

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3808

(SENATE AUTHORS: ROSEN, Pappas and Simonson)

DATE	D-PG	OFFICIAL STATUS
03/02/2020	5113	Introduction and first reading Referred to State Government Finance and Policy and Elections
03/04/2020	5239	Author added Simonson
05/13/2020		Comm report: To pass as amended Joint rule 2.03, referred to Rules and Administration Comm report: Adopt previous comm report Jt. rule 2.03 suspended Second reading

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Retirement System; repealing provisions

1.3 permitting partial repayment of refunds; making changes of an administrative

1.4 nature; amending Minnesota Statutes 2018, sections 352.01, subdivision 26; 352.04,

1.5 subdivisions 4, 8, by adding a subdivision; 352.113, subdivision 4; 352.95,

1.6 subdivision 3; 352B.011, subdivisions 6, 10; 352B.10, subdivision 2a; 356.24,

1.7 subdivision 1, by adding a subdivision; 490.121, subdivision 7c; 490.123,

1.8 subdivision 5; 490.124, subdivision 1; Minnesota Statutes 2019 Supplement,

1.9 sections 352.04, subdivision 9; 352.113, subdivision 2; 352.23; repealing Minnesota

1.10 Statutes 2018, section 356.44.

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

1.12 Section 1. Minnesota Statutes 2018, section 352.01, subdivision 26, is amended to read:

1.13 Subd. 26. **Dependent child.** "Dependent child" means an individual who is a biological

1.14 or adopted child of a deceased employee who, has not reached the age of 20, and is dependent

1.15 upon the employee for more than one-half of the child's support at the time of the employee's

1.16 death. It also means a child of the member conceived during the member's lifetime and born

1.17 after the member's death unless a parent-child relationship does not exist under section

1.18 524.2-120, subdivision 10.

1.19 Sec. 2. Minnesota Statutes 2018, section 352.04, subdivision 4, is amended to read:

1.20 Subd. 4. **Payroll deductions.** ~~The head of Each department~~ employing entity shall have

1.21 employee contributions deducted from the salary of each employee covered by the system

1.22 on every payroll abstract and shall approve one voucher payable to the commissioner of

1.23 management and budget for the aggregate amount deducted on the payroll abstract.

1.24 Deductions from salaries of employees paid ~~direct~~ directly by any ~~department, institution,~~

1.25 ~~or agency of the state~~ employing entity must be made by the officer or employee authorized

2.1 by law to pay the salaries. ~~The head of any department or agency~~ Any employing entity
2.2 having authority to appoint any employee who receives fees as compensation or who receives
2.3 compensation on federal payrolls shall collect as the required employee contribution the
2.4 applicable amounts required in subdivision 2. Deductions from salary and amounts collected
2.5 must be remitted to the director with a statement showing the amount of earnings or fees,
2.6 and in the case of fees, the number of transactions, and the amount of each of the deductions
2.7 and collections and the names of the employees on whose account they have been made.

2.8 Sec. 3. Minnesota Statutes 2018, section 352.04, subdivision 8, is amended to read:

2.9 Subd. 8. ~~Department~~ **Employing entity required to pay omitted salary deductions.** (a)
2.10 ~~If a department~~ an employing entity fails to take deductions past due for a period of 60 days
2.11 or less from an employee's salary as provided in this section, those deductions must be taken
2.12 on later payroll abstracts.

2.13 (b) ~~If a department~~ an employing entity fails to take deductions past due for a period in
2.14 excess of 60 days from an employee's salary as provided in this section, the ~~department~~
2.15 employing entity, and not the employee, must pay on later payroll abstracts the employee
2.16 and employer contributions and interest at the applicable annual rate or rates specified in
2.17 section 356.59, subdivision 2, compounded annually, from the date the employee and
2.18 employer contributions should have been deducted to the date payment of the total amount
2.19 due is paid by the ~~department~~ employing entity.

