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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1199

02/02/2023 Authored by Wolgamott and Tabke
The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy
02/16/2023 Adoption of Report: Placed on the General Register as Amended and recommended to be placed on the Consent Calendar
Read for the Second Time

1.1 A bill for an act
1.2 relating to retirement; making administrative changes to the statutes governing the
1.3 retirement plans administered by the Minnesota State Retirement System, the
1.4 Public Employees Retirement Association, and the Teachers Retirement
1.5 Association; modifying the experience requirements for a Teachers Retirement
1.6 Association executive director; amending Minnesota Statutes 2022, sections
1.7 352B.08, subdivision 1; 353.01, subdivisions 2a, 2b, 15; 353.0162; 353.031,
1.8 subdivision 10; 353.32, subdivision 1c; 353E.001, by adding subdivisions; 353E.07,
1.9 subdivisions 3, 4, 5; 354.06, subdivision 2; 356.551, subdivision 2; 490.1211;
1.10 repealing Minnesota Statutes 2022, sections 353.01, subdivision 15a; 490.124,
1.11 subdivision 10.

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

1.13 ARTICLE 1
1.14 MINNESOTA STATE RETIREMENT SYSTEM
1.15 ADMINISTRATIVE CHANGES

1.16 Section 1. Minnesota Statutes 2022, section 352B.08, subdivision 1, is amended to read:

1.17 Subdivision 1. Eligibility; when to apply; accrual. (a) Every member who is credited
1.18 with three or more years of allowable service if first employed before July 1, 2013, or with
1.19 at least ten years of allowable service if first employed after June 30, 2013, is entitled to
1.20 separate from state service and upon becoming 50 years old, is entitled to receive a life
1.21 annuity, upon separation from state service.

1.22 (b) Members must apply for an annuity in a form and manner prescribed by the executive
1.23 director.

1.24 (c) No application may be made more than 90 60 days before the date the member is
1.25 eligible to retire by reason of both age and service requirements.

2.1 (d) An annuity begins to accrue no earlier than 180 days before the date the application
2.2 is filed with the executive director.

2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.4 Sec. 2. Minnesota Statutes 2022, section 356.551, subdivision 2, is amended to read:

2.5 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph
2.6 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial
2.7 present value, on the date of payment, as calculated by the chief administrative officer of
2.8 the pension plan and reviewed by the actuary retained under section 356.214, of the amount
2.9 of the additional retirement annuity obtained by the acquisition of the additional service
2.10 credit in this section.

2.11 (b) Calculation of this amount must be made using the investment return assumption
2.12 applicable to the public pension plan specified in section 356.215, subdivision 8, and the
2.13 mortality table adopted for the public pension plan.

2.14 (1) Unless clause (2) applies, the calculation must assume continuous future service in
2.15 the public pension plan until, and retirement at, the age at which the minimum requirements
2.16 of the fund for normal retirement or retirement with an annuity unreduced for retirement at
2.17 an early age, including section 356.30, are met with the additional service credit purchased.
2.18 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
2.19 is greater, and a future salary history that includes annual salary increases at the applicable
2.20 salary increase rate for the plan specified in section 356.215, subdivision 8.

2.21 (2) This clause applies when the calculation is being done for purposes of section 352.272;
2.22 352B.087; 353.0141, subdivision 3; 354.544; ~~or 354A.0961~~; or 490.1211, subdivision 2.
2.23 The calculation must include continuous future service in the public pension plan until, and
2.24 retirement at, any age at or after which the minimum requirements of the fund for early
2.25 retirement or retirement with an annuity unreduced for retirement at an early age, including
2.26 section 356.30, are met with the additional service credit purchased. The calculation must
2.27 be determined using the retirement age that provides the most valuable benefit to the member.
2.28 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
2.29 is greater, and a future salary history that includes annual salary increases at the applicable
2.30 salary increase rate for the plan specified in section 356.215, subdivision 8.

2.31 (c) The prior service credit purchase amount may not be less than the amount determined
2.32 by applying, for each year or fraction of a year being purchased, the sum of the employee
2.33 contribution rate, the employer contribution rate, and the additional employer contribution

3.1 rate, if any, applicable during that period, to the person's annual salary during that period,
3.2 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual
3.3 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,
3.4 compounded annually, from the end of the year in which contributions would otherwise
3.5 have been made to the date on which the payment is received.

3.6 (d) Unless otherwise provided by statutes governing a specific plan, payment must be
3.7 made in one lump sum within one year of the prior service credit authorization or prior to
3.8 the member's effective date of retirement, whichever is earlier. Payment of the amount
3.9 calculated under this section must be made by the applicable eligible person.

