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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1409

03/11/2013 Authored by Nelson, Mahoney and Murphy, M., The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System, permitting legislators
1.3 to transfer to general state employees retirement plan coverage rather than retain
1.4 unclassified state employees retirement program coverage; amending Minnesota
1.5 Statutes 2012, sections 352.01, subdivision 2a; 352D.02, subdivisions 1, 3.

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

1.7 Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

1.8 Subd. 2a. **Included employees.** (a) "State employee" includes:

1.9 (1) employees of the Minnesota Historical Society;

1.10 (2) employees of the State Horticultural Society;

1.11 (3) employees of the Minnesota Crop Improvement Association;

1.12 (4) employees of the adjutant general whose salaries are paid from federal funds and
1.13 who are not covered by any federal civilian employees retirement system;

1.14 (5) employees of the Minnesota State Colleges and Universities who are employed
1.15 under the university or college activities program;

1.16 (6) currently contributing employees covered by the system who are temporarily
1.17 employed by the legislature during a legislative session or any currently contributing
1.18 employee employed for any special service as defined in subdivision 2b, clause (8);

1.19 (7) employees of the legislature who are appointed without a limit on the duration
1.20 of their employment and persons employed or designated by the legislature or by a
1.21 legislative committee or commission or other competent authority to conduct a special
1.22 inquiry, investigation, examination, or installation;

1.23 (8) trainees who are employed on a full-time established training program
1.24 performing the duties of the classified position for which they will be eligible to receive
1.25 immediate appointment at the completion of the training period;

2.1 (9) employees of the Minnesota Safety Council;

2.2 (10) any employees who are on authorized leave of absence from the Transit  
2.3 Operating Division of the former Metropolitan Transit Commission and who are employed  
2.4 by the labor organization which is the exclusive bargaining agent representing employees  
2.5 of the Transit Operating Division;

2.6 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space  
2.7 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito  
2.8 Control Commission unless excluded under subdivision 2b or are covered by another  
2.9 public pension fund or plan under section 473.415, subdivision 3;

2.10 (12) judges of the Tax Court;

2.11 (13) personnel who were employed on June 30, 1992, by the University of  
2.12 Minnesota in the management, operation, or maintenance of its heating plant facilities,  
2.13 whose employment transfers to an employer assuming operation of the heating plant  
2.14 facilities, so long as the person is employed at the University of Minnesota heating plant  
2.15 by that employer or by its successor organization;

2.16 (14) personnel who are employed as seasonal employees in the classified or  
2.17 unclassified service;

2.18 (15) persons who are employed by the Department of Commerce as a peace officer  
2.19 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the  
2.20 mandatory retirement age specified in section 43A.34, subdivision 4;

2.21 (16) employees of the University of Minnesota unless excluded under subdivision  
2.22 2b, clause (3);

2.23 (17) employees of the Middle Management Association whose employment began  
2.24 after July 1, 2007, and to whom section 352.029 does not apply;

2.25 (18) employees of the Minnesota Government Engineers Council to whom section  
2.26 352.029 does not apply; ~~and~~

2.27 (19) employees of the Minnesota Sports Facilities Authority; and

2.28 (20) a legislator who elects under section 4 or section 352D.02 to have coverage  
2.29 under the general state employees retirement plan.

2.30 (b) Employees specified in paragraph (a), clause (13), are included employees under  
2.31 paragraph (a) if employer and employee contributions are made in a timely manner in the  
2.32 amounts required by section 352.04. Employee contributions must be deducted from  
2.33 salary. Employer contributions are the sole obligation of the employer assuming operation  
2.34 of the University of Minnesota heating plant facilities or any successor organizations to  
2.35 that employer.

2.36 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.1 Sec. 2. Minnesota Statutes 2012, section 352D.02, subdivision 1, is amended to read:

3.2 Subdivision 1. **Coverage.** (a) ~~Employees enumerated~~ Persons specified in paragraph  
3.3 (c), clauses (2), (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service  
3.4 of the state or Metropolitan Council and are eligible for coverage under the general state  
3.5 employees retirement plan under chapter 352, are participants in the unclassified program  
3.6 under this chapter unless the employee gives notice to the executive director of the  
3.7 Minnesota State Retirement System within one year following the ~~commencement~~ start  
3.8 of employment in the unclassified service that the employee desires coverage under the  
3.9 general state employees retirement plan. For the purposes of this chapter, an employee  
3.10 who does not file notice with the executive director is deemed to have exercised the option  
3.11 to participate in the unclassified program.

3.12 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified  
3.13 program under this chapter unless the person was eligible to elect different coverage under  
3.14 section 3A.07 and elected retirement coverage by the applicable alternative retirement  
3.15 plan or elected general state employees retirement plan coverage under subdivision 3  
3.16 or section 4. Persons referenced in paragraph (c), clause (15), are participants in the  
3.17 unclassified program under this chapter for judicial employment in excess of the service  
3.18 credit limit in section 490.121, subdivision 22.