2.20 (c) ~~If a department~~ an employing entity fails to take deductions past due for a period of
2.21 60 days or less and the employee is no longer in state service so that the required deductions
2.22 cannot be taken from the salary of the employee, the ~~department~~ employing entity must
2.23 nevertheless pay the required employer contributions. If any ~~department~~ employing entity
2.24 fails to take deductions past due for a period in excess of 60 days and the employee is no
2.25 longer in state service, the omitted contributions must be recovered under paragraph (b).

2.26 (d) If an employee from whose salary required deductions were past due for a period of
2.27 60 days or less leaves state service before the payment of the omitted deductions and
2.28 subsequently returns to state service, the unpaid amount is considered the equivalent of a
2.29 refund. The employee accrues no right by reason of the unpaid amount, except that the
2.30 employee may pay the amount of omitted deductions as provided in section 352.23.

3.1 Sec. 4. Minnesota Statutes 2019 Supplement, section 352.04, subdivision 9, is amended
3.2 to read:

3.3 Subd. 9. **Erroneous deductions, canceled payments.** (a) Deductions taken from the
3.4 salary of an employee for the retirement fund in excess of required amounts must, upon
3.5 discovery and verification by the ~~department~~ employing entity making the deduction, be
3.6 refunded to the employee. Employer contributions made in excess of required amounts must
3.7 be refunded or credited to the employing entity that made the contribution.

3.8 (b) If a deduction for the retirement fund is taken from a salary payment, and the payment
3.9 is canceled or the amount of the payment returned to the funds of the ~~department~~ employing
3.10 entity making the payment, the sum deducted, or the part of it required to adjust the
3.11 deductions, must be refunded or credited to the ~~department or institution~~ employing entity
3.12 if the ~~department~~ employing entity applies for the refund on a form furnished by the director.
3.13 ~~The department's payments must likewise be refunded to the department.~~

3.14 (c) If erroneous employee deductions and employer contributions are caused by an error
3.15 in plan coverage involving the plan and any other plans specified in section 356.99, that
3.16 section applies. If the employee should have been covered by the plan governed by chapter
3.17 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
3.18 in error must be directly transferred to the applicable employee's account in the correct
3.19 retirement plan, with interest at the applicable monthly rate or rates specified in section
3.20 356.59, subdivision 2, compounded annually, from the first day of the month following the
3.21 month in which coverage should have commenced in the correct defined contribution plan
3.22 until the end of the month in which the transfer occurs.

3.23 Sec. 5. Minnesota Statutes 2018, section 352.04, is amended by adding a subdivision to
3.24 read:

3.25 Subd. 13. **"Employing entity" defined.** In this section, "employing entity" means the
3.26 entity that pays a state employee's salary and remits retirement contributions.

3.27 Sec. 6. Minnesota Statutes 2019 Supplement, section 352.113, subdivision 2, is amended
3.28 to read:

3.29 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
3.30 and permanent disability benefit, or someone acting on behalf of the employee upon proof
3.31 of authority satisfactory to the director, shall file a written application for benefits in ~~the~~ an
3.32 office of the system on or before the deadline specified in subdivision 4, paragraph (g) or
3.33 with a person authorized by the director.

4.1 (b) The application must be in a form and manner prescribed by the ~~executive~~ director
 4.2 ~~and include the medical reports required by subdivision 4, paragraph (b).~~ The completed
 4.3 application form and supporting documents must be received in an office of the system or
 4.4 by an authorized person before the expiration of the period specified in subdivision 4,
 4.5 paragraph (g). In this paragraph, "supporting documents" means:

4.6 (1) two medical reports as required by subdivision 4, paragraph (b); and

4.7 (2) a written certification by the employing entity as required by subdivision 4, paragraph
 4.8 (e).

