

CHAPTER 423A

POLICE AND SALARIED FIREFIGHTERS' RELIEF
ASSOCIATION

423A.02 Local police and firefighters' relief
association amortization state aid.

423A.02 LOCAL POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION
AMORTIZATION STATE AID.

[For text of subs 1 and 1a, see M.S.1998]

Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) the public employees police and fire fund on behalf of municipalities that received amortization aid in 1999 and are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid on the basis of 64.5 percent to the public employees police and fire fund or local consolidation account, whichever applies, on behalf of municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4, 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association, and 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association. In the event that there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a com-

posite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

(d) Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.

(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Subd. 2. Continued eligibility. A municipality that has qualified for amortization state aid under subdivision 1 on December 31, 1984, and has an additional municipal contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most recent December 31, continues upon application to be entitled to receive amortization state aid under subdivision 1 and supplementary amortization state aid under subdivision 1a, after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund. If a municipality loses entitlement for amortization state aid and supplementary amortization state aid in any year because of not having an additional municipal contribution under section 353A.09, subdivision 5, paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A municipality that received amortization aid in 1999 and is required to make an additional municipal contribution under section 353.665, subdivision 8, continues to qualify for the amortization state aid and the supplemental amortization aid until December 31, 2009.

[For text of subd 3, see M.S.1998]

Subd. 4. Limit on certain total aid amounts. (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to the executive director of the public employees retirement association on behalf of a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each mu-

municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under subdivisions 1, 1a, and 1b.

Subd. 5. Termination of state aid programs. The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan.

History: 1999 c 222 art 4 s 15-18