

CHAPTER 12—S.F.No. 22

An act relating to retirement; modifying various public pension plan provisions; allowing certain service credit purchases; regulating leave without pay for governmental subdivision employees; amending Minnesota Statutes 2002, sections 11A.17, subdivision 2; 122A.46, subdivision 9; 352.96, subdivision 2; 353.01, subdivisions 2d, 6; 353.028, subdivision 2; 353D.01, subdivision 2; 353D.02, by adding a subdivision; 353F.02, subdivision 4; 354.094, subdivision 1; 356.24, subdivision 1; 356.55, subdivision 7; 356B.05; 383B.49; 383B.493; 423C.03, subdivision 3; 423C.08; 424A.02, subdivision 3; Laws 1978, chapter 685, section 1, as amended; Laws 1978, chapter 685, section 2; Laws 1978, chapter 685, section 3; Laws 1978, chapter 685, section 6; Laws 1999, chapter 222, article 16, section 16, as amended; Laws 2000, chapter 461, article 4, section 4; Laws 2000, chapter 461, article 12, section 20, as amended; Laws 2000, chapter 461, article 19, section 6; Laws 2001, First Special Session chapter 10, article 6, section 21, as amended; repealing Minnesota Statutes 2002, sections 354.541; 354A.109; Laws 1978, chapter 685, section 5.

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

ARTICLE 1

LOCAL GOVERNMENT SALARY SAVINGS LEAVE

Section 1. APPLICATION.

Unless otherwise specified, this article applies to governmental subdivisions as specified in Minnesota Statutes, section 353.01, subdivision 6, and public employees providing service to the applicable employer and covered by the public employees retirement association general plan or police and fire plan under Minnesota Statutes, chapter 353, or the public employees retirement association local government correctional service retirement plan under Minnesota Statutes, chapter 353E.

Sec. 2. VOLUNTARY HOUR REDUCTION PLAN.

(a) This section applies to a public employee who:

(1) on the effective date of this section is regularly scheduled to work 1,040 or more hours a year in a position covered by a pension plan administered by the public employees retirement association; and

(2) enters into an agreement with a governmental subdivision to work a reduced schedule of 1,040 or less hours in the covered position.

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(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), contributions may be made to the applicable plan of the public employees retirement association as if the employee had not reduced hours. The employee must pay the employee contributions and the employer must pay employer and additional employer contributions necessary to bring the service credit and salary up to the level prior to the voluntary reduction in hours. Contributions must be made in a time and manner prescribed by the executive director of the public employees retirement association.

(c) The number of hours worked, the work schedule, and the duration of the voluntary hour reduction must be mutually agreed to by the employee and the governmental subdivision. The governmental subdivision may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section. The governmental subdivision has sole discretion to determine if and the extent to which voluntary hour reduction under this section is available to an employee.

(d) A person who works under this section and meets the definition of public employee under Minnesota Statutes, section 179A.03, subdivision 14, is a member of an appropriate bargaining unit, is covered by an appropriate collective bargaining contract or personnel policy, and is eligible for health care coverage as provided in a collective bargaining contract or personnel policy.

(e) An agreement under this section may apply only to work through June 30, 2005.

Sec. 3. VOLUNTARY UNPAID LEAVE OF ABSENCE.

(a) Governmental subdivisions may allow employees to take unpaid leaves of absence between June 1, 2003, and June 30, 2005. Each governmental subdivision approving a leave may allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in the public employees retirement association as if the employee had actually been employed during the time of leave. If the leave of absence is for one full pay period or longer, any holiday pay may be included in the first payroll warrant after return from the leave of absence. The governmental subdivision shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the governmental subdivision. However, each governmental subdivision shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and personnel policy.

(b) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the governmental subdivision must pay the employer contribution and the additional employer contribution. The governmental subdivision may, at its discretion, pay employee, employer, and additional employer

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contributions to the public employees retirement association for the period of leave under this section. Contributions must be made in a time and manner prescribed by the executive director of the public employees retirement association.

Sec. 4. DESIGNATION OF POSITIONS; EMPLOYER DISCRETION.

Before agreeing to an option under this article, a governmental subdivision must designate the job classifications or positions within job classifications that qualify for each option. The governmental subdivision may modify this designation at any time. Designation of positions eligible for the options and participation of individual employees under this act are at the sole discretion of the governmental subdivision. Implementation of this act by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A, or an unfair discriminatory practice under Minnesota Statutes, chapter 363.

Sec. 5. EFFECTIVE DATE.

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 2

STATE BOARD OF INVESTMENT CHANGES

Section 1. Minnesota Statutes 2002, section 11A.17, subdivision 2, is amended to read:

Subd. 2. **ASSETS.** The assets of the supplemental investment fund shall consist of the money certified and transmitted to the state board from the participating public retirement plans and funds or from the board of the Minnesota state colleges and universities under section 136F.45. The assets must be used to purchase investment shares in the investment accounts specified by the plan or fund. These accounts must be valued at least on a monthly basis, but may be valued more frequently as determined by the state board of investment.

Sec. 2. Minnesota Statutes 2002, section 352.96, subdivision 2, is amended to read:

Subd. 2. **PURCHASE OF SHARES.** The amount of compensation so deferred may be used to purchase:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17 that are selected to be offered under the plan by the state board of investment;
- (2) saving accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;

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(4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

(5) investment options from a firm that is a registered investment advisor under the Investment Advisers Act of 1940, United States Code, title 15, section 80b-1 to 80b-21;

(6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1); or

(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as specified by the participant.

All amounts contributed to the deferred compensation plan and all earnings on those amounts will be held for the exclusive benefit of the plan participants and beneficiaries. These amounts will be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law and in accordance with section 356A.06, subdivision 1. This subdivision does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective July 1, 2003.