4.9 Supporting documents are not required to be original documents except as determined
 4.10 by the director.

4.11 (c) The benefit shall begin to accrue the day following the start of disability or the day
 4.12 following the last day paid, whichever is later, but not earlier than 180 days before the date
 4.13 the application ~~is~~ and supporting documents are filed in an office of the system or with an
 4.14 authorized person.

4.15 Sec. 7. Minnesota Statutes 2018, section 352.113, subdivision 4, is amended to read:

4.16 Subd. 4. **Medical or psychological examinations; authorization for payment of**
 4.17 **benefit.** (a) Any physician, psychologist, chiropractor, physician assistant, podiatrist, or
 4.18 nurse practitioner providing any service specified in this section must be licensed.

4.19 (b) An applicant shall provide a detailed report signed by a physician, and at least one
 4.20 additional report signed by a physician, psychologist, chiropractor, physician assistant,
 4.21 podiatrist, or nurse practitioner with evidence to support an application for total and
 4.22 permanent disability. The reports must include an expert opinion regarding whether the
 4.23 employee is permanently and totally disabled within the meaning of section 352.01,
 4.24 subdivision 17, and that the disability arose before the employee was placed on any paid or
 4.25 unpaid leave of absence or terminated public service.

4.26 (c) If there is medical evidence that supports the expectation that at some point the person
 4.27 applying for the disability benefit will no longer be disabled, the decision granting the
 4.28 disability benefit may provide for a termination date upon which the total and permanent
 4.29 disability can be expected to no longer exist. When a termination date is part of the decision
 4.30 granting benefits, prior to the benefit termination the executive director shall review any
 4.31 evidence provided by the disabled employee to show that the disabling condition for which
 4.32 benefits were initially granted continues. If the benefits cease, the disabled employee may

5.1 follow the appeal procedures described in section 356.96 or may reapply for disability
5.2 benefits using the process described in this subdivision.

5.3 (d) Any claim to disability must be supported by a report from the employer indicating
5.4 that there is no available work that the employee can perform with the disabling condition
5.5 and that all reasonable accommodations have been considered. Upon request of the executive
5.6 director, an employer shall provide evidence of the steps the employer has taken to attempt
5.7 to provide reasonable accommodations and continued employment to the claimant.

5.8 (e) The director shall also obtain written certification from the employer stating whether
5.9 the employment has ceased or whether the employee is on sick leave of absence because
5.10 of a disability that will prevent further service to the employer and that the employee is not
5.11 entitled to compensation from the employer.

5.12 (f) The medical adviser shall consider the reports of the physician, psychologist,
5.13 chiropractor, physician assistant, podiatrist, or nurse practitioner and any other evidence
5.14 supplied by the employee or other interested parties. If the medical adviser finds the employee
5.15 totally and permanently disabled, the adviser shall make appropriate recommendation to
5.16 the director in writing together with the date from which the employee has been totally
5.17 disabled. The director shall then determine if the disability occurred while still in the
5.18 employment of the state and constitutes a total and permanent disability as defined in section
5.19 352.01, subdivision 17.

5.20 (g) A terminated employee may apply for a disability benefit within 18 months of
5.21 termination as long as the disability occurred while in the employment of the state. The fact
5.22 that an employee is placed on leave of absence without compensation because of disability
5.23 does not bar that employee from receiving a disability benefit.

5.24 (h) Upon appeal, the board of directors may extend the disability benefit application
5.25 deadline in paragraph (g) by an additional 18 months if the terminated employee is
5.26 determined by the board of directors to have a cognitive impairment that made it unlikely
5.27 that the terminated employee understood that there was an application deadline or that the
5.28 terminated employee was able to meet the application deadline.

5.29 (i) Unless the payment of a disability benefit has terminated because the employee is
5.30 no longer totally disabled, or because the employee has reached normal retirement age as
5.31 provided in this section, the disability benefit must cease with the last payment received by
5.32 the disabled employee or which had accrued during the lifetime of the employee unless
5.33 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
5.34 benefit for the calendar month in which the disabled employee died.

