to in any way to limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or experience studies, or additional data and actuarial calculations, as may be requested by the legislature or any standing committee or by the legislative commission on pensions and retirement.

Subd. 2. **ACCELERATED AMORTIZATION.** No provision in sections 356.20 to 356.23 shall may be construed to preclude any public pension and retirement fund enumerated in section 356.20, subdivision 2, from requesting, or the legislature from providing for, the amortization of any unfunded actuarial accrued liability in a shorter period of time than by the established date for full funding as determined pursuant to under section 356.215, subdivision 4g 11.

Subd. 3. **ADDITIONAL REQUIRED VALUATIONS.** The legislature or any committee or commission thereof ~~now in existence or hereafter created~~ which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and experience studies in conformity with the provisions of sections 356.20 to 356.23 from any public pension and retirement plan or fund, whether enumerated in sections 356.20 to 356.23 or otherwise.

Sec. 12. Minnesota Statutes 2000, section 356.23, is amended to read:

356.23 SUPPLEMENTAL VALUATIONS; ALTERNATIVE REPORTS AND VALUATIONS.

Subdivision 1. **SUPPLEMENTAL ACTUARIAL VALUATIONS.** Any supplemental actuarial valuations prepared on behalf of any governing or managing board of any pension and retirement fund enumerated in section 356.20, subdivision 2, by an approved actuary, shall must be prepared in accordance with the applicable provisions of sections 356.20 to 356.23 and with the standards adopted by the legislative commission on pensions and retirement. Any pension and retirement fund which prepares an alternative actuarial valuation under subdivision 2 shall also must have a supplemental actuarial valuation prepared.

Subd. 2. **ALTERNATIVE REPORTS AND VALUATIONS.** In addition to the financial reports and actuarial valuations required by sections 356.20 to 356.23, the governing or managing board of any fund concerned may submit alternative reports and actuarial valuations for distribution to the legislature, any of its committees, or the legislative commission on pensions and retirement on a different basis or on different assumptions than are specified in sections 356.20 to 356.23. The assumptions and basis of any alternative reports and valuations shall must be clearly stated in the document.

**LIMITATIONS ON SUPPLEMENTAL AND
LOCAL RETIREMENT PLANS**

Sec. 13. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1: **RESTRICTION; EXCEPTIONS.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the board of trustees of the Minnesota state colleges and universities and covered under the higher education supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; or

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

New language is indicated by underline, deletions by ~~strikeout~~.

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 14. Minnesota Statutes 2000, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. **VENDOR RESTRICTIONS.** A personnel policy for unrepresented employees or, a collective bargaining agreement for represented employees, or a school board for school district employees may establish limits on the number of vendors of plans covered by the exceptions set forth in subdivision 1 that it will utilize and conditions under which the those vendors may contact employees both during working hours and after working hours.

Sec. 15. Minnesota Statutes 2000, section 356.24, subdivision 1c, is amended to read:

Subd. 1c. **STATE BOARD OF INVESTMENT REVIEW.** (a) Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns.

(b) The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies.

(c) In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Sec. 16. Minnesota Statutes 2000, section 356.24, subdivision 2, is amended to read:

Subd. 2. **LIMIT ON CERTAIN CONTRIBUTIONS OR BENEFIT CHANGES.** No change in benefits or employer contributions in a supplemental

New language is indicated by underline, deletions by ~~strikeout~~.

pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

Sec. 17. Minnesota Statutes 2000, section 356.245, is amended to read:

356.245 LOCAL ELECTED OFFICIALS.

An elected official who is covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. ~~A~~ The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 18. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.

Notwithstanding any other provision of law or charter to the contrary, no city, county, public agency or instrumentality, or other political subdivision shall, after August 1, 1975, is required or permitted to establish for any of its employees any a local pension plan or fund financed in whole or in part from public funds, other than a volunteer firefighter's relief association that is established pursuant to under chapter 424A and is governed by sections 69.771 to 69.776.

PUBLIC RETIREMENT PLAN PORTABILITY MECHANISMS

Sec. 19. Minnesota Statutes 2000, section 356.30, is amended to read:

356.30 COMBINED SERVICE ANNUITY.

Subdivision 1. **ELIGIBILITY; COMPUTATION OF ANNUITY.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated plans; and

(2) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further

New language is indicated by underline, deletions by ~~strikeout~~.

specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan shall must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan is ~~prior to~~ was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the state patrol retirement plan, must not exceed the percent specified in section ~~356.19~~ 356.315, subdivision 4, per year of service for any year of service or fraction thereof. ~~The formula percentage used by the judges' retirement fund must not exceed the percent percentage rate specified in section 356.19~~ 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the state patrol retirement plan must not exceed the ~~percent percentage rate~~ percent percentage rate specified in section ~~356.19~~ 356.315, subdivision 6, per year of service for any year of service or fraction thereof. ~~The accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).~~

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period

New language is indicated by underline, deletions by ~~strikeout~~.

divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Subd. 2. REPAYMENT OF REFUNDS. A person who has service credit in one of the funds retirement plans enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds covered plans but also has received a refund from any other of these funds covered plans, may repay the refund to the respective fund plan under terms and conditions that are consistent with the laws governing the other fund plan, except that the person need not be a currently contributing member of the fund plan to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds covered plans enumerated in subdivision 3 or before the date of retirement from the fund plan to which the refund is repaid, whichever is earlier.

Subd. 2a. PURCHASES OF PRIOR SERVICE. If a purchase of prior service is made under the provisions of Laws 1988, chapter 709, article 3, or any similar special or general law provision which allows a purchase of service credit in any of the funds retirement plans enumerated in subdivision 3, the amount of required reserves calculated as prescribed in Laws 1988, chapter 709, article 3, must be paid to each fund plan based on the amount of benefit increase payable from that fund plan as a result of the purchase of prior service.

Subd. 3. COVERED FUNDS PLANS. This section applies to the following retirement funds plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(3) the unclassified employees retirement plan program, established pursuant to under chapter 352D;

(4) the state patrol retirement fund plan, established pursuant to under chapter 352B;

(5) the legislators retirement plan, established pursuant to under chapter 3A;

(6) the elective state officers' retirement plan, established pursuant to under chapter 352C;

(7) the general employees retirement plan of the public employees retirement association, established pursuant to under chapter 353;

New language is indicated by underline, deletions by ~~strikeout~~.

(8) the public employees police and fire fund retirement plan of the public employees retirement association, established pursuant to under chapter 353;

(9) public employees the local government correctional service retirement plan of the public employees retirement association, established pursuant to under chapter 353E;

(10) the teachers retirement association, established pursuant to under chapter 354;

(11) the Minneapolis employees retirement fund, established pursuant to under chapter 422A;

(12) the Minneapolis teachers retirement fund association, established pursuant to under chapter 354A;

(13) the St. Paul teachers retirement fund association, established pursuant to under chapter 354A;

(14) the Duluth teachers retirement fund association, established pursuant to under chapter 354A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 20. Minnesota Statutes 2000, section 356.302, is amended to read:

356.302 DISABILITY BENEFIT WITH COMBINED SERVICE.

Subdivision 1. **DEFINITIONS.** (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8) and (13).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to ~~(11)~~ (12).

New language is indicated by underline, deletions by ~~strikeout~~.

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Subd. 2. **ENTITLEMENT.** Notwithstanding any provision of law to the contrary governing any covered retirement plan, a member of a covered retirement plan may receive a combined service disability benefit from each covered retirement plan in which the person has credit for at least one-half year of allowable service if that person meets the applicable qualifying conditions. Subdivision 3 applies to a member of a general employee retirement plan. Subdivision 4 applies to a member of a public safety employee retirement plan. Subdivision 5 applies to a member of a covered retirement plan with both general employee and public safety employee retirement plan service.

Subd. 3. **GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 65 years of age on the date of the application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least three years;

(4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) is ~~was~~ not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

Subd. 4. **PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) has become occupationally disabled;

(2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least one year if the disability is duty-related or totaling at least three years if the disability is not duty-related;

(3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

New language is indicated by underline, deletions by ~~strikeout~~.

(4) ~~is~~ was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Subd. 5. GENERAL AND PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS. A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement plans plan and general employee retirement plans plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

Subd. 6. COMBINED SERVICE DISABILITY BENEFIT COMPUTATION.
(a) The combined service disability benefit from each covered retirement plan must be based on the allowable service in each retirement plan, except as specified in paragraphs (b) to (f).

(b) The disability benefit must be governed by the law in effect for each covered retirement plan on the date of the commencement of the member's most recent qualifying disability as a member of a covered retirement plan.

(c) All plans must base the disability benefit on the same average salary figure to the extent practicable.