3.10 (e) However, the current employer or the prior employer may, at its discretion, pay all
3.11 or any portion of the payment amount that exceeds an amount equal to the employee
3.12 contribution rates in effect during the period or periods of prior service applied to the actual
3.13 salary rates in effect during the period or periods of prior service, plus interest at the
3.14 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
3.15 applies, compounded annually, from the date on which the contributions would otherwise
3.16 have been made to the date on which the payment is made. If the employer agrees to
3.17 payments under this subdivision, the purchaser must make the employee payments required
3.18 under this subdivision within 90 days of the prior service credit authorization. If that
3.19 employee payment is made, the employer payment under this subdivision must be remitted
3.20 to the chief administrative officer of the public pension plan within 60 days of receipt by
3.21 the chief administrative officer of the employee payments specified under this subdivision.

3.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.23 Sec. 3. Minnesota Statutes 2022, section 490.1211, is amended to read:

3.24 **490.1211 UNIFORMED SERVICE.**

3.25 **Subdivision 1. Federal uniformed service protections.** (a) A judge who is absent from
3.26 employment by reason of service in the uniformed services, as defined in United States
3.27 Code, title 38, section 4303(13), and who returns to state employment as a judge upon
3.28 discharge from service in the uniformed service within the time frame required in United
3.29 States Code, title 38, section 4312(e), may obtain service credit for the period of the
3.30 uniformed service, provided that the judge did not separate from uniformed service with a
3.31 dishonorable or bad conduct discharge or under other than honorable conditions.

3.32 (b) The judge may obtain credit by paying into the fund equivalent member contribution
3.33 based on the contribution rate or rates in effect at the time that the uniformed service was

4.1 performed multiplied by the full and fractional years being purchased and applied to the
4.2 annual salary rate. The annual salary rate is the average annual salary during the purchase
4.3 period that the judge would have received if the judge had continued to provide employment
4.4 services to the state rather than to provide uniformed service, or if the determination of that
4.5 rate is not reasonably certain, the annual salary rate is the judge's average salary rate during
4.6 the 12-month period of judicial employment rendered immediately preceding the ~~purchase~~
4.7 period of the uniformed service.

4.8 (c) The equivalent employer contribution and, if applicable, the equivalent employer
4.9 additional contribution, must be paid by the employing unit, using the employer and employer
4.10 additional contribution rate or rates in effect at the time that the uniformed service was
4.11 performed, applied to the same annual salary rate or rates used to compute the equivalent
4.12 member contribution.

4.13 (d) If the member equivalent contributions provided for in this section are not paid in
4.14 full, the judge's allowable service credit must be prorated by multiplying the full and
4.15 fractional number of years of uniformed service eligible for purchase by the ratio obtained
4.16 by dividing the total member contributions received by the total member contributions
4.17 otherwise required under this section.

4.18 (e) To receive allowable service credit under this section, the contributions specified in
4.19 this section ~~and section 490.121~~ must be transmitted to the fund during the period which
4.20 begins with the date on which the individual returns to judicial employment and which has
4.21 a duration of three times the length of the uniformed service period, but not to exceed five
4.22 years. If the determined payment period is calculated to be less than ~~one year~~ three years,
4.23 the contributions required under this section to receive service credit ~~may~~ must be transmitted
4.24 to the fund within one year three years from the discharge date.

4.25 (f) The amount of allowable service credit obtainable under this section and section
4.26 490.121 may not exceed five years, unless a longer purchase period is required under United
4.27 States Code, title 38, section 4312.

4.28 (g) The state court administrator shall pay interest on all equivalent member and employer
4.29 contribution amounts payable under this section. Interest must be at the applicable annual
4.30 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end
4.31 of each fiscal year of the leave or break in service to the end of the month in which payment
4.32 is received.

4.33 Subd. 2. State-authorized purchase of service credit for periods of military service. (a)
4.34 Unless prohibited under paragraph (b), a judge is eligible to purchase service credit, not to

5.1 exceed five cumulative years of service credit, for one or more periods of service in the
5.2 uniformed services, as defined in United States Code, title 38, section 4303(13), if:

5.3 (1) the judge has at least three years of service credit with the judges retirement plan
5.4 under this chapter;

5.5 (2) the duration of the judge's current period of employment is at least six months; and

5.6 (3) the judge did not obtain service credit for a period of military service under
5.7 subdivision 1.

5.8 (b) A service credit purchase is prohibited if:

5.9 (1) the judge separated from uniformed service with a dishonorable or bad conduct
5.10 discharge or under other than honorable conditions;

5.11 (2) the judge has purchased or otherwise received service credit from any Minnesota
5.12 public employee pension plan for the same period of service in the uniformed services; or

5.13 (3) the judge's service in the uniformed services occurred before the judge was first
5.14 appointed or elected as a judge.