ARTICLE 3

TEACHER EXTENDED LEAVES

Section 1. Minnesota Statutes 2002, section 122A.46, subdivision 9, is amended to read:

Subd. 9. **BENEFITS.** A teacher on an extended leave of absence shall receive all of the health, accident, medical, surgical and hospitalization insurance or benefits, for both the teacher and the teacher's dependents, for which the teacher would otherwise be eligible if not on an extended leave. A teacher shall receive the coverage if such coverage is available from the school district's insurer, if the teacher requests the coverage, and if the teacher either (a) reimburses the district for the full amount of the premium necessary to maintain the coverage within one month ~~following~~ preceding the district's payment of the premium, or (b) if the district is wholly or partially self-insured, pays the district, according to a schedule agreed upon by the teacher and

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the school board, an amount determined by the school board to be the amount that would be charged for the coverage chosen by the teacher if the school board purchased all health, accident, medical, surgical and hospitalization coverage for its teachers from an insurer. A school district may enter into an agreement with the exclusive bargaining representative of the teachers in the district where the district agrees, for an individual teacher, to pay all or a portion of the premium for such coverage. Any such agreement must include a sunset of eligibility to qualify for the payment.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to agreements in effect or entered into after that date.

Sec. 2. Minnesota Statutes 2002, section 354.094, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT CONTRIBUTIONS.** Upon granting any extended leave of absence under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence under section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave. The employer may enter into an agreement with the exclusive bargaining representative of the teachers in the district under which, for an individual teacher, all or a portion of the employee's contribution is paid by the employer. Any such agreement must include a sunset of eligibility to qualify for the payment and must not be a part of the collective bargaining agreement. The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Any school district paying the employee's retirement contributions under this section shall forward to the applicable retirement association or retirement fund a copy of the agreement executed by the school district and the employee.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to agreements in effect or entered into after that date.

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Sec. 3. REPORT.

By February 1, 2005, the executive director of the teachers retirement association, the executive secretary of the Duluth teachers retirement fund association, the executive director of the St. Paul teachers retirement fund association, and the executive director of the Minneapolis teachers retirement fund association shall submit a report to the chair of the legislative commission on pensions and retirement summarizing the agreements entered into under Minnesota Statutes, section 354.094, subdivision 1, or 354A.091, subdivision 1, on or before December 31, 2004.

ARTICLE 4**PUBLIC EMPLOYEES RETIREMENT****ASSOCIATION MEMBERSHIP CHANGES**

Section 1. Minnesota Statutes 2002, section 353.01, subdivision 2d, is amended to read:

Subd. 2d. **OPTIONAL MEMBERSHIP.** (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

(1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only if they elect to have membership under section 353.017, subdivision 2;

(2) persons who are elected or persons who are appointed to elected positions other than local governing body elected positions who elect to participate by filing a written election for membership;

(3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota state retirement system under section 352.021; and

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2; and

(5) employees of the port authority of the city of St. Paul who were at least age 45 on January 1, 2003, and who elect to participate by filing a written election for membership.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

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(1) the Minnesota association of townships if the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case the status of the association as a participating employer is permanent; and

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society are to be county employees for purposes of retirement coverage under this chapter. The status as a county employee must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under this chapter. The option to become a member, once exercised under this subdivision, may not be withdrawn until termination of public service as defined under subdivision 11a.

Sec. 2. Minnesota Statutes 2002, section 353.01, subdivision 6, is amended to read:

Subd. 6. **GOVERNMENTAL SUBDIVISION.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the port authority of the city of St. Paul, the Spring Lake Park fire department, incorporated, the Red Wing environmental learning center, and the Dakota county agricultural society.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the port authority of the city of St. Paul; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 3. Minnesota Statutes 2002, section 353.028, subdivision 2, is amended to read:

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Subd. 2. **ELECTION.** (a) A city manager may elect to be excluded from membership in the association. The election of exclusion must be made within six months following the commencement of employment, in writing on a form prescribed by the executive director, and must be approved by a resolution of the governing body of the city. The election of exclusion is not effective until it is filed with the executive director. Membership of a city manager in the association ceases on the date the written election is received by the executive director or upon a later date specified. ~~The election to be excluded from membership must include a provision agreeing that the person will not at any time in the future seek authorization to purchase service credit for any period of excluded service and is irrevocable.~~ Employee and employer contributions made on behalf of a person exercising the option to be excluded from membership under this section must be refunded in accordance with section 353.27, subdivision 7.

(b) A city manager who has elected exclusion under this subdivision may elect to revoke that action by filing a written notice with the executive director. The notice must be on a form prescribed by the executive director and must be approved by a resolution of the governing body of the city. Membership of the city manager in the association resumes prospectively from the date of the first day of the pay period for which contributions were deducted or, if pay period coverage dates are not provided, the date on which the notice of revocation or contributions are received in the office of the association, provided that the notice of revocation is received by the association within 60 days of the receipt of contributions.

(c) An election under paragraph (b) is irrevocable. Any election under paragraph (a) or (b) must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

Sec. 4. Minnesota Statutes 2002, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY.** (a) Eligibility to participate in the defined contribution plan is available to:

(1) elected local government officials of a governmental subdivision who elect to participate in the plan under section 353D.02, subdivision 1, and who, for the elected service rendered to a governmental subdivision, are not members of the public employees retirement association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate under section 353D.02, subdivision 3; and

(4) members of a municipal rescue squad associated with Litchfield in Meeker county, or of a county rescue squad associated with Kandiyohi county, if an

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independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan; and

(5) employees of the port authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the public employees retirement association under section 353.01, subdivision 7.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public-at-large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff.