(d) If the method of the covered retirement plan used to compute a disability benefit varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a disability benefit does not vary based on the length of allowable service credit, the portion of the specified benefit amount from the plan must bear the same proportion to the total specified benefit amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the disability benefit amount for allowable service under the plan is not affected, but the service and the covered salary under the plan must be used as applicable in calculations by other covered retirement plans.

(f) A period for which a person has allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service disability benefit, with any period of duplicated service credit handled ~~under~~ as provided in section 356.30, subdivision 1, clause (3), items (i) and (j) paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from one of the public pension plans ~~named~~ enumerated in section 356.30, subdivision 3, the person may

New language is indicated by underline, deletions by ~~strikeout~~.

receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

(h) A partially employed recipient of a disability benefit must have any current reemployment income plus the total disability payment payments from all plans listed enumerated in subdivision 7 added together, and then compared to their final salary rate as a public employee. If current income plus the total disability payments exceed the final salary of the person at the time of retirement, then disability benefit payments from all the plans will ~~must be reduced~~ on a prorated basis relative to the years of service in each fund so that earnings plus benefit payments do not exceed ~~their~~ the final salary rate.

Subd. 7. **COVERED RETIREMENT PLANS.** This section applies to the following retirement plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established by chapter 352;

(2) the unclassified state employees retirement plan program of the Minnesota state retirement system, established by chapter 352D;

(3) the general employees retirement plan of the public employees retirement association, established by chapter 353;

(4) the teachers retirement association, established by chapter 354;

(5) the Duluth teachers retirement fund association, established by chapter 354A;

(6) the Minneapolis teachers retirement fund association, established by chapter 354A;

(7) the St. Paul teachers retirement fund association, established by chapter 354A;

(8) the Minneapolis employees retirement fund, established by chapter 422A;

(9) the state correctional employees retirement plan of the Minnesota state retirement system, established by chapter 352;

(10) the state patrol retirement fund plan, established by chapter 352B;

(11) the public employees police and fire fund plan of the public employees retirement association, established by chapter 353;

(12) public employees the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E; and

(13) the judges' retirement fund plan, established by sections 490.121 to 490.132.

Sec. 21. Minnesota Statutes 2000, section 356.303, is amended to read:

356.303 SURVIVOR BENEFIT WITH COMBINED SERVICE.

Subdivision 1. **DEFINITIONS.** (a) The terms used in this section are defined in this subdivision.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a survivor annuity or a survivor benefit, whichever applies, by the covered retirement plan and that is drawn from any period of credited service and covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed enumerated in subdivision 4.

(d) "Deceased member" means a person who on the date of death was an active member of a covered retirement plan and who has reached the minimum age, if any, that is required by the covered retirement plan as part of qualifying for a survivor annuity or survivor benefit.

(e) "Surviving child" means a child of a deceased member (1) who is unmarried; (2) who has not reached age 18, or, if a full-time student, who has not reached a higher age as specified in by the applicable covered retirement plan; and (3) if specified by that plan, who was actually dependent on the deceased member for a specified proportion of support before the deceased member's death. "Surviving child" includes a natural child, an adopted child, or a child of a deceased member who is conceived during the member's lifetime and who is born after the member's death.

(f) "Surviving spouse" means the legally married husband or wife, whichever applies, of the deceased member who was residing with the deceased member on the date of death and who, if specified by the applicable covered retirement plan, had been married to the deceased member for a specified period of time before the death of the deceased member.

(g) "Survivor annuity" means the entitlement to a future amount payable to a survivor as the remainder interest of an optional annuity form implied by law as having been chosen by a deceased member before the date of death and effective on the date of death or provided automatically.

(h) "Survivor benefit" means an entitlement to a future amount payable to a survivor that is not included in the definition of a survivor annuity.

Subd. 2. **ENTITLEMENT; ELIGIBILITY.** Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet any minimum allowable service credit requirement of the covered retirement fund for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

New language is indicated by underline, deletions by ~~strikeout~~.

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

Subd. 3. COMBINED SERVICE SURVIVOR BENEFIT COMPUTATION.

(a) The combined service survivor annuity or survivor benefit from each covered retirement plan must be based on the allowable service in each covered retirement plan, except as provided by paragraphs (b) to (f).

(b) The survivor annuity or survivor benefit must be governed by the law in effect for each covered retirement plan on the date of the death of the deceased member.

(c) All plans must base the survivor annuity or survivor benefit on the same average salary figure if the annuity or benefit is salary related.

(d) If the method of the covered retirement plan used to compute a survivor benefit or annuity varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a survivor benefit or annuity does not vary based on the length of allowable service credit, the portion of the specified benefit or annuity amount from the covered retirement plan must bear the same proportion to the total specified benefit or annuity amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the survivor benefit amount for allowable service under the plan is not affected, but the service and covered salary under the plan must be used in calculations by other covered retirement plans.

(f) A period for which a person has deceased member had allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service survivor annuity or survivor benefit. A period of duplicated service credit must be handled as provided in section 356.30, subdivision 1, clause (3), items (i) and (j) paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from a public pension plan named in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

Subd. 4. COVERED RETIREMENT PLANS. This section applies to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A;
- (2) the general state employees retirement fund plan of the Minnesota state retirement system, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota state retirement system, established by chapter 352;

New language is indicated by underline, deletions by ~~strikeout~~.

- (4) the state patrol retirement fund plan, established by chapter 352B;
- (5) the elective state officers retirement plan, established by chapter 352C;
- (6) the unclassified state employees retirement plan program, established by chapter 352D;
- (7) the general employees retirement plan of the public employees retirement association, established by chapter 353;
- (8) the public employees police and fire fund plan of the public employees retirement association, established by chapter 353;
- (9) public employees the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E;
- (10) the teachers retirement association, established by chapter 354;
- (11) the Duluth teachers retirement fund association, established by chapter 354A;
- (12) the Minneapolis teachers retirement fund association, established by chapter 354A;
- (13) the St. Paul teachers retirement fund association, established by chapter 354A;
- (14) the Minneapolis employees retirement fund, established by chapter 422A; and
- (15) the judges' retirement fund, established by sections 490.121 to 490.132.

RETIREMENT ANNUITIES

Sec. 22. **[356.315] RETIREMENT BENEFIT FORMULA PERCENTAGES.**

Subdivision 1. COORDINATED PLAN MEMBERS. The applicable benefit accrual rate is 1.2 percent.

Subd. 2. COORDINATED PLAN MEMBERS. The applicable benefit accrual rate is 1.7 percent.

Subd. 2a. COORDINATED MEMBERS. The applicable benefit accrual rate is 2.0 percent.

Subd. 3. BASIC PLAN MEMBERS. The applicable benefit accrual rate is 2.2 percent.

Subd. 4. BASIC PLAN MEMBERS. The applicable benefit accrual rate is 2.7 percent.

Subd. 5. CORRECTIONAL PLAN MEMBERS. The applicable benefit accrual rate is 2.4 percent.

Subd. 5a. LOCAL GOVERNMENT CORRECTIONAL SERVICE PLAN. The applicable benefit accrual rate is 1.9 percent.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 6. STATE TROOPERS PLAN AND POLICE AND FIRE PLAN MEMBERS. The applicable benefit accrual rate is 3.0 percent.

Subd. 7. JUDGES PLAN. The applicable benefit accrual rate is 2.7 percent.

Subd. 8. JUDGES PLAN. The applicable benefit accrual rate is 3.2 percent.

Subd. 9. FUTURE BENEFIT ACCRUAL RATE INCREASES. After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 23. Minnesota Statutes 2000, section 356.32, is amended to read:

356.32 PROPORTIONATE ANNUITY AT AGE 65.

Subdivision 1. **PROPORTIONATE RETIREMENT ANNUITY.** (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to enumerated in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year but less than ten years of allowable service in one or more of the applicable funds covered plans, and who terminates active service pursuant to under a mandatory retirement law or policy or at age 65 or older, or at the normal retirement age if this age is not age 65, for any reason shall be is entitled upon making written application on the form prescribed by executive director or executive secretary the chief administrative officer of the fund plan to a proportionate retirement annuity from each applicable fund covered plan in which the person has allowable service credit.

(b) The proportionate annuity shall must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section shall prevent prevents the imposition of the appropriate early retirement reduction of an annuity which commences prior to before the normal retirement age.

Subd. 2. **COVERED FUNDS RETIREMENT PLANS.** The provisions of this section shall apply to the following retirement funds plans:

(1) the general state employees retirement fund plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(2) the correctional state employees retirement program plan of the Minnesota state retirement system, established pursuant to under chapter 352;

(3) the state patrol retirement fund plan, established pursuant to under chapter 352B;

(4) the general employees retirement plan of the public employees retirement fund association, established pursuant to under chapter 353;

New language is indicated by underline, deletions by ~~strikeout~~.