5.15 (c) When purchasing a period of service, if the period of service in the uniformed services
5.16 is one year or less, the judge must purchase the full period of service. If the period of service
5.17 in the uniformed services is longer than one year, the judge may purchase the full period,
5.18 not to exceed five cumulative years, or may purchase a portion of the period of service. If
5.19 the judge purchases a portion of the period of service in the uniformed services, the portion
5.20 must: (1) not be less than one year; and (2) be in increments of six months of service.

5.21 Subd. 3. **Application and documentation.** To purchase service credit under subdivision
5.22 2, a judge must apply to the executive director of the Minnesota State Retirement System
5.23 to make the purchase. The application must include all necessary documentation of the
5.24 judge's qualifications to make the purchase, signed written permission to allow the executive
5.25 director to request and receive necessary verification of applicable facts and eligibility
5.26 requirements, and any other relevant information that the executive director may require.

5.27 Subd. 4. **Purchase payment amount; service credit grant.** (a) The purchase payment
5.28 amount for a purchase under subdivision 2 is the amount determined under section 356.551
5.29 for the period or periods of service requested, except that, for purposes of calculating the
5.30 purchase payment amount to purchase service credit for service in the uniformed services
5.31 between periods of employment as a judge, section 356.551, subdivision 2, paragraph (c),
5.32 does not apply.

6.1 (b) Service credit must be granted by the judges retirement plan to the purchasing judge
6.2 upon the executive director's receipt of the purchase payment amount. The service credit
6.3 purchased under this section may not be used for the purpose of determining a disability
6.4 benefit under section 490.124, subdivision 4.

6.5 (c) Payment must be made before the effective date of the judge's retirement.

6.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.7 Sec. 4. **REPEALER.**

6.8 Minnesota Statutes 2022, section 490.124, subdivision 10, is repealed.

6.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.10 **ARTICLE 2**

6.11 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION** 6.12 **ADMINISTRATIVE CHANGES**

6.13 Section 1. Minnesota Statutes 2022, section 353.01, subdivision 2a, is amended to read:

6.14 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose
6.15 ~~annual salary from one governmental subdivision is stipulated in advance to exceed \$5,100~~
6.16 ~~if the person is not a school year employee or \$3,800 if the person is a school year employee~~
6.17 exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or
6.18 ~~who~~ have not been provided an option to participate under subdivision 2d, whether
6.19 individually or by action of the governmental subdivision, must participate as members of
6.20 the association with retirement coverage by the general employees retirement plan under
6.21 this chapter, the public employees police and fire ~~retirement~~ plan under this chapter, or the
6.22 local government correctional employees retirement plan under chapter 353E, whichever
6.23 applies. Membership commences as a condition of ~~their~~ employment on the first day of
6.24 ~~their~~ employment or on the first day that the eligibility criteria are met, whichever is later.
6.25 Public employees include but are not limited to:

6.26 (1) persons whose salary meets the threshold in this paragraph from employment in one
6.27 or more positions within one governmental subdivision;

6.28 (2) elected county sheriffs;

6.29 (3) persons who are appointed, employed, or contracted to perform governmental
6.30 functions that by law or local ordinance are required of a public officer, including, but not
6.31 limited to:

- 7.1 (i) town and city clerk or treasurer;
- 7.2 (ii) county auditor, treasurer, or recorder;
- 7.3 (iii) city manager as defined in section 353.028 who does not exercise the option provided
7.4 under subdivision 2d; or
- 7.5 (iv) emergency management director, as provided under section 12.25;
- 7.6 (4) physicians under section 353D.01, subdivision 2, who do not elect public employees
7.7 defined contribution plan coverage under section 353D.02, subdivision 2;
- 7.8 (5) full-time employees of the Dakota County Agricultural Society;
- 7.9 (6) employees of the Red Wing Port Authority who were first employed by the Red
7.10 Wing Port Authority before May 1, 2011, and who are not excluded employees under
7.11 subdivision 2b;
- 7.12 (7) employees of the Seaway Port Authority of Duluth who are not excluded employees
7.13 under subdivision 2b;
- 7.14 (8) employees of the Stevens County Housing and Redevelopment Authority who were
7.15 first employed by the Stevens County Housing and Redevelopment Authority before May
7.16 1, 2014, and who are not excluded employees under subdivision 2b;
- 7.17 (9) employees of the Minnesota River Area Agency on Aging who were first employed
7.18 by a Regional Development Commission before January 1, 2016, and who are not excluded
7.19 employees under subdivision 2b; and
- 7.20 (10) employees of the Public Employees Retirement Association.
- 7.21 (b) A public employee or elected official who was a member of the association on June
7.22 30, 2002, based on employment that qualified for membership coverage by the public
7.23 employees retirement plan or the public employees police and fire plan under this chapter,
7.24 or the local government correctional employees retirement plan under chapter 353E as of
7.25 June 30, 2002, retains that membership for the duration of the person's employment in that
7.26 position or incumbency in elected office. Except as provided in subdivision 28, the person
7.27 shall participate as a member until the employee or elected official terminates public
7.28 employment under subdivision 11a or terminates membership under subdivision 11b.
- 7.29 (c) If ~~in any subsequent year~~ the annual salary of an included public employee is less
7.30 than ~~the minimum salary threshold specified in this subdivision~~ \$425 in any subsequent
7.31 month, the member retains membership eligibility.