(c) Elected local government officials, physicians, first response personnel and emergency medical service personnel, and rescue squad personnel Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(d) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

Sec. 5. Minnesota Statutes 2002, section 353D.02, is amended by adding a subdivision to read:

Subd. 5. ST. PAUL PORT AUTHORITY PERSONNEL. Employees of the port authority of the city of St. Paul who do not elect to participate in the general employees retirement plan may elect to participate in the plan by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the employee's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or the contributions are received in the office of the association, whichever is received first, if the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is irrevocable.

Sec. 6. RED WING ENVIRONMENTAL LEARNING CENTER.

(a) The legislature finds that the Red Wing environmental learning center has a long and very close relationship with independent school district No. 256, Red Wing, that Red Wing environmental learning center employees have been treated as independent school district No. 256, Red Wing, employees for retirement coverage purposes for 33 years, and that the current learning center employees would suffer a

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significant loss in their pension benefit coverage if their membership in the general employees retirement plan of the public employees retirement association was disrupted.

(b) Notwithstanding the provisions of any other law to the contrary, independent school district No. 256, Red Wing, may certify to the executive director of the public employees retirement association that employees of the Red Wing environmental learning center are considered school district employees solely for purposes of retirement coverage by the general employees retirement plan under Minnesota Statutes, chapter 353. This status must be accorded to all similarly situated Red Wing environmental learning center employees.

Sec. 7. PERA-GENERAL; PRIOR ST. PAUL PORT AUTHORITY SERVICE CREDIT PURCHASE.

Subdivision 1. ELIGIBILITY. A full-time salaried employee or a permanent part-time salaried employee of the port authority of the city of St. Paul who was employed by the port authority during all or part of the period from July 1, 1993, to July 1, 2003, and who is a member of the general employees retirement plan of the public employees retirement association may purchase allowable service credit from the general employees retirement plan.

Subd. 2. PURCHASABLE SERVICE; MAXIMUM. (a) The service credit that is purchasable under subdivision 1 is a period or periods of employment by the port authority of the city of St. Paul that would have been eligible service for coverage by the general employees retirement plan of the public employees retirement association if the service had been rendered after July 1, 2003.

(b) The maximum period of allowable service credit in the general employees retirement plan of the public employees retirement association for purchase under this section is ten years.

Subd. 3. PURCHASE PAYMENT REQUIREMENT. (a) To purchase the service credit, the payment amount must be calculated under Minnesota Statutes, section 356.55.

(b) Notwithstanding any provision of Minnesota Statutes, section 356.55, to the contrary, the prior service credit purchase payment may be made in whole or in part on an institution-to-institution basis from a plan qualified under the federal Internal Revenue Code, section 401(a), 401(k), or 414(h), or from an annuity qualified under the federal Internal Revenue Code, section 403, or from a deferred compensation plan under the federal Internal Revenue Code, section 457, to the extent permitted by the applicable federal law. In no event may a prior service credit purchase transfer be paid directly to the person purchasing the service.

Subd. 4. DOCUMENTATION; SERVICE CREDIT GRANT. (a) An eligible person described in subdivision 1 must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

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(b) Allowable service credit for the purchase period or periods must be granted by the general employees retirement plan of the public employees retirement association on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 5. SUNSET. Authority to purchase service credit under this section expires on December 31, 2004.

Sec. 8. PRIOR SERVICE; VESTING.

For purposes of vesting under Minnesota Statutes, section 353.29, subdivision 1, only, a full-time salaried employee or a permanent part-time salaried employee of the port authority of the city of St. Paul who was employed by the port authority on July 1, 2003, and who is a member of the general employees retirement plan of the public employees retirement association may use months of employment with the port authority before that date. This service may not be used to calculate a retirement annuity or a disability benefit provided for under Minnesota Statutes, chapter 353.

Sec. 9. DEFINED CONTRIBUTION PLAN; ONETIME ELECTION.

Employees of the port authority of the city of St. Paul who do not exercise the right to become members of the general employees retirement plan of the public employees retirement association under section 1 may, by onetime election, choose to participate in the public employees retirement association's defined contribution plan under Minnesota Statutes, sections 353D.01 to 353D.12. The election is irrevocable.

Sec. 10. EFFECTIVE DATE.

(a) Section 2 with respect to the Red Wing environmental learning center, and section 6 are effective the day after the school board of independent school district No. 256, Red Wing, and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and certification to the executive director of the public employees retirement association.

(b) Section 2, with respect to the port authority of the city of St. Paul, is effective the day following final enactment.

(c) Sections 1, 4, 5, 6, 8, and 9 are effective the day following final enactment.

(d) Coverage by the general employees retirement plan of the public employees retirement association under sections 1 and 2 commences July 1, 2003.

ARTICLE 5

PUBLIC HOSPITAL PRIVATIZATION

Section 1. Minnesota Statutes 2002, section 353F.02, subdivision 4, is amended to read:

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

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

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective upon the latter of:

(1) the day after the governing body of Renville 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 Renville 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 Renville county 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 Renville county hospital.

ARTICLE 6

GENERAL SERVICE CREDIT PURCHASES

Section 1. Minnesota Statutes 2002, section 356.55, subdivision 7, is amended to read:

Subd. 7. **EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.** (a) This section expires and is repealed on July 1, ~~2003~~ 2004.

(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~~ 2004.

Sec. 2. Laws 1999, chapter 222, article 16, section 16, as amended by Laws 2002, chapter 392, article 7, section 1, is amended to read:

Sec. 16. **REPEALER.**

Sections 1 to 13 are repealed on May 16, ~~2003~~ 2004.

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

Sec. 3. Laws 2000, chapter 461, article 4, section 4, is amended to read:

Sec. 4. EFFECTIVE DATE; SUNSET REPEALER.

