

1.1 moves to amend H.F. No.; S.F. No.
1.2, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 "ARTICLE 1

1.5 MEMBERSHIP ISSUES

1.6 Section 1. Minnesota Statutes 2002, section 353.01,

1.7 subdivision 2b, is amended to read:

1.8 Subd. 2b. **EXCLUDED EMPLOYEES.** The following public

1.9 employees are not eligible to participate as members of the

1.10 association with retirement coverage by the public employees

1.11 retirement plan, the local government correctional employees

1.12 retirement plan under chapter 353E, or the public employees

1.13 police and fire retirement plan:

1.14 (1) public officers, other than county sheriffs, who are

1.15 elected to a governing body, or persons who are appointed to

1.16 fill a vacancy in an elective office of a governing body, whose

1.17 term of office ~~first~~ commences on or after July 1, 2002, for the

1.18 service to be rendered in that elective position. Elected

1.19 governing body officials who were active members of the

1.20 association's coordinated or basic retirement plans as of June

1.21 30, 2002, continue participation throughout incumbency in office

1.22 until termination of public service occurs as defined in

1.23 subdivision 11a;

1.24 (2) election officers or election judges;

1.25 (3) patient and inmate personnel who perform services for a

1.26 governmental subdivision;

1.27 (4) except as otherwise specified in subdivision 12a,

1.28 employees who are hired for a temporary position as defined

1.29 under subdivision 12a, and employees who resign from a

1.30 nontemporary position and accept a temporary position within 30

1.31 days in the same governmental subdivision.; ~~An employer must not~~

1.32 ~~apply the definition of temporary position so as to exclude~~

1.33 ~~employees who are hired to fill positions that are permanent or~~

1.34 ~~that are for an unspecified period but who are serving a~~

1.35 ~~probationary period at the start of the employment. If the~~

1.36 ~~period of employment extends beyond six consecutive months and~~

2.1 ~~the employee earns more than \$425 from one governmental~~
2.2 ~~subdivision in any calendar month, the department head shall~~
2.3 ~~report the employee for membership and require employee~~
2.4 ~~deductions be made on behalf of the employee under section~~
2.5 ~~353.27, subdivision 4.~~

2.6 ~~The membership eligibility of an employee who resigns or is~~
2.7 ~~dismissed from a temporary position and within 30 days accepts~~
2.8 ~~another temporary position in the same governmental subdivision~~
2.9 ~~is determined on the total length of employment rather than on~~
2.10 ~~each separate position. Membership eligibility of an employee~~
2.11 ~~who holds concurrent temporary and nontemporary positions in one~~
2.12 ~~governmental subdivision is determined by the length of~~
2.13 ~~employment and salary of each separate position;~~

2.14 (5) employees who are employed by reason of work emergency
2.15 caused by fire, flood, storm, or similar disaster;

2.16 (6) employees who by virtue of their employment in one
2.17 governmental subdivision are required by law to be a member of
2.18 and to contribute to any of the plans or funds administered by
2.19 the Minnesota state retirement system, the teachers retirement
2.20 association, the Duluth teachers retirement fund association,
2.21 the Minneapolis teachers retirement fund association, the St.
2.22 Paul teachers retirement fund association, the Minneapolis
2.23 employees retirement fund, or any police or firefighters relief
2.24 association governed by section 69.77 that has not consolidated
2.25 with the public employees retirement association, or any local
2.26 police or firefighters consolidation account ~~but~~ who have not
2.27 elected the type of benefit coverage provided by the public
2.28 employees police and fire fund under sections 353A.01 to
2.29 353A.10, or any persons covered by section 353.665, subdivision
2.30 4, 5, or 6, who have not elected public employees police and
2.31 fire plan benefit coverage. This clause must not be construed
2.32 to prevent a person from being a member of and contributing to
2.33 the public employees retirement association and also belonging
2.34 to and contributing to another public pension plan or fund for
2.35 other service occurring during the same period of time. A
2.36 person who meets the definition of "public employee" in

3.1 subdivision 2 by virtue of other service occurring during the
3.2 same period of time becomes a member of the association unless
3.3 contributions are made to another public retirement fund on the
3.4 salary based on the other service or to the teachers retirement
3.5 association by a teacher as defined in section 354.05,
3.6 subdivision 2;

3.7 (7) persons who are members of a religious order and are
3.8 excluded from coverage under the federal Old Age, Survivors,
3.9 Disability, and Health Insurance Program for the performance of
3.10 service as specified in United States Code, title 42, section
3.11 410(a)(8)(A), as amended through January 1, 1987, if no
3.12 irrevocable election of coverage has been made under section
3.13 3121(r) of the Internal Revenue Code of 1954, as amended;

3.14 (8) employees of a governmental subdivision who have not
3.15 reached the age of 23 and are enrolled on a full-time basis to
3.16 attend or are attending classes on a full-time basis at an
3.17 accredited school, college, or university in an undergraduate,
3.18 graduate, or professional-technical program, or a public or
3.19 charter high school;

3.20 (9) resident physicians, medical interns, and pharmacist
3.21 residents and pharmacist interns who are serving in a degree or
3.22 residency program in public hospitals;

3.23 (10) students who are serving in an internship or residency
3.24 program sponsored by an accredited educational institution;