(5) the public employees police and fire fund plan of the public employees retirement association, established pursuant to under chapter 353;

(6) the teachers retirement association, established pursuant to under chapter 354;

(7) the Minneapolis employees retirement fund, established pursuant to under chapter 422A;

(8) the Duluth teachers retirement fund association, established pursuant to under chapter 354A;

(9) the Minneapolis teachers retirement fund association, established pursuant to under chapter 354A; and

(10) the St. Paul teachers retirement fund association, established pursuant to under chapter 354A.

Sec. 24. Minnesota Statutes 2000, section 356.40, is amended to read:

356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.

(a) Notwithstanding any law to the contrary, all annuities and benefits payable on and after December 1, 1977 by a covered retirement fund, as defined in section 356.30, subdivision 3, shall must be paid in advance for each month during the first week of that month. The bylaws of municipal local retirement funds shall must be amended accordingly.

(b) In no event, however, shall may this section authorize more than one payment in any one month where the law governing the applicable retirement fund as of June 30, 1977 already provides for the full payment or accrual of annuities and benefits in advance for each month or as of the first day of the month, nor shall it authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

Sec. 25. [356.403] NORMAL RETIREMENT AGE; SAVINGS CLAUSE.

The intent of the legislature in sections 352.01, subdivision 25; 353.01, subdivision 37; 354.05, subdivision 38; and 354A.011, subdivision 15a, is to create a normal retirement age for persons first covered by those sections after May 16, 1989, that is the same as the retirement age in the federal Social Security law, including future amendments to that law. If a court determines that the legislature may not incorporate by reference the future changes in federal Social Security law, the legislature reserves the right to amend the appropriate sections to make the normal retirement age conform to the retirement age in the federal Social Security law. No person first covered by any of those sections after May 16, 1989, has a right to a normal retirement age that is less than the retirement age in the federal Social Security law.

Sec. 26. [356.405] COMBINED PAYMENT OF RETIREMENT ANNUITIES.

New language is indicated by underline, deletions by ~~strikeout~~.

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan must account for its portion of the payment separately, and there may be no additional actuarial liabilities realized by either plan.

(c) The plan making the payment would be responsible for issuing one payment and making address changes, tax withholding changes, and other administrative functions needed to process the payment.

SURVIVOR BENEFITS

Sec. 27. **[356.406] LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.**

*Subdivision 1. DEFINITIONS. (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any relief association governed by section 69.77 or sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin county supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. SUSPENSION OF SURVIVOR BENEFITS UPON FELONY CHARGE. During the pendency of a charge of a survivor of a felony that caused the

New language is indicated by underline, deletions by ~~strikeout~~.

death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is suspended.

Subd. 3. FORFEITURE OF SURVIVOR BENEFITS UPON FELONY CONVICTION. On final conviction of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is forfeited, including entitlement for any previously suspended survivor benefits under subdivision 2.

Subd. 4. SUSPENSION OR FORFEITURE ACTIONS SEPARATE. The charge of one survivor under subdivision 2 or the conviction of one survivor under subdivision 3 does not affect the entitlement of another survivor to a survivor benefit.

Subd. 5. RECOVERY OF CERTAIN BENEFITS. If monthly benefits or a refund of the balance of a participant or former participant's account have already been paid to an individual who is later charged or convicted as described under this section, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the applicable laws of the retirement plan.

Subd. 6. DISPOSITION OF FORFEITED SURVIVOR BENEFITS. If the benefit plan document governing the public pension plan does not provide for the disposition of forfeited benefits, survivor benefits forfeited under this section must be deposited in the general fund of the state.

Sec. 28. [356.407] RESTORATION OF SURVIVOR BENEFITS.

Subdivision 1. RESTORATION UPON TERMINATION OF REMARRIAGE. Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.

Subd. 2. COVERED FUNDS. The provisions of this section apply to the following retirement funds:

(1) the general employees retirement plan of the public employees retirement association established under chapter 353;

New language is indicated by underline, deletions by strikeout.

(2) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the elective state officers retirement plan established under chapter 352C;

(6) the teachers retirement association established under chapter 354; and

(7) the Minneapolis employees retirement fund established under chapter 422A.

POSTRETIREMENT INCREASES

Sec. 29. Minnesota Statutes 2000, section 356.41, is amended to read:

356.41 BENEFIT ADJUSTMENTS FOR CERTAIN DISABILITY AND SURVIVOR BENEFITS.

Disability benefits payable to a disabilitant, if not otherwise included in the participation in the Minnesota postretirement investment fund, and survivor benefits payable to a survivor from any public pension fund plan which participates in the Minnesota postretirement investment fund shall must be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to eligible benefit recipients of that public pension fund plan. If a disability benefit is not included in the participation in the Minnesota postretirement investment fund, the disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment pursuant to under this section if the disability benefit was not recomputed, the recipient ~~will continue to be~~ remains eligible for the adjustment pursuant to under this section after the recomputation. For the survivor of a deceased annuitant who receives a survivor benefit calculated pursuant to under a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant shall must be utilized in determining the period of receipt for eligibility to receive an adjustment pursuant to under this section. No recipient shall, however, be entitled to more than one adjustment pursuant to under this section or section 11A.18 applicable to one benefit at one time by reason of this section.

Sec. 30. [356.42] POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.

Subdivision 1. ENTITLEMENT. A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4);

New language is indicated by underline, deletions by ~~strikeout~~.

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5);

(3) the metropolitan transit commission transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5);

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6);

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

Subd. 2. AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.

(a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump-sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan annuity or benefit recipients, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan annuity or benefit recipients, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the Social Security Administration.

In 1990 and each following year, each eligible basic plan annuity or benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

New language is indicated by underline, deletions by strikeout.

(d) The postretirement adjustment provided for in this section must be paid on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid or returns the amount of adjustment to the retirement fund. Written notice of the waiver of the postretirement adjustment is irrevocable for the year during which it was made.

Subd. 3. COVERED RETIREMENT PLANS. The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the public employees retirement association;

(2) the public employees police and fire plan of the public employees retirement association;

(3) the teachers retirement association;

(4) the state patrol retirement plan;

(5) the state employees retirement plan of the Minnesota state retirement system;

(6) the Minneapolis teachers retirement fund association established under chapter 354A;

(7) the St. Paul teachers retirement fund association established under chapter 354A; and

(8) the Duluth teachers retirement fund association established under chapter 354A.

Sec. 31. [356.43] SUPPLEMENTAL BENEFIT; LUMP-SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.

Subdivision 1. ENTITLEMENT. Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the Minneapolis employees retirement fund is entitled to receive a supplemental benefit lump-sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. AMOUNT OF PAYMENT. (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump-sum payment under subdivision 1, the payment is \$28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis employees retirement fund.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. STATE APPROPRIATION. Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and retirement in determining the financial requirements of the fund and contributions under section 422A.101.

Sec. 32. [356.431] CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.

Subdivision 1. LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION. For benefits paid after December 31, 2001, to eligible persons under sections 356.42 and 356.43, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865 must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Subd. 2. TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND. Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

REFUNDS

Sec. 33. [356.44] PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

New language is indicated by underline, deletions by strikeout.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 34. **[356.441] REPAYMENT OF REFUNDS.**

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, section 401(a), as amended through December 31, 1988, or an annuity qualified under the federal Internal Revenue Code of 1986, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this section applies, the executive director must require the member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986.

OPTIONAL ANNUITY FORMS

Sec. 35. **[356.46] APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.**

Subdivision 1. DEFINITIONS. As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving

New language is indicated by underline, deletions by ~~strikeout~~.

spouse in the event of the death of the retired member.

(c) “Optional annuity form” means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) “Public pension plan” means a public pension plan as defined under section 356.615, paragraph (b).

(e) “Retirement annuity” means a series of monthly payments to which a former or retired member of a public pension fund is entitled due to attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) “Disability benefit” means a series of monthly payments to which a former or disabled member of a public pension fund is entitled due to a physical or mental inability to engage in specified employment.

Subd. 2. PROVISION OF INFORMATION ON ANNUITY FORMS. Every public pension plan which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the plan.

Subd. 3. REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE. (a) If a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

Sec. 36. [356.465] SUPPLEMENTAL NEEDS TRUST AS OPTIONAL ANNUITY FORM RECIPIENT.

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **INCLUSION AS RECIPIENT.** Notwithstanding any provision to the contrary of the laws, articles of incorporation, or bylaws governing a covered retirement plan specified in subdivision 3, a retiring member may designate a qualified supplemental needs trust under subdivision 2 as the remainder recipient on an optional retirement annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental needs trust.