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, ~~2003~~ 2004.

Sec. 4. Laws 2000, chapter 461, article 12, section 20, as amended by Laws 2002, chapter 392, article 7, section 2, 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, ~~2003~~ 2004.

Sec. 5. Laws 2001, First Special Session chapter 10, article 6, section 21, as amended by Laws 2002, chapter 392, article 7, section 3, 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~~ 2004.

(b) Sections 9 and 15 expire May 16, ~~2003~~ 2004.

Sec. 6. PERA-GENERAL; SERVICE CREDIT PURCHASE AUTHORIZED.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b), (c), or (d) is authorized to purchase allowable service credit from the general employees retirement plan of the public employees retirement association under Minnesota Statutes, section 356.55 or 356.551, for the applicable period of prior employment as a council member of the city of St. Louis Park which was not credited by the general employees retirement plan of the public employees retirement association as indicated in paragraph (e).

(b) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on September 26, 1941;

(3) became a St. Louis Park city council member on January 1, 1996; and

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(4) was not a member of the general employees retirement plan of the public employees retirement association for the period January 1, 1996, to January 29, 2000.

(c) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on October 8, 1949;

(3) became a St. Louis Park city council member on June 8, 1999; and

(4) was not a member of the general employees retirement plan of the public employees retirement association for the period June 8, 1999, to January 12, 2002.

(d) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on June 4, 1964;

(3) became a St. Louis Park city council member on November 18, 1997; and

(4) was not a member of the general employees retirement plan of the public employees retirement association for the period November 18, 1997, to March 9, 2002.

(e) The allowable service credit purchase period is limited to the period of St. Louis Park city council service that was not covered by the general employees retirement plan of the public employees retirement association.

(f) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b), (c), or (d) and any other applicable information that the executive director of the public employees retirement association may request.

(g) Allowable service credit for the purchase period must be granted by the general employees retirement plan of the public employees retirement association to the eligible person upon receipt of the prior service credit purchase payment amount.

(h) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, or 356.551, subdivision 2, whichever applies, the city of St. Louis Park is not permitted to pay any portion of the service credit purchase payment amount.

(i) The prior service credit purchase authority expires on July 1, 2004, or on the date of the termination of active St. Louis Park city council service by the eligible person, whichever occurs earlier.

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

Sec. 7. REPEALER.

Minnesota Statutes 2002, sections 354.541 and 354A.109, are repealed on May 16, 2004.

Sec. 8. EFFECTIVE DATE.

Sections 1 to 7 are effective on the day following final enactment.

ARTICLE 7**SUPPLEMENTAL PENSION PLAN COVERAGE**

Section 1. Minnesota Statutes 2002, 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 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;

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

(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;

(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 or to a plumbers' and pipefitters' local 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. 2. **EFFECTIVE DATE.**

Section 1 is effective the day after final enactment.

ARTICLE 8

GENERAL RETIREMENT CHANGES

Section 1. Minnesota Statutes 2002, section 356B.05, is amended to read:

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

356B.05 PUBLIC PENSION ADMINISTRATION LEGISLATION.

(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, and proposed retirement-related legislation recommended by the Minnesota state colleges and universities system 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.

ARTICLE 9**STATEWIDE RESTRUCTURED TEACHER****RETIREMENT PLAN ACTUARIAL STUDY****Section 1. ACTUARIAL STUDY OF COSTS TO RESTRUCTURE
TEACHER PLANS.**

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

Subdivision 1. STUDY MANDATED. The actuary retained by the legislative commission on pensions and retirement shall prepare an additional actuarial valuation report, using the results of the 2003 actuarial valuation reports prepared under Minnesota Statutes, section 356.215, that considers the feasibility of restructuring the Minnesota teachers retirement association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement plan and fund association into a new restructured fund.

Subd. 2. CONTENTS OF STUDY. The actuarial valuation report must be based on the proposals put forth in the report mandated by the legislature in Laws 2001, First Special Session chapter 10, article 11, section 20, and filed February 15, 2002, including changes to the postretirement adjustment, benefits, and restructuring administrative costs and including asset transfers.

Subd. 3. INFORMATION PROVIDED. The executive director of the teachers retirement association, the executive secretary of the Duluth teachers retirement fund association, the executive director of the St. Paul teachers retirement fund association, and the executive director of the Minneapolis teachers retirement fund association must consult with the task force established under Laws 2001, First Special Session chapter 10, article 11, section 20, and must provide the commission-retained actuary with all necessary information requested for the preparation of this report.

Subd. 4. COSTS. The cost of the actuarial valuation report mandated in this section will be paid by the pension funds named in this legislation. The cost must be allocated equally between the four pension funds. The executive director of the Minneapolis teachers retirement fund association shall serve as the fiscal agent for this study, shall pay its cost, and shall be reimbursed by the other three retirement funds for their appropriate share.

Subd. 5. FILING DATE. The report must be filed by January 15, 2004, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective on the day following final enactment.

ARTICLE 10

LOCAL RETIREMENT PLAN CHANGES

Section 1. Minnesota Statutes 2002, section 383B.49, is amended to read:

383B.49 SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF SHARES.

New language is indicated by underline, deletions by strikeout.

When requested to do so, in writing, on forms provided by the county, by a participant, surviving spouse, a guardian of a surviving child or a personal representative, whichever is applicable, the county of Hennepin shall redeem shares in the accounts of the Minnesota supplemental investment fund standing in a participant's share account record under the following circumstances and in accordance with the laws and regulations governing the Minnesota supplemental investment fund:

(1) A participant who is no longer employed by the county of Hennepin is entitled to receive the cash realized on the redemption of the shares to the credit of the participant's share account record of the person. The participant may request the redemption of all or a portion of the shares in the participant's share account record of the person, but may not request more than one redemption in any one calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed the person may request to redeem not less than 20 percent of the shares in any one calendar year and the redemption must be completed in no more than five years. An election is irrevocable except that a participant may request an amendment of the election to redeem all of the person's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county ~~board~~ administrator, in its sole discretion of the administrator.