3.19 (c) ~~Enumerated~~ Employees and referenced persons are:

3.20 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,  
3.21 and the attorney general;

3.22 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary  
3.23 of State, State Auditor, Attorney General;

3.24 (3) an employee of the State Board of Investment;

3.25 (4) the head of a department, division, or agency created by statute in the unclassified  
3.26 service, an acting department head subsequently appointed to the position, or an employee  
3.27 enumerated in section 15A.0815 or 15A.083, subdivision 4;

3.28 (5) a member of the legislature;

3.29 (6) a full-time unclassified employee of the legislature or a commission or agency of  
3.30 the legislature who is appointed without a limit on the duration of the employment or a  
3.31 temporary legislative employee having shares in the supplemental retirement fund as a  
3.32 result of former employment covered by this chapter, whether or not eligible for coverage  
3.33 under the Minnesota State Retirement System;

3.34 (7) a person who is employed in a position established under section 43A.08,  
3.35 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing

4.1 a department or agency of the state, which is at the deputy or assistant head of department  
4.2 or agency or director level;

4.3 (8) the regional administrator, or executive director of the Metropolitan Council,  
4.4 general counsel, division directors, operations managers, and other positions as designated  
4.5 by the council, all of which may not exceed 27 positions at the council and the chair;

4.6 (9) the executive director, associate executive director, and not to exceed nine  
4.7 positions of the Minnesota Office of Higher Education in the unclassified service, as  
4.8 designated by the Minnesota Office of Higher Education before January 1, 1992, or  
4.9 subsequently redesignated with the approval of the board of directors of the Minnesota  
4.10 State Retirement System, unless the person has elected coverage by the individual  
4.11 retirement account plan under chapter 354B;

4.12 (10) the clerk of the appellate courts appointed under article VI, section 2, of the  
4.13 Constitution of the state of Minnesota, the state court administrator and judicial district  
4.14 administrators;

4.15 (11) the chief executive officers of correctional facilities operated by the Department  
4.16 of Corrections and of hospitals and nursing homes operated by the Department of Human  
4.17 Services;

4.18 (12) an employee whose principal employment is at the state ceremonial house;

4.19 (13) an employee of the Agricultural Utilization Research Institute;

4.20 (14) an employee of the State Lottery who is covered by the managerial plan  
4.21 established under section 43A.18, subdivision 3;

4.22 (15) a judge who has exceeded the service credit limit in section 490.121,  
4.23 subdivision 22;

4.24 (16) an employee of Enterprise Minnesota, Inc.;

4.25 (17) a person employed by the Minnesota State Colleges and Universities as faculty  
4.26 or in an eligible unclassified administrative position as defined in section 354B.20,  
4.27 subdivision 6, who was employed by the former state university or the former community  
4.28 college system before May 1, 1995, and elected unclassified program coverage prior to  
4.29 May 1, 1995; and

4.30 (18) a person employed by the Minnesota State Colleges and Universities who  
4.31 was employed in state service before July 1, 1995, who subsequently is employed in an  
4.32 eligible unclassified administrative position as defined in section 354B.20, subdivision  
4.33 6, and who elects coverage by the unclassified program.

4.34 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.35 Sec. 3. Minnesota Statutes 2012, section 352D.02, subdivision 3, is amended to read:

5.1 Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under  
 5.2 paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4),  
 5.3 (6) to (14), and (16) to (18), who is credited with shares in the unclassified program and  
 5.4 has credit for allowable service may elect to terminate participation in the unclassified  
 5.5 program and be covered by the general employees retirement plan.

5.6 (b) An employee specified in paragraph (a) is permitted to terminate participation  
 5.7 in the unclassified program and be covered by the general employees retirement plan if  
 5.8 the employee:

5.9 (1) was employed before July 1, 2010, and has at least ten years of allowable  
 5.10 service; or

5.11 (2) was first employed after June 30, 2010, and has no more than seven years of  
 5.12 allowable service.

5.13 (c) A legislator referred to in subdivision 1, paragraph (c), clause (5), who is credited  
 5.14 with no more than seven years of allowable service may elect to terminate participation in  
 5.15 the unclassified program and be covered by the general state employees retirement plan.

5.16 ~~The election~~ (d) Elections under this subdivision must be in writing on a form  
 5.17 provided by the executive director, and can be made no later than one month following  
 5.18 the termination of covered employment.

5.19 ~~(e)~~ (e) If the transfer election is made, the executive director shall redeem the  
 5.20 employee's total shares and credit to the employee's account in the general employees  
 5.21 retirement plan the amount of contributions that would have been credited had the  
 5.22 employee been covered by the general employees retirement plan during the employee's  
 5.23 entire covered employment. The balance of money redeemed and not credited to the  
 5.24 employee's account must be transferred to the general employees retirement plan, except  
 5.25 that the executive director must determine:

5.26 (1) the employee contributions paid to the unclassified program; and

5.27 (2) the employee contributions that would have been paid to the general employees  
 5.28 retirement plan for the comparable period, if the individual had been covered by that plan.

5.29 If clause (1) is greater than clause (2), the difference must be refunded to the  
 5.30 employee as provided in section 352.22. If clause (2) is greater than clause (1), the  
 5.31 difference must be paid by the employee within six months of electing general employees  
 5.32 retirement plan coverage or before the effective date of the annuity, whichever is sooner.

5.33 ~~(d)~~ (f) An election under paragraph (b) this subdivision to transfer coverage to the  
 5.34 general employees retirement plan is irrevocable during any period of covered employment.

5.35 ~~(e)~~ (g) A person referenced in subdivision 1, paragraph (c), clause (1), ~~(5)~~, or  
 5.36 (15), who is credited with employee shares in the unclassified program is not permitted

6.1 to terminate participation in the unclassified program and be covered by the general  
6.2 employees retirement plan.

6.3 **EFFECTIVE DATE.** This section is effective July 1, 2013.

6.4 Sec. 4. **PLAN ELECTION.**

6.5 (a) Notwithstanding the length of service limitation in section 3 regarding legislative  
6.6 service, any legislator currently serving on July 1, 2013, covered by the unclassified state  
6.7 employees retirement program for that service, whose length of legislative service exceeds  
6.8 seven years, may elect the coverage transfer specified in section 3 before July 1, 2015.

6.9 (b) Authority to elect a coverage transfer under this section expires July 1, 2015.

6.10 **EFFECTIVE DATE.** This section is effective July 1, 2013.