6.1 Sec. 8. Minnesota Statutes 2019 Supplement, section 352.23, is amended to read:

6.2 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

6.3 (a) When any employee accepts a refund as provided in section 352.22, all existing
6.4 allowable service credits and all rights and benefits to which the employee was entitled
6.5 before accepting the refund terminate.

6.6 (b) Terminated service credits and rights must not again be restored until the former
6.7 employee acquires at least six months of allowable service credit after taking the last refund
6.8 and repays all refunds previously taken from the retirement fund with interest as provided
6.9 in paragraph (d). ~~If an employee repays only part of a refund or repays a refund in partial~~
6.10 ~~payments as permitted under paragraph (d), service credit will be restored in accordance~~
6.11 ~~with section 356.44.~~ An employee will not be considered as entitled to any other benefit,
6.12 including benefits for which the employee may be eligible because of the employee's original
6.13 hire date into public employment, until full repayment of all refunds has been made.

6.14 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
6.15 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
6.16 under law in effect when the payment in lieu of deductions was made; (3) payments made
6.17 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
6.18 allowable service previously credited while receiving temporary workers' compensation as
6.19 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

6.20 (d) Payments under this section for repayment of refunds are to be paid with interest at
6.21 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
6.22 annually, from the date the refund was taken until the date the refund is repaid. Repayment
6.23 may be made ~~in partial payments consistent with section 356.44 during employment or in~~
6.24 a lump sum during employment or up to six months after termination from service.

6.25 Sec. 9. Minnesota Statutes 2018, section 352.95, subdivision 3, is amended to read:

6.26 Subd. 3. **Applying for benefits; accrual.** No application for disability benefits may be
6.27 made until after the last day physically on the job. The disability benefit begins to accrue
6.28 the day following the last day for which the employee is paid sick leave or annual leave,
6.29 but not earlier than 180 days before the date the application is filed. A terminated employee
6.30 must file a written application ~~within the time frame specified under section 352.113,~~
6.31 ~~subdivision 4, paragraph (g) in an office of the system or with a person authorized by the~~
6.32 executive director. Applications must comply with section 352.113, subdivision 2, paragraph
6.33 (b).

7.1 Sec. 10. Minnesota Statutes 2018, section 352B.011, subdivision 6, is amended to read:

7.2 Subd. 6. **Dependent child.** "Dependent child" means an individual who is a natural or
7.3 adopted unmarried child of a deceased member and is under the age of 18 years, including
7.4 any child of the member conceived during the lifetime of the member and born after the
7.5 death of the member unless a parent-child relationship does not exist under section 524-2.120,
7.6 subdivision 10.

7.7 Sec. 11. Minnesota Statutes 2018, section 352B.011, subdivision 10, is amended to read:

7.8 Subd. 10. **Member.** "Member" means:

7.9 (1) a State Patrol member currently employed under section 299D.03 by the state, who
7.10 is a peace officer under section 626.84, and whose salary or compensation is paid out of
7.11 state funds;

7.12 (2) a conservation officer employed under section 97A.201, currently employed by the
7.13 state, whose salary or compensation is paid out of state funds;

7.14 (3) a crime bureau officer who was employed by the crime bureau and was a member
7.15 of the Highway Patrolmen's retirement fund on July 1, 1978, whether or not that person has
7.16 the power of arrest by warrant after that date, or who is employed as police personnel, with
7.17 powers of arrest by warrant under Minnesota Statutes 2009, section 299C.04, and who is
7.18 currently employed by the state, and whose salary or compensation is paid out of state funds;

7.19 ~~(4) a person who is employed by the state in the Department of Public Safety in a data~~
7.20 ~~processing management position with salary or compensation paid from state funds, who~~
7.21 ~~was a crime bureau officer covered by the State Patrol retirement plan on August 15, 1987,~~
7.22 ~~and who was initially hired in the data processing management position within the department~~
7.23 ~~during September 1987, or January 1988, with membership continuing for the duration of~~
7.24 ~~the person's employment in that position, whether or not the person has the power of arrest~~
7.25 ~~by warrant after August 15, 1987;~~