(2) In the event of the death of a participant leaving a surviving spouse, the surviving spouse is entitled to receive the cash realized on the redemption of all or a portion of the shares in the participant's share account record of the deceased spouse, but in no event may the spouse request more than one redemption in each calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed, the surviving spouse may request the redemption of not less than 20 percent of the shares in any one calendar year. Redemption must be completed in no more than five years. An election is irrevocable except that the surviving spouse may request an amendment of the election to redeem all of the participant's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county ~~board~~ administrator, in its sole discretion of the administrator. Upon the death of the surviving spouse, any shares remaining in the participant's share account record must be redeemed by the county of Hennepin and the cash realized from the redemption distributed to the estate of the surviving spouse.

(3) In the event of the death of a participant leaving no surviving spouse, but leaving a minor surviving child or minor surviving children, the guardianship estate of the minor child is, or the guardianship estates of the minor children are, entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant. In the event of minor surviving children, the cash realized must be paid in equal shares to the guardianship estates of the minor surviving children.

(4) In the event of the death of a participant leaving no surviving spouse and no minor surviving children, the estate of the deceased participant is entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant.

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

Sec. 2. Minnesota Statutes 2002, section 383B.493, is amended to read:

383B.493 WITHDRAWAL FROM PARTICIPATION.

Notwithstanding Laws 1982, chapter 450, or any other law to the contrary, a Hennepin county employee participating in the Hennepin county supplemental retirement program pursuant to Laws 1982, chapter 450 may, in the event of an unforeseeable emergency, apply to the county to discontinue participation in the program. Employees who are no longer participating in the program may apply for the redemption of all shares credited to their share account record. Applications are subject to approval of the Hennepin county board of ~~commissioners~~ administrator in ~~its~~ the sole discretion of the administrator. For the purposes of this section, the term "unforeseeable emergency" shall mean a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or a person dependent upon the participant, loss of participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. Applications based on foreseeable expenditures normally budgetable shall not be approved. A participant exercising the option provided by this section shall be ineligible for further participation in the supplemental retirement program.

Sec. 3. EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD HOC POSTRETIREMENT ADJUSTMENT.

In addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by \$100 per month. Increases are retroactive to January 1, 2003.

Sec. 4. EFFECTIVE DATE.

(a) Sections 1 and 2 are effective upon approval by the Hennepin county board of commissioners and compliance with Minnesota Statutes, section 645.021.

(b) Section 3 is effective on the day after the date on which the Eveleth city council and the chief clerical officer of the city of Eveleth comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 11

MINNEAPOLIS FIREFIGHTERS RELIEF

ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 423C.03, subdivision 3, is amended to read:

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

Subd. 3. COMPENSATION OF OFFICERS AND BOARD MEMBERS.

Notwithstanding any other law to the contrary, the association may provide for payment of the following salaries to its officers and board members:

(1) the executive secretary may receive a salary not exceeding ~~30~~ 50 percent of the maximum salary of a first grade firefighter;

(2) the president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter; and

(3) all other elected members of the board may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

Sec. 2. Minnesota Statutes 2002, section 423C.08, is amended to read:

423C.08 MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.

If an active, deferred, or retired member of the association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded rate of five percent from the first day of the month following the date of the contribution to the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

Sec. 3. INTENT.

Section 2 is intended to bring the Minneapolis firefighters relief association's statutory provision which provides for a refund of member contributions where the decedent does not leave a surviving spouse or children in conformance with Minnesota Statutes 2002, section 423A.18.

Sec. 4. EFFECTIVE DATE.

(a) The board of the Minneapolis firefighters relief association may increase the salary of the executive secretary subject to the applicable maximum set forth in section 1.

(b) Any salary increase under paragraph (a) may be effective on September 1, 2002, or any time thereafter as designated by the relief association board providing that the requirements specified in section 1 are satisfied during the applicable time period.

(c) Section 2 is effective retroactive to September 25, 2001. Section 3 is effective on the day following final enactment.

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

ARTICLE 12

VOLUNTEER FIREFIGHTER RELIEF

ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **FLEXIBLE SERVICE PENSION MAXIMUMS.** (a) Annually on or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation ~~made pursuant to~~ determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association ~~calculated pursuant to sections under~~ section 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
42	.50
84	1.00
126	1.50
168	2.00
209	2.50
252	3.00

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

294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00
839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00
1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
3963 <u>3194</u>	38.00
4047 <u>3278</u>	39.00
4137 <u>3362</u>	40.00

Effective beginning ~~December 31, 2000:~~

4227 <u>3446</u>	41.00
4317 <u>3530</u>	42.00

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

4407	<u>3614</u>	43.00
4497	<u>3698</u>	44.00
Effective beginning <u>December 31, 2001:</u>		
4587	<u>3782</u>	45.00
4677	<u>3866</u>	46.00
4767	<u>3950</u>	47.00
4857	<u>4034</u>	48.00
Effective beginning <u>December 31, 2002:</u>		
4947	<u>4118</u>	49.00
5037	<u>4202</u>	50.00
5127	<u>4286</u>	51.00
5217	<u>4370</u>	52.00
Effective beginning <u>December 31, 2003:</u>		
5307	<u>4454</u>	53.00
5397	<u>4538</u>	54.00
5487	<u>4622</u>	55.00
5577	<u>4706</u>	56.00

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$..	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320

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

194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750

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

2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
Effective beginning December 31, 2000:	
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
Effective beginning December 31, 2001:	
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
Effective beginning December 31, 2002:	
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
Effective beginning December 31, 2003:	
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500

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

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

Sec. 2. **BENEFIT RATIFICATION; WHITE BEAR LAKE.**

Notwithstanding Minnesota Statutes, section 424A.02, subdivisions 3 and 3a, to the contrary, the service pension amounts specified in the bylaws of the White Bear Lake fire department relief association following bylaw amendments in January 1999 and prior to the effective date of this section are ratified.