8.1 (d) For the purpose of participation in the general employees retirement plan, public
8.2 employees include employees who were members of the former Minneapolis Employees
8.3 Retirement Fund on June 29, 2010.

8.4 **EFFECTIVE DATE.** This section is effective July 1, 2023.

8.5 Sec. 2. Minnesota Statutes 2022, section 353.01, subdivision 2b, is amended to read:

8.6 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
8.7 participate as members of the association with retirement coverage by the general employees
8.8 retirement plan, the local government correctional employees retirement plan under chapter
8.9 353E, or the public employees police and fire retirement plan:

8.10 (1) persons whose ~~annual~~ salary from one governmental subdivision never exceeds an
8.11 ~~amount, stipulated in writing in advance, of \$5,100 if the person is not a school district~~
8.12 ~~employee or \$3,800 if the person is a school year employee. If annual compensation from~~
8.13 ~~one governmental subdivision to an employee exceeds the stipulated amount in a calendar~~
8.14 ~~year or a school year, whichever applies, after being stipulated in advance not to exceed the~~
8.15 ~~applicable amount, the stipulation is no longer valid and contributions must be made on~~
8.16 ~~behalf of the employee under section 353.27, subdivision 12, from the first month in which~~
8.17 ~~the employee received salary exceeding \$425 in a month;~~

8.18 (2) public officers who are elected to a governing body, city mayors, or persons who
8.19 are appointed to fill a vacancy in an elected office of a governing body, whose term of office
8.20 commences on or after July 1, 2002, for the service to be rendered in that elected position;

8.21 (3) election judges and persons employed solely to administer elections;

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

8.23 (5) except as otherwise specified in subdivision 12a, employees who are employed solely
8.24 in a temporary position as defined under subdivision 12a, and employees who resign from
8.25 a nontemporary position and accept a temporary position within 30 days of that resignation
8.26 in the same governmental subdivision;

8.27 (6) employees who are employed by reason of work emergency caused by fire, flood,
8.28 storm, or similar disaster, but if the person becomes a probationary or provisional employee
8.29 within the same pay period, other than on a temporary basis, the person is a "public
8.30 employee" retroactively to the beginning of the pay period;

8.31 (7) employees who by virtue of their employment in one governmental subdivision are
8.32 required by law to be a member of and to contribute to any of the plans or funds administered

9.1 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
9.2 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
9.3 prevent a person from being a member of and contributing to the Public Employees
9.4 Retirement Association and also belonging to and contributing to another public pension
9.5 plan or fund for other service occurring during the same period of time, and a person who
9.6 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
9.7 during the same period of time becomes a member of the association unless contributions
9.8 are made to another public retirement plan on the salary based on the other service or to the
9.9 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

9.10 (8) persons who are members of a religious order and are excluded from coverage under
9.11 the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance
9.12 of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
9.13 no irrevocable election of coverage has been made under section 3121(r) of the Internal
9.14 Revenue Code of 1954, as amended;

9.15 (9) persons who are:

9.16 (i) employed by a governmental subdivision who have not reached the age of 23 and
9.17 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis
9.18 at an accredited school, college, or university in an undergraduate, graduate, or
9.19 professional-technical program, or at a public or charter high school;

9.20 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
9.21 interns and are serving in a degree or residency program in a public hospital or in a public
9.22 clinic; or

9.23 (iii) students who are serving for a period not to exceed five years in an internship or a
9.24 residency program that is sponsored by a governmental subdivision, including an accredited
9.25 educational institution;

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

9.28 (11) for the first three years of employment, foreign citizens who are employed by a
9.29 governmental subdivision, except that the following foreign citizens must be considered
9.30 included employees under subdivision 2a:

9.31 (i) H-1B, H-1B1, and E-3 status holders;

9.32 (ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

10.1 (iii) employees legally authorized to work in the United States for three years or more;
10.2 and

10.3 (iv) employees otherwise required to participate under federal law;

10.4 (12) public hospital employees who elected not to participate as members of the
10.5 association before 1972 and who did not elect to participate from July 1, 1988, to October
10.6 1, 1988;