Subd. 2. **DEFINITION OF QUALIFIED SUPPLEMENTAL NEEDS TRUST.** A qualified supplemental needs trust is a trust that:

- (1) was established on or after July 1, 1992;
- (2) was established solely for the benefit of one person who has a disability under federal Social Security Administration supplemental security income or retirement, survivors, and disability insurance disability determination standards and who was determined as such before the creation of the trust;
- (3) is funded, in whole or in part, by the primary recipient of the optional annuity form and, unless the trust is a Zebley trust, is not funded by the beneficiary, the beneficiary's spouse, or a person who is required to pay a sum to or for the trust beneficiary under the terms of litigation or a litigation settlement;
- (4) is established to cover reasonable living expenses and other basic needs of the disablitant, in whole or in part, in instances when public assistance does not provide sufficiently for these needs;
- (5) is not permitted to make disbursement to replace or reduce public assistance otherwise available;
- (6) is irrevocable;
- (7) terminates upon the death of the disabled person for whose benefit it was established; and
- (8) is determined by the executive director to be a trust that contains excluded assets for purposes of the qualification for public entitlement benefits under the applicable federal and state laws and regulations.

Subd. 3. **COVERED RETIREMENT PLANS.** The provisions of this section apply to the following retirement plans:

- (1) the general state employees retirement plan of the Minnesota state retirement system established under chapter 352;
- (2) the correctional state employees retirement plan of the Minnesota state retirement system established under chapter 352;
- (3) the state patrol retirement plan established under chapter 352B;
- (4) the legislators retirement plan established under chapter 3A;
- (5) the judges retirement plan established under chapter 490;

New language is indicated by underline, deletions by strikeout.

(6) the general employees retirement plan of the public employees retirement association established under chapter 353;

(7) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

(9) the Duluth teachers retirement fund association established under chapter 354A;

(10) the St. Paul teachers retirement fund association established under chapter 354A;

(11) the Minneapolis teachers retirement fund association established under chapter 354A;

(12) the Minneapolis employees retirement plan established under chapter 422A;

(13) the Minneapolis firefighters relief association established under chapter 423C;

(14) the Minneapolis police relief association established under chapter 423B; and

(15) the local government correctional service retirement plan of the public employees retirement association established under chapter 353E.

REEMPLOYED ANNUITANT EARNINGS DISPOSITION

Sec. 37. **[356.47] DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.**

Subdivision 1. APPLICATION. This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. RECORDKEEPING; REPORTING. The chief administrative officer of each retirement plan shall keep records for each reemployed annuitant of the amount of the annuity reduction. This amount must be reported to each member at least once each year.

Subd. 3. PAYMENT. (a) Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after the termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

New language is indicated by underline, deletions by strikeout.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

MARRIAGE DISSOLUTION RETIREMENT
COVERAGE INFORMATION

Sec. 38. [356.49] PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.

Subdivision 1. INFORMATION FOR A PENDING MARRIAGE DISSOLUTION. (a) Upon receipt of a written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon the request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Subd. 2. INFORMATION FOR AN EXISTING DISSOLUTION DECREE. If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action, the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

Subd. 3. ACCESS TO DATA. Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

SERVICE AND SALARY CREDIT UPON
WRONGFUL DISCHARGE

Sec. 39. Minnesota Statutes 2000, section 356.50, is amended to read:

356.50 SERVICE AND SALARY CREDIT FROM BACK PAY AWARDS IN THE EVENT OF WRONGFUL DISCHARGE.

New language is indicated by underline, deletions by ~~strikeout~~.

(a) A person who is wrongfully discharged from public employment that gave rise to coverage by a public employee pension plan listed enumerated in section 356.30, subdivision 3, is entitled to obtain allowable service credit from the applicable public employee pension plan for the applicable period caused by the wrongful discharge.

(b) A person is wrongfully discharged for purposes of this section if:

(1) the person has been determined by a court of competent jurisdiction or by an arbitrator in binding arbitration, whichever applies, to have been wrongfully discharged from public employment;

(2) the person received an award of back pay with respect to that discharge; and

(3) the award does not include any amount for any lost or interrupted public pension plan coverage.

~~(b)~~ (c) To obtain the public pension plan allowable service credit, the person shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including reemployment insurance, workers' compensation or wages from other sources which reduced the back award. No contributions shall be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award, within 60 days of April 14, 1992, or within 60 days of a billing from the retirement fund, whichever is later.

~~(e)~~ (d) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph ~~(b)~~ (c). Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph ~~(b)~~ (c).

Sec. 40. Minnesota Statutes 2000, section 356.55, as amended by Laws 2001, First Special Session chapter 10, article 6, section 16, is amended to read:

356.55 PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.

Subdivision 1. **APPLICATION.** (a) Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, this section governs the determi-

New language is indicated by underline, deletions by ~~strikeout~~.

nation of the prior service credit purchase payment amount of any prior service credit purchase.

(b) The purchase payment amount determination procedure must recognize any service credit accrued to the purchaser in a pension plan listed enumerated in section 356.30, subdivision 3.

(c) Any service credit in a Minnesota defined benefit public employee pension plan available to be reinstated by the purchaser through the repayment of a refund of member or employee contributions previously received must be repaid in full before any purchase of prior service credit payment is made under this section.

Subd. 2. **DETERMINATION.** (a) Unless the prior service credit purchase minimum purchase payment amount determined under paragraph (d) is greater, the prior service credit purchase amount is the result obtained by subtracting the amount determined under paragraph (c) from the amount determined under paragraph (b).

(b) The present value of the unreduced single life retirement annuity, with the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, including the purchase of the additional service credit, must be determined;

(2) the length of total service credit, including the period of the purchase of the additional service credit, at the age determined under clause (1) must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount at the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service, the length of service determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined; and

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined.

(c) The present value of the unreduced single life retirement annuity, without the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, not including the purchase of additional service credit, must be determined;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) the length of accrued service credit, without the period of the purchase of the additional service credit, at the age determined under clause (1), must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount to the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service the length of service credit determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined;

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined; and

(7) the net value of the discounted value determined under clause (6), must be determined by applying a service ratio, where the numerator is the total length of credited service determined under paragraph (b), clause (2), reduced by the period of the additional service credit proposed to be purchased, and where the denominator is the total length of service credit determined under clause (2).

(d) The minimum prior service credit purchase payment amount is the amount determined by multiplying the most current annual salary of the prospective purchaser by the combined current employee, employer, and any additional employer contribution rates for the applicable pension plan and by multiplying that result by the number of years of service or fractions of years of service of the potential service credit purchase.

Subd. 3. SOURCE OF DETERMINATION. The prior service credit purchase payment amounts under subdivision 2 must be calculated by the chief administrative officer of the public pension plan using a prior service credit purchase payment amount determination process that has been verified for accuracy and consistency under this section by the commission-retained actuary. That verification must be in writing and must occur before the first prior service credit purchase for the plan under this section is accepted and every five years thereafter or whenever the preretirement interest rate, postretirement interest rate, payroll growth, or mortality actuarial assumption for the applicable pension plan is modified under section 356.215, whichever occurs first.

Subd. 4. PRIOR SERVICE CREDIT PURCHASE PROCESSING FEE. A public pension plan may establish a fee to be charged to the prospective purchaser for processing a prior service credit purchase application and the prior service credit

New language is indicated by underline, deletions by ~~strikeout~~.

purchase payment amount calculation. The fee must be established by the governing board of the pension plan and must be uniform for comparable service credit purchase situations or actuarial calculation requests. The prior service credit purchase processing fee structure must be published by the chief administrative officer of the applicable retirement plan in the State Register.

Subd. 5. **PAYMENT RESPONSIBILITY; EMPLOYER OPTION.** Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies otherwise, the prior service credit purchase payment amount determined under subdivision 2 is payable by the purchaser, ~~but~~ However, the former employer of the purchaser or the current employer of the purchaser may, at its discretion, pay all or a portion of the purchase payment amount in excess of an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made.

Subd. 6. **REPORT ON PRIOR SERVICE CREDIT PURCHASES.** (a) As part of the regular data reporting provided to the consulting actuary retained by the legislative commission on pensions and retirement annually, the chief administrative officer of each public pension plan that has accepted a prior service credit purchase payment under this section shall report for any purchase, the purchaser, the purchaser's employer, the age of the purchaser, the period of the purchase, the purchaser's prepurchase accrued service credit, the purchaser's postpurchase accrued service credit, the purchaser's prior service credit payment, the prior service credit payment made by the purchaser's employer, and the amount of the additional benefit or annuity purchased.