Sec. 3. **MARSHALL VOLUNTEER FIRE.**

Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 7, or other law to the contrary, as a pilot project, the Marshall volunteer firefighter relief association may amend its bylaws to pay interest on deferred lump sum payment pensions based on a rate determined annually by the board of trustees based on the actual time weighted total rate of return investment performance of the special fund as reported by the office of the state auditor under Minnesota Statutes, section 356.219, up to five percent, and applied consistently for all deferred service pensioners.

Sec. 4. **EFFECTIVE DATE.**

Section 3 is effective on the day after the date on which the Marshall city council and the chief clerical officer of the city of Marshall comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

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

ARTICLE 13

PLYMOUTH VOLUNTEER FIREFIGHTER RELIEF
ASSOCIATION ANCILLARY BENEFIT CHANGES

Section 1. Laws 1978, chapter 685, section 1, as amended by Laws 1979, chapter 201, section 41, is amended to read:

Section 1. **PLYMOUTH VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.**

The bylaws of the Plymouth firefighter's relief association may be amended to provide for payment of a disability pension in an amount equal to \$8.50 per month per year of service, to a maximum of \$255 per month consistent with the ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9, to a firefighter qualified pursuant to determined to be disabled, as defined in the bylaws of the association and under procedures specified in those bylaws. No member shall be entitled to draw both a disability pension and a service pension.

Sec. 2. Laws 1978, chapter 685, section 2, is amended to read:

Sec. 2. The Plymouth firefighter's relief association may provide for a benefit to the surviving spouse of a volunteer firefighter who died, providing that the surviving spouse qualifies under the terms of the bylaws, such benefit to be paid as the bylaws of the association may provide, except that the bylaws may not provide for a spouse's benefit of more than \$127.50 per month, and provided the benefit shall cease as of the date of the spouse's remarriage and the benefit is consistent with ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 3. Laws 1978, chapter 685, section 3, is amended to read:

Sec. 3. The Plymouth firefighter's relief association may pay a pension for the children of deceased members, as the association's bylaws may provide, consistent with ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 4. Laws 1978, chapter 685, section 6, is amended to read:

Sec. 6. (a) The bylaws of the Plymouth firefighter's relief association may further provide that when any active or deferred member of the association or any pensioner who is a former member disabilitant or service pension recipient dies, there may be paid a death or funeral benefit to defray or assist the family of the deceased with funeral expenses.

(b) A benefit paid under this section due to the death of an active or deferred member must conform to Minnesota Statutes, section 424A.02, subdivision 9.

(c) A death or funeral benefit may be paid under this section to the family of a deceased disabilitant or service pensioner notwithstanding Minnesota Statutes, section

New language is indicated by underline, deletions by strikeout.

424A.02, subdivision 9, providing that liabilities relating to this benefit are recognized in determinations of actuarial condition and funding costs, as determined under section 69.772 or 69.773, whichever is applicable. Notwithstanding any law to the contrary, the association is authorized to use a load factor or factors to recognize liabilities relating to funeral or death benefits paid to the family of a deceased disabilitant or service pensioner. Benefits are not payable under this paragraph if the city council does not approve the load factor or factors used in determinations of actuarial conditions and funding costs.

Sec. 5. REPEALER.

Laws 1978, chapter 685, section 5, is repealed.

Sec. 6. EFFECTIVE DATE.

Sections 1 to 5 are effective on the day after the date on which the Plymouth city council and the chief clerical officer of the city of Plymouth complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 14

PRIOR SERVICE CREDIT PURCHASE PROVISIONS

Section 1. Laws 2000, chapter 461, article 19, section 6, is amended to read:

Sec. 6. MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;

(2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

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

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount. Authority provided by this section is voided if payment is not made before December 31, 2003, or before commencing receipt of an annuity from the Minneapolis teachers retirement fund association, whichever is earlier.

(f) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must give recognition, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 2. **TEACHERS RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR SABBATICAL LEAVES.**

(a) Notwithstanding Minnesota Statutes, section 354.092, or any other law to the contrary, an eligible person described in paragraph (b) is entitled to purchase not more than three years of allowable service credit from the teachers retirement association for sabbatical leave as defined in Minnesota Statutes, section 122A.49.

(b) An eligible person is a person who:

(1) worked as a teacher for independent school district No. 191, Burnsville-Eagan-Savage;

(2) was on sabbatical leave at some time between January 1, 1982, and December 31, 1989; and

(3) did not receive service credit for time on sabbatical leave because the leave was not properly reported to the teachers retirement association.

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

(c) An eligible person described in paragraph (b) must apply with the executive director of the teachers retirement association to make a service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(d) Allowable service credit for the purchase periods must be granted by the teachers retirement association to the account of an eligible person upon receipt of the portion of the prior service credit purchase payment amount payable under paragraph (e) in a lump sum by the applicable eligible person.

(e) Notwithstanding Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, an eligible person may pay before September 1, 2003, or the date of termination from service, whichever is earlier, an amount equal to the employee contribution rate or rates in effect during the applicable sabbatical leave period or periods specified in paragraph (b) applied to the actual salary rate or rates in effect during that period or periods, plus annual compound interest at the rate of 8.5 percent from the midpoint of each applicable sabbatical leave period, to the date on which the payment is actually made. Independent school district No. 191 must pay the remaining balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, within 30 days of the payment by an eligible person. The executive director of the teachers retirement association must notify the superintendent of independent school district No. 191 of its payment amount and payment due date if an eligible person makes the required payment.