10.7 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
10.8 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
10.9 may still qualify as public employees under subdivision 2 and may be members of the Public
10.10 Employees Retirement Association and participants in the general employees retirement
10.11 plan or the public employees police and fire plan, whichever applies, on the basis of
10.12 compensation received from public employment service other than service as volunteer
10.13 ambulance service personnel;

10.14 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
10.15 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
10.16 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
10.17 and may be a member of the Public Employees Retirement Association and a participant
10.18 in the general employees retirement plan or the public employees police and fire plan,
10.19 whichever applies, on the basis of compensation received from public employment activities
10.20 other than those as a volunteer firefighter;

10.21 (15) employees in the building and construction trades, as follows:

10.22 (i) pipefitters and associated trades personnel employed by Independent School District
10.23 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
10.24 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
10.25 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
10.26 12;

10.27 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed
10.28 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage
10.29 under a collective bargaining agreement by the electrical workers local 110 pension plan,
10.30 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either
10.31 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be
10.32 excluded under Laws 2000, chapter 461, article 7, section 5;

11.1 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
11.2 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School
11.3 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
11.4 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633
11.5 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied
11.6 trades local 61 pension plan, or the plasterers local 265 pension plan who were either first
11.7 employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded
11.8 under Laws 2001, First Special Session chapter 10, article 10, section 6;

11.9 (iv) plumbers employed by the Metropolitan Airports Commission, with coverage under
11.10 a collective bargaining agreement by the plumbers local 34 pension plan, who were either
11.11 first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be
11.12 excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

11.13 (v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation
11.14 Board, with coverage under a collective bargaining agreement by the electrical workers
11.15 local 292 pension plan or the pipefitters local 539 pension plan, who were first employed
11.16 before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11,
11.17 section 5;

11.18 (vi) laborers and associated trades personnel employed by the city of St. Paul or
11.19 Independent School District No. 625, St. Paul, who are designated as temporary employees
11.20 with coverage under a collective bargaining agreement by a multiemployer plan as defined
11.21 in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018,
11.22 or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter
11.23 211, article 16, section 13; and

11.24 (vii) employees who are trades employees as defined in section 356.27, subdivision 1,
11.25 first hired on or after July 1, 2020, by the city of St. Paul or Independent School District
11.26 No. 625, St. Paul, except for any trades employee for whom contributions are made under
11.27 section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer
11.28 plan as defined in section 356.27, subdivision 1;

11.29 (16) employees who are hired after June 30, 2002, solely to fill seasonal positions under
11.30 subdivision 12b which are limited in duration by the employer to a period of six months or
11.31 less in each year of employment with the governmental subdivision;

11.32 (17) persons who are provided supported employment or work-study positions by a
11.33 governmental subdivision and who participate in an employment or industries program
11.34 maintained for the benefit of these persons where the governmental subdivision limits the

12.1 position's duration to up to five years, including persons participating in a federal or state
 12.2 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
 12.3 relief program where the training or work experience is not provided as a part of, or for,
 12.4 future permanent public employment;

12.5 (18) independent contractors and the employees of independent contractors;

12.6 (19) reemployed annuitants of the association during the course of that reemployment;

12.7 (20) persons appointed to serve on a board or commission of a governmental subdivision
 12.8 or an instrumentality thereof;

12.9 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
 12.10 Transit Commission who are members of the International Brotherhood of Teamsters Local
 12.11 638 and who are, by virtue of that employment, members of the International Brotherhood
 12.12 of Teamsters Central States pension plan; and

12.13 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who
 12.14 are members of the Teamsters General Local Union 346 and who are, by virtue of that
 12.15 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

12.16 (b) Any person performing the duties of a public officer in a position defined in
 12.17 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 12.18 employee of an independent contractor.

12.19 **EFFECTIVE DATE.** This section is effective July 1, 2023.

12.20 Sec. 3. Minnesota Statutes 2022, section 353.01, subdivision 15, is amended to read:

12.21 Subd. 15. **Dependent child.** For the purpose of survivor benefit eligibility ~~under sections~~
 12.22 ~~353.31, subdivision 1, and 353.657, subdivision 3,~~ "dependent child" means:

12.23 (1) a biological or adopted child of a deceased member who is unmarried; and ~~under~~
 12.24 ~~has not reached the age of 18, or age 18 to 23, so long as the child submits evidence of~~
 12.25 ~~full-time enrollment in an accredited educational institution. "Dependent child" also includes;~~

12.26 (2) a child of the member conceived during the member's lifetime and born after the
 12.27 member's death. ~~It also means,~~ unless a parent-child relationship does not exist under section
 12.28 524.2-120, subdivision 10; and

12.29 (3) a ~~dependent~~ child who has not reached the age of 23 and is the subject of adoption
 12.30 proceedings filed by a member; and who, within two years after death of the member, by
 12.31 judgment and decree duly entered, is adjudged to be the adopted child of the deceased
 12.32 member; ~~subject, however, to the qualifying conditions of age and dependency under this~~