7.26 ~~(5)~~ (4) a public safety employee who is a peace officer under section 626.84, subdivision
7.27 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling Enforcement
7.28 under section 299L.01;

7.29 ~~(6)~~ (5) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed
7.30 by the Office of Special Investigations of the Department of Corrections and who is a peace
7.31 officer under section 626.84;

8.1 ~~(7)~~ (6) an employee of the Department of Commerce defined as a peace officer in section
 8.2 626.84, subdivision 1, paragraph (c), who is employed by the Commerce Fraud Bureau
 8.3 under section 45.0135 after January 1, 2005, and who has not attained the mandatory
 8.4 retirement age specified in section 43A.34, subdivision 4; and

8.5 ~~(8)~~ (7) an employee of the Department of Public Safety, who is a licensed peace officer
 8.6 under section 626.84, subdivision 1, paragraph (c), and is employed as the statewide
 8.7 coordinator of the Violent Crime Coordinating Council.

8.8 Sec. 12. Minnesota Statutes 2018, section 352B.10, subdivision 2a, is amended to read:

8.9 Subd. 2a. **Applying for benefits; accrual.** No application for disability benefits shall
 8.10 be made until after the last day physically on the job. The disability benefit begins to accrue
 8.11 the day following the last day for which the employee is paid sick leave or annual leave but
 8.12 not earlier than 180 days before the date the application is filed. A member who is terminated
 8.13 must file a written application ~~within the time frame specified under section 352.113,~~
 8.14 ~~subdivision 4, paragraph (g)~~ in an office of the system or with a person authorized by the
 8.15 executive director. Applications must comply with section 352.113, subdivision 2, paragraph
 8.16 (b).

8.17 Sec. 13. Minnesota Statutes 2018, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

8.29 ~~(5) for employees other than personnel employed by the Board of Trustees of the~~
 8.30 ~~Minnesota State Colleges and Universities and covered under the Higher Education~~
 8.31 ~~Supplemental Retirement Plan under chapter 354C, but including city managers covered~~
 8.32 ~~by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph~~

9.1 ~~(a), or by the defined contribution plan of the Public Employees Retirement Association~~
9.2 ~~under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is~~
9.3 ~~provided for in a personnel policy of the public employer or in the collective bargaining~~
9.4 ~~agreement between the public employer and the exclusive representative of public employees~~
9.5 ~~in an appropriate unit or in the individual employment contract between a city and a city~~
9.6 ~~manager, and if for each available investment all fees and historic rates of return for the~~
9.7 ~~prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily~~
9.8 ~~comprehended document not to exceed two pages, in an amount matching employee~~
9.9 ~~contributions on a dollar for dollar basis, but not to exceed an employer contribution of~~
9.10 ~~one-half of the available elective deferral permitted per year per employee, under the Internal~~
9.11 ~~Revenue Code:~~

9.12 ~~(i) to the state of Minnesota deferred compensation plan under section 352.965;~~

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

9.17 ~~(iii) any other deferred compensation plan offered by the employer under section 457~~
9.18 ~~of the Internal Revenue Code;~~

9.19 ~~(5) to a deferred compensation plan defined in subdivision 3;~~

9.20 ~~(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges~~
9.21 ~~and Universities and not covered by clause (5), to the supplemental retirement plan under~~
9.22 ~~chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in~~
9.23 ~~the collective bargaining agreement of the public employer with the exclusive representative~~
9.24 ~~of the covered employees in an appropriate unit, in an amount matching employee~~
9.25 ~~contributions on a dollar for dollar basis, but not to exceed an employer contribution of~~
9.26 ~~\$2,700 a year for each employee;~~