(b) As a supplemental report to the regular annual actuarial valuation for the applicable public pension plan prepared by the consulting actuary retained by the legislative commission on pensions and retirement, ~~there must be the actuary shall~~ provide a comparison for each purchase showing the total prior service credit payment received from all sources and the increased public pension plan actuarial accrued liability resulting from each purchase.

Subd. 7. **EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.** (a) This section expires and is repealed on July 1, 2003.

(b) Authority for any public pension plan to accept a prior service credit payment that is calculated in a timely fashion under this section expires on October 1, 2003.

Sec. 41. Minnesota Statutes 2000, section 356.551, is amended to read:

356.551 POST JULY 1, 2001 2003, PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.

(a) Subdivision 1. APPLICATION. Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, and if section 356.55 has expired,

New language is indicated by underline, deletions by ~~strikeout~~.

this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

(b) Subd. 2. DETERMINATION. The prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained by the legislative commission on pensions and retirement, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section. Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 4d, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d. Payment must be made in one lump sum within one year of the prior service credit authorization. Payment of the amount calculated under this section must be made by the applicable eligible person. However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this ~~paragraph~~ subdivision, the purchaser must make the employee payments required under this ~~paragraph~~ subdivision within 290 days of the prior service credit authorization. If that employee payment is made, the employer payment under this ~~paragraph~~ subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this ~~paragraph~~ subdivision.

(c) Subd. 3. DOCUMENTATION. The prospective purchaser must provide any relevant documentation required by the chief administrative officer of the public pension plan to determine eligibility for the prior service credit under this section.

(d) Subd. 4. PAYMENT PRECONDITION FOR CREDIT GRANT. Service credit for the purchase period must be granted by the public pension plan to the purchaser upon receipt of the purchase payment amount specified in ~~paragraph (b)~~ subdivision 2.

Sec. 42. Minnesota Statutes 2001 Supplement, section 356.555, is amended to read:

356.555 PARENTAL OR FAMILY LEAVE SERVICE CREDIT PURCHASE.

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZATION.** (a) Notwithstanding any provision to the contrary of the laws governing a covered pension plan enumerated in subdivision 4, a member of the pension plan who has at least three years of allowable service covered by the applicable pension plan and who was granted by the employer a parental leave of absence as defined in paragraph (b), or who was granted by the employer a family leave of absence as defined in paragraph (c), or who had a parental or family-related break in employment, as defined in paragraph (d), for which the person did not previously receive service credit or for which the person did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in service, up to five years, of allowable service credit in the applicable retirement plan. The purchase payment amount is governed by section 356.55.

(b) For purposes of this section, a parental leave of absence is a temporary period of interruption of or separation from active employment for the purposes of handling maternity or paternity duties that has been approved by the employing unit and that includes the right of reinstatement to employment.

(c) For purposes of this section, a family leave of absence is a family leave under United States Code, title 42, section 12631, as amended.

(d) For purposes of this section, a parental or family-related break in employment is a period following a termination of active employment primarily for the purpose of the birth of a child, the adoption of a child, or the provision of care to a near relative or in-law, after which the person returned to the prior employing unit or to an employing unit covered by the same pension plan that provided retirement coverage immediately prior to the termination of employment.

Subd. 2. **APPLICATION AND DOCUMENTATION.** (a) A person who desires to purchase service credit under subdivision 1 must apply for the service credit purchase with the chief administrative officer of the enumerated pension plan.

(b) The application must include all necessary documentation of the qualifications of the person to make the purchase, signed written permission to allow the chief administrative officer to request and receive necessary verification of all applicable facts and eligibility requirements, and any other relevant information that the chief administrative officer may require.

Subd. 3. **SERVICE CREDIT GRANT.** Allowable and formula service credit in the applicable enumerated pension plan for the purchase period must be granted to the purchaser upon receipt of the purchase payment amount calculated under section 356.55. Payment of the purchase amount must be made before the person retires.

Subd. 4. **COVERED PENSION PLANS.** This section applies to the following pension plans:

- (1) the general state employees retirement plan governed by chapter 352;
- (2) the correctional state employees retirement plan governed by chapter 352;

New language is indicated by underline, deletions by ~~strikeout~~.

(3) the general public employees retirement plan of the public employees retirement association governed by chapter 353;

(4) the public employees police and fire plan governed by chapter 353;

(5) the teachers retirement plan governed by chapter 354;

(6) the Minneapolis teachers retirement fund association governed by chapter 354A;

(7) the Saint Paul teachers retirement fund association governed by chapter 354A;

(8) the Duluth teachers retirement fund association governed by chapter 354A;

(9) the Minneapolis employees retirement plan governed by chapter 422A;

(10) the Minneapolis police relief association governed by chapter 423B; and

(11) the Minneapolis fire department relief association governed by ~~sections 69.25 to 69.53 and augmented by Laws 1959, chapters 213, 491, and 568, and other special local legislation~~ chapter 423C.

COVERED SALARY LIMITATION

Sec. 43. Minnesota Statutes 2000, section 356.611, is amended to read:

356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.

Subdivision 1. **STATE SALARY LIMITATIONS.** (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund under enumerated in section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. **FEDERAL COMPENSATION LIMITS.** For members first contributing to a covered pension plan covered under enumerated in section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) ~~shall~~ may not be included for contribution

New language is indicated by underline, deletions by ~~strikeout~~.

and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, shall apply ~~applies~~ to members first contributing before July 1, 1995.

MEMBER CONTRIBUTION EMPLOYER PICK UP

Sec. 44. Minnesota Statutes 2001 Supplement, section 356.62, is amended to read:

356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.

(a) For purposes of any public pension plan, as defined in section 365.615, paragraph (b), each employer shall pick up the employee contributions required pursuant to law or the pension plan for all salary payable after December 31, 1982. If the United States Treasury department rules that pursuant to under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions shall must be treated as employer contributions in determining tax treatment pursuant to under the Internal Revenue Code of 1986, as amended through December 31, 1992, and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up ~~shall~~ must be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made prior to the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up ~~shall~~ must be included in the salary upon which retirement coverage is credited and retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) For any calendar year in which withholding has been reduced pursuant to under this section, the employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return shall must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 shall must apply to the extent not inconsistent with the provisions of this section.

PENSION ASSET AND INVESTMENT LIMITATIONS

Sec. 45. **[356.63] LIMITATION ON USE OF PUBLIC PENSION PLAN ASSETS.**

New language is indicated by underline, deletions by ~~strikeout~~.

(a) Money held by or credited to a public pension plan as assets, including employer and employee contributions, state aid, appropriations from the state or a governmental subdivision, and accrued earnings on investments, constitutes a dedicated fund. The dedicated fund may be used exclusively to pay retirement annuities, service pensions, disability benefits, survivor benefits, refunds of contributions, or other benefits provided under the benefit plan document or documents governing the public pension plan, and to pay reasonable administrative expenses approved by the governing board of the public pension plan or by another appropriate authority. No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to amortize an unfunded actuarial accrued liability in another public pension plan or fund, whether or not the plan providing the assets consolidates or has consolidated with the plan receiving the assets. Nothing in this section prohibits a public pension plan or the state board of investment from investing the assets of a plan as authorized by law, including the investment of the assets of public pension plans by the state board of investment in a commingled investment fund.

(b) A public pension plan for purposes of this section means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, or a retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or other public sources.

Sec. 46. [356.64] REAL ESTATE INVESTMENTS.

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the state board of investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

(b) Except to the extent authorized in the case of the Minneapolis employees retirement fund under section 422A.05, subdivision 2c, paragraph (a), an investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

ABANDONED PENSION FUND AMOUNTS

Sec. 47. Minnesota Statutes 2001 Supplement, section 356.65, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, unless the context clearly indicates otherwise, each of the following terms shall have has the meanings meaning given to them it:

(a) "Public pension fund" means any public pension plan as defined in section ~~356.615~~ 356.63, paragraph (b), and any Minnesota volunteer firefighters relief association which is established pursuant to under chapter 424A and governed pursuant to under sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or

New language is indicated by underline, deletions by ~~strikeout~~.

other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made; or

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 48. Minnesota Statutes 2000, section 356.65, subdivision 2, is amended to read:

Subd. 2. **DISPOSITION OF ABANDONED AMOUNTS.** Any unclaimed public pension fund amounts existing in any public pension fund ~~shall be~~ are presumed to be abandoned, but ~~shall~~ are not be subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of the public pension fund specifically provides for a different disposition of unclaimed or abandoned funds or amounts, any unclaimed public pension fund amounts ~~shall~~ cancel and ~~shall~~ must be credited to the public pension fund. If the unclaimed public pension fund amount exceeds \$25 and the inactive or former member again becomes a member of the applicable public pension fund plan or applies for a retirement annuity pursuant to under section 3A.12, 352.72, 352B.30, 352C.051, 353.71, 354.60, 356.30, or 422A.16, subdivision 8, whichever is applicable, applies, the canceled amount ~~shall~~ must be restored to the credit of the person.