13.1 ~~subdivision. The dependency of the child dates from~~ is a dependent child effective on the
13.2 date of the decree of adoption. "Dependent child" also includes a child age 18 to 23 who
13.3 ~~had submitted evidence of full-time enrollment in an accredited educational institution but~~
13.4 ~~was determined to be medically unable to continue school on a full-time basis. The board~~
13.5 ~~of trustees shall adopt written procedures to make determinations regarding eligibility based~~
13.6 ~~on a student being medically unable to continue school, and may not continue a benefit for~~
13.7 ~~medical reasons for a period greater than one year.~~

13.8 **EFFECTIVE DATE.** This section is effective July 1, 2023.

13.9 Sec. 4. Minnesota Statutes 2022, section 353.0162, is amended to read:

13.10 **353.0162 SALARY CREDIT PURCHASE FOR PERIODS OF REDUCED**
13.11 **SALARY.**

13.12 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
13.13 subdivision have the meanings given them, unless the context clearly indicates another
13.14 meaning is intended.

13.15 (b) "Differential salary credit" is the difference between the salary received by the
13.16 member during a period of reduced salary as described in subdivision 2 and the salary of
13.17 the member, excluding overtime, on which contributions to the applicable plan would have
13.18 been made during the period based on the member's normal employment period, measured
13.19 in hours or otherwise, as applicable, and rate of pay.

13.20 (c) "Reporting period" means a school year, for school year employees, or a calendar
13.21 year, for all other employees, during which a member has a period of reduced salary.

13.22 Subd. 2. **Salary credit purchase permitted.** (a) A member may purchase differential
13.23 salary credit as described in paragraph (e) for a period of reduced salary as described in
13.24 paragraph (b).

13.25 ~~(b)~~ The period of reduced salary must be a period occurring entirely within one school
13.26 year, for school year employees, or one calendar year, for all other employees, during which
13.27 the member receives no salary or a reduced salary from the employer while the member is:

13.28 (1) receiving workers' compensation payments related to the member's service to the
13.29 public employer;

13.30 (2) on an authorized leave of absence;

14.1 (3) on an authorized leave of absence as a result of a budgetary or salary savings program
14.2 offered or mandated by a governmental subdivision, if certified to the executive director
14.3 by the governmental subdivision; or

14.4 (4) on a periodic, repetitive leave that is offered to all employees of a governmental
14.5 subdivision where the leave program is certified by the employer to the association as one
14.6 that does not exceed 208 hours during the school year or calendar year, as applicable.

14.7 ~~(e) Differential salary credit is the difference between the salary received by the member~~
14.8 ~~during a period of reduced salary specified in paragraph (b) and the salary of the member,~~
14.9 ~~excluding overtime, on which contributions to the applicable plan would have been made~~
14.10 ~~during the period based on the member's normal employment period, measured in hours or~~
14.11 ~~otherwise, as applicable, and rate of pay.~~

14.12 Subd. 3. Payment amount. ~~(d)~~ (a) To receive differential salary credit, the member
14.13 shall pay the plan, by delivering payment to the executive director, an amount equal to:

14.14 (1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65,
14.15 subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary
14.16 amount;

14.17 (2) plus an employer equivalent payment equal to the applicable employer contribution
14.18 rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as
14.19 applicable, multiplied by the differential salary amount;

14.20 (3) plus, if applicable, an equivalent employer additional amount equal to the additional
14.21 employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential
14.22 salary amount.

14.23 ~~(e)~~ (b) The employer, by appropriate action of its governing body and documented in
14.24 its official records, may pay on behalf of the member the amounts determined under
14.25 paragraph ~~(d)~~ (a), clauses (2) and (3), as applicable, plus interest under paragraph ~~(f)~~ (c).
14.26 However, if the period of reduced salary is a periodic, repetitive leave under ~~paragraph (b)~~
14.27 subdivision 2, clause (4), then the employer must pay on behalf of the member the amount
14.28 determined under paragraph ~~(d)~~ (a), clauses (2) and (3), as applicable, plus interest under
14.29 paragraph ~~(f)~~ (c).

14.30 ~~(f)~~ (c) Payment under this section must include interest on the contribution amount or
14.31 amounts, whichever applies, at the applicable rate or rates specified in section 356.59,
14.32 subdivision 3, compounded annually, prorated for the number of months, if less than 12

15.1 months, from the end of the school year or calendar year, as applicable, until full payment
15.2 is received by the executive director.