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

9.32 ~~(8) to the laborers national industrial pension fund or to a laborers local pension fund~~
9.33 ~~for the employees of a governmental subdivision who are covered by a collective bargaining~~

10.1 agreement that provides for coverage by that fund and that sets forth a fund contribution
10.2 rate, but not to exceed an employer contribution of \$7,000 per year per employee;

10.3 (9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters
10.4 local pension fund for the employees of a governmental subdivision who are covered by a
10.5 collective bargaining agreement that provides for coverage by that fund and that sets forth
10.6 a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per
10.7 employee;

10.8 (10) to the international union of operating engineers pension fund for the employees
10.9 of a governmental subdivision who are covered by a collective bargaining agreement that
10.10 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
10.11 exceed an employer contribution of \$5,000 per year per employee;

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

10.15 ~~(12)~~ (11) to the International Association of Machinists national pension fund for the
10.16 employees of a governmental subdivision who are covered by a collective bargaining
10.17 agreement that provides for coverage by that fund and that sets forth a fund contribution
10.18 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

10.19 ~~(13)~~ (12) for employees of United Hospital District, Blue Earth, to the state of Minnesota
10.20 deferred compensation program, if the employee makes a contribution, in an amount that
10.21 does not exceed the total percentage of covered salary under section 353.27, subdivisions
10.22 3 and 3a;

10.23 ~~(14)~~ (13) to the alternative retirement plans established by the Hennepin County Medical
10.24 Center under section 383B.914, subdivision 5; or

10.25 ~~(15)~~ (14) to the International Brotherhood of Teamsters Central States pension plan for
10.26 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who
10.27 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
10.28 employment.

10.29 Sec. 14. Minnesota Statutes 2018, section 356.24, is amended by adding a subdivision to
10.30 read:

10.31 Subd. 3. Deferred compensation plan. (a) As used in this section, a "deferred
10.32 compensation plan" means a plan that satisfies the requirements in this subdivision.

11.1 (b) The plan is:

11.2 (1) the Minnesota deferred compensation plan under section 352.965;

11.3 (2) a tax-sheltered annuity program under section 403(b) of the federal Internal Revenue
11.4 Code; or

11.5 (3) a deferred compensation plan under section 457(b) of the federal Internal Revenue
11.6 Code.

11.7 (c) The plan administrator or custodian discloses at least annually to participants (1) all
11.8 fees, including administrative, maintenance, and investment fees, that impact the rate of
11.9 return on each investment fund available under the plan, and (2) for each investment fund,
11.10 the rates of return for the prior one-, three-, five-, and ten-year periods or for the life of the
11.11 fund, if shorter, in an easily understandable document. The plan administrator or custodian
11.12 must file a copy of this document with the executive director of the Legislative Commission
11.13 on Pensions and Retirement within 30 days of the end of each fiscal year of the plan.

11.14 (d) Enrollment in the plan is provided for in:

11.15 (1) a personnel policy of the public employer;

11.16 (2) a collective bargaining agreement between the public employer and the exclusive
11.17 representative of public employees in an appropriate unit; or

11.18 (3) an individual employment contract between a city and a city manager.

11.19 (e) The plan covers employees of a school district, state agency, or other governmental
11.20 subdivision. The plan may cover city managers covered by an alternative retirement
11.21 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
11.22 employees of the Board of Trustees of Minnesota State who are covered by the Higher
11.23 Education Supplemental Retirement Plan under chapter 354C.

11.24 (f) Public funds are contributed to the plan only in an amount that matches employee
11.25 contributions on a dollar for dollar basis, but not to exceed the lesser of (1) the maximum
11.26 authorized under the policy described in paragraph (d) that provides for the plan or program,
11.27 or (2) one-half of the annual limit on elective deferrals under section 402(g) of the federal
11.28 Internal Revenue Code.