HEALTH INSURANCE WITHHOLDING

Sec. 49. Minnesota Statutes 2000, section 356.87, is amended to read:

356.87 HEALTH INSURANCE WITHHOLDING.

(a) Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund ~~listed~~ enumerated in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and shall pay the premium amounts to the public employees insurance program.

(b) The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

RETIREMENT PLAN ADMINISTRATION

Sec. 50. **[356B.05] PUBLIC PENSION ADMINISTRATION LEGISLATION.**

New language is indicated by underline, deletions by ~~strikeout~~.

(a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, or a first class city teachers retirement fund association must be presented to the legislative commission on pensions and retirement, the state and local governmental operations committee of the senate, and the governmental operations and veterans affairs policy committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislative session. The executive director or the deputy executive director of the legislative commission on pensions and retirement shall provide written comments on the proposed administrative provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

(1) authorizing allowable service credit for leaves of absence and related circumstances;

(2) governing offsets or deductions from the amount of disability benefits;

(3) authorizing the purchase of allowable service credit for prior uncredited periods;

(4) governing subsequent employment earnings by reemployed annuitants; and

(5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

Sec. 51. [356B.10] PUBLIC PENSION FACILITIES.

Subdivision 1. **DEFINITIONS.** (a) The definitions in this subdivision apply to this section.

(b) “Boards” mean the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association.

(c) “Commissioner” means the commissioner of administration.

Subd. 2. **BUILDING; RELATED FACILITIES.** (a) The commissioner of administration may provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association for the administration of their public pension systems.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.

(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house ways and means committee and to the chair of the senate state government finance committee for their approval before the plans are implemented.

Subd. 3. CONTRACTING PROCEDURES. (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;

(2) design criteria for the exterior and site area;

(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals

New language is indicated by underline, deletions by strikeout.

from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, to a private company under contract with the state board of investment, or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Subd. 4. REVENUE BONDS. The commissioner of finance, on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to

New language is indicated by underline, deletions by strikeout.

\$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary reserves to secure the bonds. The commissioner of finance may issue bonds for the purpose of refunding bonds issued under this subdivision. The bonds may be sold and issued on terms and in a manner the commissioner of finance determines to be in the best interests of the state. The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of finance must create in the state treasury.

Subd. 5. SECURITY. The boards may pledge any or all assets of the boards as security for the bonds. The bonds and the interest on them must be paid solely from and secured by all assets of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on the fund and any reserve established for this purpose. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 6. DEBT SERVICE FUND. There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds authorized in subdivision 4.

Subd. 7. COVENANTS; AGREEMENTS. The commissioner of finance may, for and on behalf of the state, enter into covenants and agreements not inconsistent with subdivisions 1 to 6 as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. The covenants and agreements of the commissioner of finance constitute an enforceable contract of the state and the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The commissioner of finance may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds. Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 52. CROSS-REFERENCE CHANGES.

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

New language is indicated by underline, deletions by ~~strikeout~~.

column A	column B	column C
<u>3.751, subd. 1</u>	<u>356.89</u>	<u>356B.10</u>
<u>3A.02, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.02, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>3A.11, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 6</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 9</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>11A.18, subd. 11</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>13.631, subd. 2</u>	<u>356.80</u>	<u>356.49</u>
<u>69.77, subd. 2b</u>	<u>356.215, subs. 4</u>	<u>356.215, subs. 4 to 15</u>
	<u>to 4k</u>	
<u>69.77, subd. 2b</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>69.773, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.01, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>352.115, subd. 3</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>352.115, subd. 10</u>	<u>356.58</u>	<u>356.47</u>
<u>352.119, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.72, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.87, subd. 3</u>	<u>356.119, subd. 2a</u>	<u>356.315, subd. 2a</u>
<u>352.91, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352.93, subd. 2</u>	<u>356.119, subd. 5</u>	<u>356.315, subd. 5</u>
<u>352.95, subd. 1</u>	<u>356.119, subd. 5</u>	<u>356.315, subd. 5</u>
<u>352B.08, subd. 2</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>352B.08, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352B.10, subd. 1</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>352B.26, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352B.30, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352C.031, subd. 4</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>352C.033</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.01, subd. 14</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.03, subd. 3</u>	<u>356.215, subd. 4,</u>	<u>356.215, subd. 8</u>
	<u>clause (4)</u>	
<u>353.271, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 3</u>	<u>356.315, subd. 3</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 4</u>	<u>356.315, subd. 4</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>353.29, subd. 3</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>353.29, subd. 4</u>	<u>356.371, subd. 3</u>	<u>356.46, subd. 3</u>
<u>353.37, subd. 3a</u>	<u>356.58</u>	<u>356.47</u>
<u>353.651, subd. 3</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>
<u>353.656, subd. 1</u>	<u>356.119, subd. 6</u>	<u>356.315, subd. 6</u>

New language is indicated by underline, deletions by ~~strikeout~~.

<u>353.665, subd. 8</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353.71, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.08, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.08, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.09, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353A.09, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>353E.04, subd. 3</u>	<u>356.119, subd. 5a</u>	<u>356.315, subd. 5a</u>
<u>353E.06, subd. 1</u>	<u>356.119, subd. 5a</u>	<u>356.315, subd. 5a</u>
<u>354.05, subd. 7</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.07, subd. 1</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.44, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.44, subd. 5</u>	<u>356.58</u>	<u>356.47</u>
<u>354.44, subd. 6</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354.44, subd. 6</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354.44, subd. 6</u>	<u>356.119, subd. 3</u>	<u>356.315, subd. 3</u>
<u>354.44</u>	<u>356.119</u>	<u>356.315</u>
<u>354.45, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.48, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.55, subd. 11</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354.63, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.011, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.026</u>	<u>356.215, subd. 4g</u>	<u>356.215, subd. 11</u>
<u>354A.105</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.12, subd. 1a</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>354A.31, subd. 1a</u>	<u>356.371, subd. 3</u>	<u>356.46, subd. 3</u>
<u>354A.31, subd. 3</u>	<u>356.58</u>	<u>356.47</u>
<u>354A.31, subd. 4</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354A.31, subd. 4</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354A.31, subd. 4a</u>	<u>356.119, subd. 1</u>	<u>356.315, subd. 1</u>
<u>354A.31, subd. 4a</u>	<u>356.119, subd. 2</u>	<u>356.315, subd. 2</u>
<u>354A.34</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.01, subd. 6</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.06, subd. 5</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.08, subd. 5a</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.101, subd. 3</u>	<u>356.865</u>	<u>356.43</u>
<u>422A.15, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.15, subd. 3</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.16, subd. 2</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.17</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>422A.23, subd. 12</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>423A.02, subd. 1</u>	<u>356.215, subd. 4,</u>	<u>356.215, subd. 8</u>
	<u>clause (4)</u>	
<u>490.121, subd. 20</u>	<u>356.215, subd. 4d</u>	<u>356.215, subd. 8</u>
<u>490.121, subd. 22</u>	<u>356.119, subd. 7</u>	<u>356.315, subd. 7</u>

New language is indicated by underline, deletions by ~~strikeout~~.

490.124, subd. 1490.124, subd. 1490.124, subd. 5356.119, subd. 7356.119, subd. 8356.215, subd. 4d356.315, subd. 7356.315, subd. 8356.215, subd. 8**Sec. 53. REPEALER.**

Subdivision 1. REPEALER OF OBSOLETE PROVISIONS. Minnesota Statutes 2000, sections 356.325; 356.35; 356.36; 356.37; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; and 356.455, are repealed.

Subd. 2. REPEALER OF PROVISIONS REORGANIZED. (a) Minnesota Statutes 2000, sections 356.19; 356.305; 356.306; 356.31; 356.371, subdivisions 2 and 3; 356.372; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; and 356.89, are repealed.

(b) Minnesota Statutes 2001 Supplement, sections 356.371, subdivision 1; and 356.866, are repealed.

Subd. 3. REPEALER TO RESOLVE REVISOR NOTE. Laws 1997, chapter 233, article 1, section 58, is repealed.

Sec. 54. EFFECTIVE DATE.

(a) Sections 1 to 53 are effective July 1, 2002.

(b) Section 51 is the continuation of the public pension facility authority previously contained in Minnesota Statutes 2000, section 356.89, and may not be considered a grant of authority to build or bond for a second building.

ARTICLE 12
JOINT RETIREMENT PLAN BUILDING LEASE AUTHORITY

Section 1. Minnesota Statutes 2000, section 356.89, subdivision 3, is amended to read:

Subd. 3. CONTRACTING PROCEDURES. (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

- (1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;
- (2) design criteria for the exterior and site area;
- (3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

New language is indicated by underline, deletions by ~~strikeout~~.