15.3 **Subd. 4. Timing of required payment.** Payment under this section must be completed
15.4 ~~by the earliest of: (1) six months after termination of public service by the employee under~~
15.5 ~~section 353.01, subdivision 11a; (2) no later than one year after the ~~termination~~ end of the~~
15.6 ~~each reporting period of reduced salary specified in paragraph (b); or (3) six months after~~
15.7 ~~the commencement of a disability benefit.~~

15.8 **EFFECTIVE DATE.** This section is effective July 1, 2023.

15.9 Sec. 5. Minnesota Statutes 2022, section 353.031, subdivision 10, is amended to read:

15.10 **Subd. 10. Restoring forfeited service and salary credit.** ~~(a)~~ To restore forfeited service
15.11 and salary credit, a repayment of a refund must be made within six months after the effective
15.12 date of disability benefits or within six months after the date of the filing of the disability
15.13 application, whichever is later:

15.14 ~~(b), except for that the salary credit purchase for periods of reduced salary must be made~~
15.15 ~~as authorized under section 353.0162, paragraph (b), clause (1), no purchase of prior service~~
15.16 ~~or payment made in lieu of salary deductions otherwise authorized under section 353.01 or~~
15.17 ~~353.0162 may be made after the occurrence of the disability for which an application is~~
15.18 ~~filed under this section.~~

15.19 **EFFECTIVE DATE.** This section is effective July 1, 2023.

15.20 Sec. 6. Minnesota Statutes 2022, section 353.32, subdivision 1c, is amended to read:

15.21 **Subd. 1c. Dependent child survivor coverage.** ~~If there is a deceased member has no~~
15.22 ~~surviving spouse eligible for benefits under subdivision 1a, a the member's dependent child~~
15.23 ~~or children as defined in section 353.01, subdivision 15a 15, is eligible for monthly payments.~~
15.24 ~~Payments to a dependent child must be paid from the date of the member's death to the date~~
15.25 ~~the dependent child attains age 20 if the child is under age 15. If the child is 15 years or~~
15.26 ~~older on the date of death, payment must be made for five years 23.~~ The payment to a
15.27 dependent child is an amount actuarially equivalent to the value of a 100 percent optional
15.28 annuity under subdivision 1a using the age of the member and the age of the dependent
15.29 child at the date of the member's death in lieu of the age of the surviving spouse. If there is
15.30 more than one dependent child, each dependent child ~~shall~~ must receive a proportionate
15.31 share of the actuarial value of the ~~employee's account~~ 100 percent optional annuity.

15.32 **EFFECTIVE DATE.** This section is effective July 1, 2023.

16.1 Sec. 7. Minnesota Statutes 2022, section 353E.001, is amended by adding a subdivision
16.2 to read:

16.3 Subd. 1a. **Fund.** "Fund" means the public employees local government correctional
16.4 service retirement fund.

16.5 **EFFECTIVE DATE.** This section is effective July 1, 2023.

16.6 Sec. 8. Minnesota Statutes 2022, section 353E.001, is amended by adding a subdivision
16.7 to read:

16.8 Subd. 2a. **Member.** "Member" means an individual identified as a member under section
16.9 353E.02, for whom retirement coverage is provided by the plan.

16.10 **EFFECTIVE DATE.** This section is effective July 1, 2023.

16.11 Sec. 9. Minnesota Statutes 2022, section 353E.001, is amended by adding a subdivision
16.12 to read:

16.13 Subd. 3a. **Plan.** "Plan" means the public employees local government correctional service
16.14 retirement plan.

16.15 **EFFECTIVE DATE.** This section is effective July 1, 2023.

16.16 Sec. 10. Minnesota Statutes 2022, section 353E.07, subdivision 3, is amended to read:

16.17 Subd. 3. **Election; accrual.** A surviving spouse election under subdivisions 1 and 2 may
16.18 be made at any time after the date of death of ~~the local government correctional service~~
16.19 ~~employee~~ a member. The surviving spouse benefit begins to accrue as of the first of the
16.20 next month following the date on which the application for the benefit was filed.

16.21 **EFFECTIVE DATE.** This section is effective July 1, 2023.

16.22 Sec. 11. Minnesota Statutes 2022, section 353E.07, subdivision 4, is amended to read:

16.23 Subd. 4. **Surviving spouse coverage; term certain.** In lieu of the 100 percent optional
16.24 annuity under subdivision 1, the surviving spouse of a deceased ~~local government correctional~~
16.25 ~~service employee~~ member may elect to receive survivor coverage in a term certain of ten,
16.26 15, or 20 years. The monthly term certain annuity must be actuarially equivalent to the 100
16.27 percent optional annuity under subdivision 1 and must be based on tables approved by the
16.28 actuary retained under section 356.214. The optional annuity ceases upon the expiration of
16.29 the term certain period. If a survivor elects a term certain annuity and dies before the

17.1 expiration of the specified term certain period, the commuted value of the remaining annuity
17.2 payments must be paid in a lump sum to the survivor's estate.