(f) If independent school district No. 191 fails to pay its portion of the required prior service credit purchase payment amount, the executive director of the teachers retirement association must notify the commissioner of finance of that fact and the commissioner of finance must order that the required employer payment be deducted from the next subsequent payment or payments of state education aid to the school district and be transmitted to the teachers retirement association.

Sec. 3. SPECIAL SCHOOL DISTRICT NO. 1; QUALIFIED PART-TIME TEACHER PROGRAM RETROACTIVE COVERAGE.

(a) An eligible individual is a teacher who:

(1) was born on March 10, 1950;

(2) is a basic plan member of the Minneapolis teachers retirement fund association;

(3) first became a Minneapolis teachers retirement fund association member in August 1972; and

(4) entered into a job sharing arrangement with another Minneapolis teachers retirement fund association member for the 2001-2002 school year but failed to enter into a qualified part-time teacher agreement for that school year.

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

(b) Notwithstanding any provision of Minnesota Statutes, section 354A.094, to the contrary, an eligible individual described in paragraph (a) is authorized to receive full-time salary and service credit in the Minneapolis teachers retirement fund association basic program for service under Minnesota Statutes, section 354A.094, for the 2001-2002 school year, if all conditions required by this section are met.

(c) To receive the full-time equivalent service and salary credit for the 2001-2002 school year provided by this section, an eligible individual described in paragraph (a) must pay the applicable employee contribution under Minnesota Statutes, section 354A.12, subdivision 1, on the difference between the amount of the person's compensation from which employee contributions were actually deducted and the amount of the person's full-time equivalent salary under Minnesota Statutes, section 354A.094, subdivision 4. The employee must pay 8.5 percent interest, compounded daily, on all employee contributions required under this section, from the date the contributions would have occurred if the individual were employed on a full-time basis, until paid.

(d) If payment is made under paragraph (c), upon notification from the Minneapolis teachers retirement fund association, special school district No. 1, Minneapolis, must pay the applicable employer and additional employer contributions under Minnesota Statutes, section 354A.12, subdivision 2a, on the difference between the person's full-time equivalent salary and actual salary upon which contributions were previously made for the eligible individual. The employer must pay 8.5 percent interest, compounded daily, on all employer and employer additional contributions required under this section, from the date the contributions would have occurred if the individual were employed on a full-time basis, until paid.

(e) Payments under this section must be made in a lump sum to the Minneapolis teachers retirement fund association. Payment under paragraph (c) must occur on or before June 30, 2003, or the effective date of retirement, whichever is earlier. Payment by the employer under paragraph (d) must be made within 30 days following payment by the eligible employee.

(f) The eligible person must provide any relevant documentation that the Minneapolis teachers retirement fund association may request.

ARTICLE 15

VARIOUS ONE PERSON AND SMALL GROUP

RETIREMENT CHANGES

Section 1. **TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION OPTION DEADLINE EXTENSION.**

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

(a) Notwithstanding any provision of Minnesota Statutes, section 354B.21, subdivision 2 or 3 to the contrary, an eligible person described in paragraph (b) is entitled to elect to continue retirement coverage by the teachers retirement association.

(b) An eligible person is a person who:

(1) was born on May 5, 1960;

(2) was first employed as a teacher for the 1982-1983 school year;

(3) was employed as a teacher by independent school district No. 345, New London-Spicer, from the 1984-1985 school year until the 1994-1995 school year;

(4) was employed as a teacher by independent school district No. 858, St. Charles, from the 1995-1996 school year through the 2001-2002 school year;

(5) was employed by the Riverland community college on August 22, 2002; and

(6) received a Minnesota state colleges and universities system retirement plan election form on August 27, 2002, but did not file the form by December 4, 2002, and received individual retirement account retirement plan coverage by default.

(c) The election of teachers retirement coverage must be made in writing by the eligible person and must be made on or before September 1, 2003.

(d) If an election of teachers retirement association coverage is made under this section, the Minnesota state colleges and universities system shall transfer from the individual retirement account plan member and employer contributions equal to ten percent of the eligible person's covered salary as an employee of the system from August 22, 2002, to the date of the coverage election under this section, plus annual interest at the rate of 8.5 percent. Upon the contribution transfer, the teachers retirement association shall credit the eligible person with allowable and formula service credit for the period August 22, 2002, to the date of the coverage election.

Sec. 2. DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; AUTHORIZATION TO MAKE PAYMENT OF EMPLOYEE AND EMPLOYER CONTRIBUTIONS.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to pay employee and employer contributions to the Duluth teachers retirement fund association for the period described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on October 13, 1949;

(2) was initially employed by independent school district No. 709, Duluth, on December 4, 1972;

(3) is a current employee of independent school district No. 709, Duluth, and is a current member of the Duluth teachers retirement fund association;

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(4) was employed on a part-time basis by independent school district No. 709, Duluth, for the 2001-2002 school year; and

(5) was not notified of the right to pay employee and employer contributions to the Duluth teachers retirement fund association under Minnesota Statutes, section 354A.094, while employed on a part-time basis for the 2001-2002 school year.

(c) The purchase period is September 4, 2001, to June 7, 2002.

(d) The payment amount shall be the product of the following:

(1) the total of the employee and employer contribution rates of the Duluth teachers retirement fund association prescribed in Minnesota Statutes, section 354A.12; and

(2) the salary amount equal to the difference between the salary the eligible person would have earned from independent school district No. 709, Duluth, had the eligible person worked on a full-time basis during the 2001-2002 school year and the total salary the eligible person actually earned from independent school district No. 709, Duluth, during the 2001-2002 school year.