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, or to a private company under contract with the state board of investment or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions

New language is indicated by underline, deletions by ~~strikeout~~.

they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective July 1, 2002.

ARTICLE 13

**VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS
SERVICE PENSION ELIGIBILITY**

Section 1. Minnesota Statutes 2000, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement

New language is indicated by underline, deletions by ~~strikeout~~.

that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

(d) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is employed subsequent to retirement by the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

ARTICLE 14

ADDITIONAL PROVISIONS

Section 1. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, and Laws 2001, First Special Session chapter 10, article 2, section 85, is amended to read:

Sec. 61. VOLUNTARY UNPAID LEAVE OF ABSENCE.

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 320 hours during the period ending June 30, 2003, and an additional 160 hours during the period beginning July 1, 2003, and ending June 30, 2005. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one

New language is indicated by underline, deletions by ~~strikeout~~.

full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 2. CLARIFICATION OF APPROPRIATION.

Subdivision 1. PURPOSE. This section clarifies treatment extended to an individual specified in Laws 2001, chapter 169, section 5, and is intended to eliminate any potential windfall to the public employees retirement association police and fire plan fund and the public employees retirement association general employees plan fund that may result from that session law.

Subd. 2. ELIGIBILITY. The eligible individual is an individual specified in Laws 2001, chapter 169, section 5, who was an assistant commissioner in the department of public safety from April 30, 1994, through May 31, 1998, while on an intergovernmental mobility assignment or assignments to the state from the city of St. Paul police department.

Subd. 3. SALARY INCREMENT. The salary increment in any applicable year or portion of a year is the difference between the salary the eligible individual in subdivision 2 received as assistant commissioner and the salary upon which pension contributions were made for that year or portion of a year.

Subd. 4. BENEFIT COMPUTATIONS. The retirement benefits, or disability benefits, if applicable, under the public employees retirement association police and fire plan and the public employees retirement association general plan are to be computed based on plan law applicable to the eligible individual under subdivision 2 given the eligible individual's termination of service date or dates, or the disability benefit accrual date or dates as applicable, except for inclusion of salary increments under subdivision 3 for purposes of determining average salary under sections 353.29, subdivision 2, and 353.651, subdivision 2.

Subd. 5. ANNUITY RESERVE COMPARISONS. The executive director of the public employees retirement association is to determine the increased actuarial reserves, if any, needed to support the annuities from the two applicable public employees retirement association retirement funds on the effective date of retirement or disability from the applicable plans due to this section.

Subd. 6. COMPARISON TO APPROPRIATION AMOUNTS. The total amount determined under subdivision 5, if zero or positive, is to be subtracted from the total value of any appropriation received by the public employees retirement association under Laws 2001, chapter 169, section 5, on the date computations under subdivision 5 occur assuming 8.5 percent interest compounded annually from the date the appropriation is received until the computation date under subdivision 5.

Subd. 7. DISPOSITION OF EXCESS. The amount determined under subdivision 6, net of the value of any foregone employer contributions, including 8.5 percent

New language is indicated by underline, deletions by strikeout.

interest compounded annually relating to the salary increments under subdivision 3, if any, is to be redeposited within 30 days following the date of that determination in the state's general fund.

Subd. 8. INTERNAL ALLOCATIONS. Notwithstanding any law to the contrary, the executive director is authorized to place amounts received, if any, due to Laws 2001, chapter 169, section 5, in the public employees retirement association general plan fund or the public employees retirement association police and fire plan fund, or to allocate amounts between these funds as deemed appropriate. Following the determinations required by this section, the executive director may again reallocate amounts between the two funds to reflect a reasonable allocation of the remaining net appropriation amount.

Subd. 9. CONTRIBUTION RATIFICATION. Contributions and interest paid to the association relating to the salary increments referred to in subdivision 3 are authorized for deposit in the public employees retirement association police and fire plan fund and are ratified.

Sec. 3. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; RECISSION OF ANNUITY APPLICATION IN FAVOR OF DISABILITY BENEFIT APPLICATION.

(a) Notwithstanding Minnesota Statutes, section 353.29, subdivision 7, or any other law to the contrary, an eligible person described in paragraph (b) may revoke an application for a retirement annuity from the public employees police and fire plan and may file an application for a disability benefit from the public employees police and fire plan, effective the first day of the month following the approval of the disability application under Minnesota Statutes, section 353.33, subdivisions 2 and 4.

(b) An eligible person is a person who:

- (1) was born on August 6, 1949;
- (2) was employed for 27 years with the city of West St. Paul fire department;
- (3) terminated employment with the city of West St. Paul on January 31, 2001;
- (4) filed six "first report of injury" documents for back injuries with the city of West St. Paul between June 1984 and December 2000;
- (5) requested recission of his public employees police and fire plan retirement annuity on February 16, 2001, and tendered a personal check repaying the initial annuity amount; and

(6) unsuccessfully appealed to the public employees retirement association board of trustees on May 10, 2001, for authority to rescind a retirement annuity application and to apply for a disability benefit.

Sec. 4. MSRS-GENERAL; ACCELERATED OPTIONAL ANNUITY FORM.

(a) An eligible person described in paragraph (b) is entitled to elect from the general state employees retirement plan of the Minnesota state retirement system the

New language is indicated by underline, deletions by ~~strikeout~~.

actuarial equivalent accelerated optional annuity form specified in paragraph (c).

(b) An eligible person is a person who:

(1) was born on October 13, 1943;

(2) was employed as a teacher by the Benson public schools from August 1967 to June 1969;

(3) was employed as a teacher by the Richfield public schools from January 1, 1971, to June 1973; and

(4) was initially employed by the office of the legislative auditor on October 14, 1985, and remains an employee of the office of the legislative auditor.

(c) The board of directors of the Minnesota state retirement system shall establish an accelerated optional retirement annuity for the eligible person. The accelerated optional retirement annuity form must replicate to the extent practicable the accelerated optional retirement annuity form that would apply to the eligible person by the teachers retirement association. The optional annuity form must be the actuarial equivalent of the eligible person's single life annuity. The accelerated optional retirement annuity form must be established prior to October 1, 2002. The cost of the actuarial calculations of the consulting actuary retained by the legislative commission on pensions and retirement is payable by the general state employees retirement plan and the plan must be reimbursed by the eligible person for those costs upon notification by the executive director of the Minnesota state retirement system.

Sec. 5. PRIOR OUT-OF-STATE TEACHING SERVICE CREDIT PURCHASE BY PUBLIC EMPLOYEES RETIREMENT ASSOCIATION MEMBER.

Subdivision 1. ELIGIBILITY. An eligible member is a current active member of the public employees retirement association general plan who became a member of that plan on August 1, 1973, and who was born on December 16, 1944. An eligible member may purchase allowable service credit in the public employees retirement association general plan as specified in this section.

Subd. 2. SERVICE CREDIT PURCHASE AUTHORIZED. (a) An eligible member specified in subdivision 1 is eligible to purchase up to four years of allowable service credit from the general employees retirement plan of the public employees retirement association for out-of-state teaching service by making payment under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, provided that the out-of-state teaching service was performed for an educational institution that was established and operated by another governmental jurisdiction and that the eligible member is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service.

(b) For purposes of paragraph (a), "another governmental jurisdiction" means another state of the United States or a governmental subdivision of another state of the United States.

New language is indicated by underline, deletions by strikeout.

Subd. 3. APPLICATION AND DOCUMENTATION. An eligible member under subdivision 1 who desires to purchase service credit under this section must apply with the executive director of the public employees retirement association to make the purchase. The application must include all necessary documentation of the eligible member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. Payment must be made before the eligible member's effective date of retirement or before January 1, 2003, whichever is earlier.

Subd. 4. SERVICE CREDIT GRANT. Allowable service credit for the purchase period must be granted by the public employees retirement association to the purchasing eligible member on receipt of the required purchase payment amount.

Sec. 6. LUMP SUM PRE-1973 RETIREE POSTRETIREMENT ADJUSTMENT IN CERTAIN INSTANCES.

(a) Notwithstanding any provision of Minnesota Statutes 2001 Supplement, section 356.866, or Minnesota Statutes, section 356.431, to the contrary, an eligible person described in paragraph (b) may elect to receive the pre-1973 postretirement adjustment in a lump sum payment rather than as an annuity increase. The election must be made before September 1, 2002, and is irrevocable by the annuitant or benefit recipient. For the December 2002 lump sum payment, the amount must be the total of the monthly amounts remaining unpaid to the annuitant or the benefit recipient after the election.