11.29 (g) Contributions to the plan may include contributions from an employee's sick leave,
11.30 accumulated vacation leave, or accumulated severance pay.

12.1 Sec. 15. Minnesota Statutes 2018, section 490.121, subdivision 7c, is amended to read:

12.2 Subd. 7c. **Dependent surviving child.** "Dependent surviving child" means ~~any~~ an
 12.3 individual who is an unmarried natural or adopted child of a deceased judge ~~who~~, has not
 12.4 reached the age of 18 years; or, having reached the age of 18, is under age 22 and ~~who~~ is a
 12.5 full-time student throughout the normal school year, ~~is unmarried~~, and ~~is~~ was actually
 12.6 dependent for more than one-half of the child's support upon the judge for a period of at
 12.7 least 90 days immediately before the judge's death. It also ~~includes~~ means any natural child
 12.8 of the judge who was born after the death of the judge unless a parent-child relationship
 12.9 does not exist under section 524.2-120, subdivision 10.

12.10 Sec. 16. Minnesota Statutes 2018, section 490.123, subdivision 5, is amended to read:

12.11 Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges'
 12.12 retirement fund. The aid is payable each ~~October~~ July 1. ~~The commissioner of management~~
 12.13 ~~and budget shall pay the aid specified in this subdivision.~~ The amount required is annually
 12.14 appropriated from the general fund to the ~~commissioner of management and budget~~ judges'
 12.15 retirement fund.

12.16 (b) The aid under paragraph (a) continues until the earlier of:

12.17 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 12.18 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 12.19 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 12.20 prepared under section 356.215; or

12.21 (2) July 1, 2048.

12.22 Sec. 17. Minnesota Statutes 2018, section 490.124, subdivision 1, is amended to read:

12.23 Subdivision 1. **Retirement annuity.** (a) Except as qualified hereinafter from and after
 12.24 the mandatory retirement date, the normal retirement date, the early retirement date, or one
 12.25 year from the disability retirement date, as the case may be, a retiring judge is eligible to
 12.26 receive a retirement annuity from the judges' retirement fund.

12.27 (b) For a tier I program judge, the retirement annuity is an amount equal to:

12.28 (1) 2.7 percent multiplied by the judge's final average compensation with that result then
 12.29 multiplied by the number of years and fractions of years of allowable service rendered
 12.30 before July 1, 1980; plus

13.1 (2) 3.2 percent multiplied by the judge's final average compensation with that result then
13.2 multiplied by the number of years and fractions of years of allowable service rendered after
13.3 June 30, 1980.

13.4 (c) For a tier II program judge who was first appointed or elected as a judge before July
13.5 1, 2013, the retirement annuity is an amount equal to:

13.6 (1) 3.2 percent multiplied by the judge's final average compensation with that result then
13.7 multiplied by the number of years and fractions of years of allowable service rendered
13.8 before January 1, 2014; plus

13.9 (2) 2.5 percent multiplied by the judge's final average compensation with that result then
13.10 multiplied by the number of years and fractions of years of allowable service rendered after
13.11 December 31, 2013.

13.12 (d) For a tier II program judge who was first appointed or elected as a judge after June
13.13 30, 2013, the retirement annuity is an amount equal to ~~the 2.5 percent specified in section~~
13.14 ~~356.315, subdivision 8a,~~ multiplied by the judge's final average compensation with that
13.15 result then multiplied by the number of years and fractions of years of allowable service.

13.16 (e) For a judge in the tier I program, service that exceeds the service credit limit in section
13.17 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but the
13.18 compensation earned by the judge during this period of judicial service must be used in
13.19 determining a judge's final average compensation and calculating the retirement annuity.

13.20 Sec. 18. **REPEALER.**

13.21 Minnesota Statutes 2018, section 356.44, is repealed.

13.22 Sec. 19. **EFFECTIVE DATE.**

13.23 Sections 1 to 18 are effective July 1, 2020.

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.