(e) Interest is payable on the payment amount in paragraph (d) using the preretirement interest rate assumption specified in Minnesota Statutes, section 356.215, subdivision 8, compounded annually, accruing from June 30, 2002, to the date the payment is received in the office of the Duluth teachers retirement fund association.

(f) Credit for the higher salary for the purchase period must be granted by the Duluth teachers retirement fund association to the eligible person upon receipt of payment of the employee and employer contribution amount.

(g) Notwithstanding Minnesota Statutes, section 354A.094, subdivision 4, independent school district No. 709, Duluth, is not permitted to pay any portion of the payment amount.

(h) The authority to make payment of employee and employer contributions expires 60 days after enactment or on the date of the termination of active service by the eligible person, whichever occurs earlier.

Sec. 3. SURVIVOR BENEFITS.

Notwithstanding any provision of Minnesota Statutes, section 353.657, subdivision 1, requiring a specified period of marriage to obtain survivor benefits, the surviving spouse of a firefighter who was born on March 11, 1969, and who died in an accident on February 6, 2000, is entitled to survivor benefits provided in Minnesota Statutes, section 353.657.

Sec. 4. MSRS-GENERAL; REFUND ELIGIBILITY IN CERTAIN INSTANCES.

Notwithstanding any provision of Minnesota Statutes, section 352.22, subdivision 1, to the contrary, a person who previously has been employed as a state employee,

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who was placed on a medical leave of absence before April 1, 2002, and who was still on the medical leave on April 1, 2003, is eligible to receive a refund under Minnesota Statutes, section 352.22, if the person has not again become a state employee covered by the system on the refund application date.

Sec. 5. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION COVERAGE TERMINATION.

Subdivision 1. ELIGIBILITY. (a) An eligible individual specified in paragraph (b) is authorized to apply for a retirement annuity, provided necessary age and service requirements are met, under Minnesota Statutes, section 353.29 or 353.30, as applicable, as further specified under subdivision 2.

(b) An eligible individual is an individual who:

(1) was employed as a Beltrami county employee and became a member of the public employees retirement association general plan due to that service on June 1, 1991;

(2) was elected to the Bemidji city council and took office in January 2001;

(3) elected under law then applicable to have public employees retirement association general plan coverage for the city council elected service; and

(4) terminated Beltrami county employment but is unable to commence receipt of a public employees retirement association general plan annuity because of the continuing public employees retirement association general plan coverage for the elected city council service.

Subd. 2. RETIREMENT ANNUITY. (a) Notwithstanding an irrevocable election to participate in the public employees retirement association general plan as an elected official and continuation of elected service, an eligible individual under subdivision 1, paragraph (b), is deemed to have terminated membership under Minnesota Statutes, section 353.01, subdivision 11b, following the termination of the Beltrami county employment.

(b) If the requirements of paragraph (a) are satisfied, the eligible individual may apply for a retirement annuity under Minnesota Statutes, section 353.29 or 353.30, as applicable. In computing the annuity, the public employees retirement association must exclude salary due to the elected Bemidji city council service. Deferred annuity augmentation under Minnesota Statutes, section 353.71, applies to this annuity.

Subd. 3. TREATMENT OF BEMIDJI CITY COUNCIL CONTRIBUTIONS TO THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION. (a) All employee contributions to the public employees retirement association coordinated plan by an eligible individual in subdivision 1, paragraph (b), due to the elected Bemidji city council service, and all corresponding employer contributions, must be determined.

(b) An eligible individual under subdivision 1, paragraph (b), must elect, within one year of the effective date of this section or upon termination of elective service,

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whichever is earlier, a refund under Minnesota Statutes, section 353.34, subdivision 2, of employee contributions determined under paragraph (a), or coverage by the public employees defined contribution plan under Minnesota Statutes, chapter 353D, as further specified in paragraph (c).

(c) If public employee defined contribution plan coverage is elected under paragraph (b), contributions to that plan commence as of the first day of the pay period following this election, and accumulated employee and employer contributions determined under paragraph (a) must be transferred with six percent annual interest to an account for the eligible individual in the public employees defined contribution plan.

(d) If no election is made by an eligible individual by the required date in paragraph (b), the individual is assumed to have elected the refund indicated in paragraph (b).

(e) Upon an election under paragraph (b), or a mandatory refund under paragraph (d), all rights in the public employees retirement association coordinated plan due to elected Bemidji city council service are forfeited and may not be reestablished.

Sec. 6. EFFECTIVE DATE.

(a) Sections 1 to 5 are effective on the day following final enactment.

(b) Section 3 applies retroactively to the surviving spouse of a person who died on or after February 1, 2000.

Presented to the governor May 27, 2003

Signed by the governor May 30, 2003, 3:54 p.m.

CHAPTER 13—H.F.No. 13

An act relating to state lands; modifying certain boundary waters canoe area provisions; providing for certain state land acquisition; modifying the Mississippi whitewater trail; modifying provisions of the outdoor recreation system; establishing a mineral coordinating committee; establishing boundaries for a proposed state park; adding to and deleting from state parks, state recreation areas, state forests, and wildlife management areas; authorizing public and private sales and conveyances of certain state lands; requiring certain land exchanges; modifying certain appropriations conditions; amending Minnesota Statutes 2002, sections 84.523, by adding a subdivision; 85.013, subdivision 1; 85.0156, subdivision 1; 86A.04; Laws 2001, First Special Session chapter 2, section 14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 93.

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

Section 1. Minnesota Statutes 2002, section 84.523, is amended by adding a subdivision to read:

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