(b) An eligible person is a person who:

(1) was born on December 5, 1908;

(2) is the survivor of a deceased annuitant of the general employees retirement plan of the public employees retirement association who was born on March 22, 1904, who retired on May 1, 1969, and who died on April 9, 1980; and

(3) waived an annuity from the general employees retirement plan of the public employees retirement association in favor of a surviving spouse benefit on May 1, 1980.

Sec. 7. PERA AND MSRS; SERVICE CREDIT PURCHASE.

Subdivision 1. ELIGIBILITY. An eligible person is a person who:

(1) served as a legislator representing Hubbard county during the 1961-1963 legislative session;

(2) was employed by the department of natural resources or its predecessor at Itasca state park from 1964 to 1980; and

(3) retired from the general state employees retirement plan of the Minnesota state retirement system on July 1, 1980, with ten years, six months, and nine days of service credit.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 2. PERA SERVICE CREDIT PURCHASE. Upon the receipt of an amount equal to the member contribution that the eligible person would have otherwise made in 1961 and 1962, plus annual compound interest on the total equivalent member contribution amount at the rate of 8.5 percent from January 1, 1962, to the date of payment, an eligible person is entitled to receive two years of service credit from the general employees retirement plan of the public employees retirement association for prior uncredited service as a member of the legislature.

Subd. 3. MSRS SERVICE CREDIT PURCHASE. Upon the receipt of an amount equal to the balance of the employee contribution that the eligible person would have otherwise made during the period 1964 to 1980 if the eligible person was employed on a full-time basis, plus annual compound interest on the total equivalent employee contribution amount at the rate of 8.5 percent from January 1, 1972, to the date of payment, an eligible person is entitled to receive 5.48 years of service credit from the general state employees retirement plan of the Minnesota state retirement system for uncredited periods from 1964 to 1980 between seasonal Itasca state park employment.

Subd. 4. COMBINED SERVICE ANNUITY APPLICATION. Notwithstanding the time that has elapsed since initial retirement, an eligible person may apply for a retirement annuity from the general employees retirement plan of the public employees retirement association and may apply for a recomputed retirement annuity from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 356.30.

Subd. 5. PAYMENT. (a) The house of representatives shall pay the executive director of the public employees retirement association an amount equal to the required reserves needed to support the retirement annuity of an eligible person under subdivisions 2 and 4, reduced by the amount of the equivalent member contribution, plus required interest, under subdivision 2. Payment must be made within ten days of notification by the executive director that the equivalent member contribution amount, plus required interest, has been received and of the amount due. The payment and the equivalent member contribution amount, plus interest, must be deposited in the public employees retirement fund and transferred to the Minnesota postretirement investment fund.

(b) The department of natural resources shall pay the executive director of the Minnesota state retirement system an amount equal to the required reserves needed to support the retirement annuity of an eligible person under subdivisions 3 and 4, reduced by the amount of the equivalent employee contribution, plus required interest, under subdivision 3. Payment must be made within ten days of notification by the executive director that the equivalent employee contribution amount, plus required interest, has been received and of the amount due. The payment and the equivalent member contribution amount, plus interest, must be deposited in the state employees retirement fund and transferred to the Minnesota postretirement investment fund.

Subd. 6. RETIREMENT ANNUITY ACCRUAL. The retirement annuities payable under this section accrue on the first day of the month next following final enactment.

New language is indicated by underline, deletions by strikeout.

Sec. 8. PRIOR SERVICE CREDIT PURCHASE REFUND.

(a) An eligible person may receive a refund of any prior military service credit purchase payment amount paid prior to the applicable effective date of the federal Economic Growth and Tax Reconciliation Act of 2001 if the eligible person transfers pretax funds to the teachers retirement association under Minnesota Statutes, section 356.55 or 356.551, whichever applies, sufficient to purchase the identical period of prior military service credit.

(b) An eligible person is a person who:

(1) was born on February 6, 1947;

(2) served in the United States armed forces from March 19, 1969, to October 22, 1970;

(3) had credit for 27 years of service from the teachers retirement association as of June 30, 2000; and

(4) purchased 1.58 years of prior military service credit from the teachers retirement association with the payment of \$23,958.18 on or before April 30, 2001.

(c) This section is contingent on the teachers retirement association applying for and receiving a favorable ruling from the federal Internal Revenue Service regarding the payment of this refund.

Sec. 9. PERA-P&F; EXCEPTION TO DISABILITY APPLICATION DEADLINE.

(a) Notwithstanding any provision of Minnesota Statutes, section 353.33, subdivision 2, to the contrary, an eligible person described in paragraph (b) is entitled to file a disability benefit application with the general employees retirement plan of the public employees retirement association or with the public employees police and fire retirement plan and, if otherwise qualified, to receive a disability benefit from one or both of those retirement plans.

(b) An eligible person is a person who:

(1) was born on February 8, 1970;

(2) was an employee of the city of Bagley from May 1, 1991, to May 31, 1992, and was covered by the coordinated program of the general employees retirement plan of the public employees retirement system;

(3) was employed as a police officer by the police department of the city of Blooming Prairie from January 9, 1995, to May 31, 1997, and was covered by the public employees police and fire retirement plan;

(4) was struck by a motor vehicle while assisting with traffic management at an accident site on interstate highway 35 in January 1997 resulting in various broken bones and other injuries, necessitating at least eight surgeries;

New language is indicated by underline, deletions by ~~strikeout~~.

(5) was placed on medical leave by the city of Blooming Prairie on September 1, 1997, until January 1, 1998, upon termination of employment; and

(6) failed to timely apply for disability benefits due to the injuries which were diagnosed to have caused significant depression and posttraumatic stress disorder.

(c) This section expires one year after the date of final enactment.

Sec. 10. EFFECTIVE DATE.

Sections 1 to 9 are effective on the day following final enactment.

ARTICLE 15

**COORDINATED PROGRAM OF LEGISLATORS RETIREMENT PLAN;
SOCIAL SECURITY REFERENDUM**

Section 1. [3A.15] COORDINATED PROGRAM OF LEGISLATORS RETIREMENT PLAN.

The coordinated program of the legislators retirement plan is created. The provisions of sections 3A.01 to 3A.13 apply to the coordinated program.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. [355.629] SECOND SOCIAL SECURITY REFERENDUM.

Subdivision 1. **ELECTION OF SOCIAL SECURITY COVERAGE.** Any member of the legislators retirement plan established under chapter 3A who did not elect coverage under an agreement under section 218(d) of the Social Security Act as provided for in section 355.624 is entitled to elect future social security coverage and retroactive coverage for the period consistent with applicable federal law, in a second social security referendum. Any member who so elects shall become a member of the coordinated program of the legislators retirement plan under section 3A.15. The governor shall set a date for the referendum and shall undertake any duties to amend the state's Social Security Act, section 218 agreement, with the secretary of health and human services.

Subd. 2. **PAYMENT OF RETROACTIVE SOCIAL SECURITY TAXES.** For any service by a legislator who is in office on the date of the agreement or modification of the agreement with the secretary of health and human services, the executive director of the Minnesota state retirement system shall cause to be paid an amount for each legislator, including an amount for retroactive coverage, equal to the taxes which would have been imposed on the legislator and state of Minnesota by the Federal Insurance Contributions Act had the service been covered at the time performed. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each legislator for social security coverage. Before making a payment on behalf of a legislator, the executive director must receive from the legislator the funds necessary to make the payment. Nothing in

New language is indicated by underline, deletions by ~~strikeout~~.

this section shall require a legislator to elect retroactive social security coverage.

Subd. 3. **DEDUCTION FROM WAGES.** A legislator who elects social security coverage under this section shall have a deduction taken from wages in an amount equal to the employer and employee contributions required by either subdivision 1 or subdivision 2.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 16

MINNEAPOLIS POLICE OPTIONAL ANNUITIES

Section 1. Minnesota Statutes 2000, section 423B.09, subdivision 6, is amended to read:

Subd. 6. **OPTIONAL ANNUITIES.** A member who is retired or disabled on the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity within 60 days of the effective date of Laws 1997, chapter 233, article 4, section 6, instead of the normal retirement annuity. A member who retires or becomes disabled after the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the member or a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. Optional retirement annuity forms must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. A member may only designate the member's spouse as the recipient of a joint and survivor annuity and no benefit or annuity may be paid to a person who does not meet the definition of a surviving spouse member under section 423B.01, subdivision 17. Once selected, the optional annuity is irrevocable.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment and applies to all joint annuity options selected by members of the Minneapolis police relief association.

Presented to the governor May 20, 2002

Signed by the governor May 22, 2002, 1:17 p.m.

CHAPTER 393—H.F.No. 3618

An act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions;

New language is indicated by underline, deletions by ~~strikeout~~.