17.3 **EFFECTIVE DATE.** This section is effective July 1, 2023.

17.4 Sec. 12. Minnesota Statutes 2022, section 353E.07, subdivision 5, is amended to read:

17.5 Subd. 5. **Dependent child survivor coverage.** ~~If there is a deceased member has no~~
17.6 surviving spouse eligible for benefits under subdivisions 1, 2, and 4, ~~a the member's~~
17.7 dependent child as defined in section 353.01, subdivision ~~15a~~ 15, is eligible for a ~~dependent~~
17.8 ~~child~~ survivor benefit. Benefits to a dependent child must be paid from the date of the
17.9 employee's death to the date the dependent child attains age ~~20 if the child is under age 15~~
17.10 ~~on the date of death. If the child is 15 years or older on the date of death, the benefit is~~
17.11 ~~payable for five years~~ 23. The payment to a dependent child is an amount actuarially
17.12 equivalent to the value of a 100 percent joint and survivor optional annuity using the age
17.13 of the ~~employee~~ member and the age of the dependent child at the date of the member's
17.14 death in lieu of the age of the surviving spouse. If there is more than one dependent child,
17.15 each dependent child ~~shall~~ must receive a proportionate share of the actuarial value of the
17.16 ~~employee's account~~ 100 percent joint and survivor optional annuity, with the amount of the
17.17 benefit payable to each child to be determined based on the portion of the total eligibility
17.18 period that each child is eligible. The process for calculating the ~~dependent child~~ survivor
17.19 benefit must be approved by the actuary retained under section 356.214.

17.20 **EFFECTIVE DATE.** This section is effective July 1, 2023.

17.21 Sec. 13. **REVISOR INSTRUCTION.**

17.22 In Minnesota Statutes, sections 353E.01 to 353E.08, the revisor of statutes shall change
17.23 the terms "public employees local government correctional service retirement fund" to
17.24 "fund" and "an employee covered under section 353E.02" to "member" and "local government
17.25 correctional employee" to "member" and "public employees local government correctional
17.26 service retirement plan" to "plan" wherever the terms appear in statutes. The revisor shall
17.27 make any necessary grammatical changes or changes to sentence structure necessary to
17.28 preserve the meaning of the text as a result of the changes.

17.29 **EFFECTIVE DATE.** This section is effective July 1, 2023.

17.30 Sec. 14. **REPEALER.**

17.31 Minnesota Statutes 2022, section 353.01, subdivision 15a, is repealed.

18.1 **EFFECTIVE DATE.** This section is effective July 1, 2023.

18.2

ARTICLE 3

18.3

TEACHERS RETIREMENT ASSOCIATION

18.4

ADMINISTRATIVE CHANGES

18.5 Section 1. Minnesota Statutes 2022, section 354.06, subdivision 2, is amended to read:

18.6 Subd. 2. **President; executive director.** The board ~~shall~~ must annually elect one of its
18.7 members as president. It ~~shall~~ must elect an executive director. Notwithstanding any law
18.8 to the contrary, the board must set the salary of the executive director. The salary of the
18.9 executive director must not exceed the limit for a position listed in section 15A.0815,
18.10 subdivision 2. The executive director shall serve ~~during~~ at the pleasure of the board and be
18.11 the executive officer of the board, with ~~such~~ the duties prescribed in subdivision 2a and any
18.12 additional duties as that the board ~~shall~~ may prescribe. The board ~~shall~~ must employ all
18.13 other clerks and employees necessary to properly administer the association. ~~The cost and~~
18.14 ~~expense of administering the provisions of this chapter shall be paid by the association.~~ The
18.15 board ~~shall~~ must appoint an executive director on the basis of education, experience in the
18.16 retirement field, ability to manage and lead system staff, and ability to assist the board in
18.17 setting a vision for the system. The executive director ~~shall~~ must have had at least five years
18.18 of experience ~~on the administrative staff of a major~~ in either an executive-level management
18.19 position or in a position with responsibility for the governance, management, or
18.20 administration of a retirement system plan.

18.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: H1199-1

353.01 DEFINITIONS.

Subd. 15a. **Dependent child.** For the purpose of survivor benefit eligibility under section 353.32, subdivision 1c, "dependent child" means any biological or adopted child of a deceased member who has not reached the age of 20 and is dependent for more than one-half of support upon the member. It also includes any child of the member conceived during the member's lifetime and born after the member's death.

490.124 MATURITY OF BENEFITS; RETIREMENT AND SURVIVORS' ANNUITIES.

Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a surviving spouse of a retired judge, payable after the death of the judge, are limited to spouses of judges who have retired before January 1, 1974.

(b) No other judge in office on or after January 1, 1974, is required to contribute under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.109.