3.25 (11) persons who hold a part-time adult supplementary
3.26 technical college license who render part-time teaching service
3.27 in a technical college;

3.28 (12) except for employees of Hennepin county, foreign
3.29 citizens working for a governmental subdivision with a work
3.30 permit of less than three years, or an H-1b visa valid for less
3.31 than three years of employment. Upon notice to the association
3.32 that the work permit or visa extends beyond the three-year
3.33 period, the foreign citizens ~~are to~~ must be reported for
3.34 membership from the date of the extension;

3.35 (13) public hospital employees who elected not to
3.36 participate as members of the association before 1972 and who

4.1 did not elect to participate from July 1, 1988, to October 1,
4.2 1988;

4.3 (14) except as provided in section 353.86, volunteer
4.4 ambulance service personnel, as defined in subdivision 35, but
4.5 persons who serve as volunteer ambulance service personnel may
4.6 still qualify as public employees under subdivision 2 and may be
4.7 members of the public employees retirement association and
4.8 participants in the public employees retirement fund or the
4.9 public employees police and fire fund, whichever applies, on the
4.10 basis of compensation received from public employment service
4.11 other than service as volunteer ambulance service personnel;

4.12 (15) except as provided in section 353.87, volunteer
4.13 firefighters, as defined in subdivision 36, engaging in
4.14 activities undertaken as part of volunteer firefighter duties;
4.15 provided that a person who is a volunteer firefighter may still
4.16 qualify as a public employee under subdivision 2 and may be a
4.17 member of the public employees retirement association and a
4.18 participant in the public employees retirement fund or the
4.19 public employees police and fire fund, whichever applies, on the
4.20 basis of compensation received from public employment activities
4.21 other than those as a volunteer firefighter;

4.22 (16) pipefitters and associated trades personnel employed
4.23 by independent school district No. 625, St. Paul, with coverage
4.24 under a collective bargaining agreement by the pipefitters local
4.25 455 pension plan who were either first employed after May 1,
4.26 1997, or, if first employed before May 2, 1997, elected to be
4.27 excluded under Laws 1997, chapter 241, article 2, section 12;

4.28 (17) electrical workers, plumbers, carpenters, and
4.29 associated trades personnel employed by independent school
4.30 district No. 625, St. Paul, or the city of St. Paul, who have
4.31 retirement coverage under a collective bargaining agreement by
4.32 the electrical workers local 110 pension plan, the united
4.33 association plumbers local 34 pension plan, or the carpenters
4.34 local 87 pension plan who were either first employed after May
4.35 1, 2000, or, if first employed before May 2, 2000, elected to be
4.36 excluded under Laws 2000, chapter 461, article 7, section 5;

5.1 (18) bricklayers, allied craftworkers, cement masons,
5.2 glaziers, glassworkers, painters, allied tradesworkers, and
5.3 plasterers employed by the city of St. Paul or independent
5.4 school district No. 625, St. Paul, with coverage under a
5.5 collective bargaining agreement by the bricklayers and allied
5.6 craftworkers local 1 pension plan, the cement masons local 633
5.7 pension plan, the glaziers and glassworkers local L-1324 pension
5.8 plan, the painters and allied trades local 61 pension plan, or
5.9 the Twin Cities plasterers local 265 pension plan who were
5.10 either first employed after May 1, 2001, or if first employed
5.11 before May 2, 2001, elected to be excluded under Laws 2001,
5.12 First Special Session chapter 10, article 10, section 6;

5.13 (19) plumbers employed by the metropolitan airports
5.14 commission, with coverage under a collective bargaining
5.15 agreement by the plumbers local 34 pension plan, who either were
5.16 first employed after May 1, 2001, or if first employed before
5.17 May 2, 2001, elected to be excluded under Laws 2001, First
5.18 Special Session chapter 10, article 10, section 6;

5.19 (20) employees who are hired after June 30, 2002, to fill
5.20 seasonal positions under subdivision 12b which are limited in
5.21 duration by the employer to 185 consecutive calendar days or
5.22 less in each year of employment with the governmental
5.23 subdivision;

5.24 (21) persons who are provided supported employment or
5.25 work-study positions by a governmental subdivision and who
5.26 participate in an employment or industries program maintained
5.27 for the benefit of these persons where the governmental
5.28 subdivision limits the position's duration to three years or
5.29 less, including persons participating in a federal or state
5.30 subsidized on-the-job training, work experience, senior citizen,
5.31 youth, or unemployment relief program where the training or work
5.32 experience is not provided as a part of, or for, future
5.33 permanent public employment;

5.34 (22) independent contractors and the employees of
5.35 independent contractors; and

5.36 (23) reemployed annuitants of the association during the

6.1 course of that reemployment.

6.2 Sec. 2. Minnesota Statutes 2002, section 353.01,

6.3 subdivision 12a, is amended to read:

6.4 Subd. 12a. **TEMPORARY POSITION.** ~~(1)~~ (a) "Temporary

6.5 position" means an employment position predetermined by the

6.6 employer at the time of hiring to be a period of six months or

6.7 less. Temporary position also means an employment position

6.8 occupied by a person hired by the employer as a temporary

6.9 replacement who is employed for a predetermined period of six

6.10 months or less.

6.11 ~~(2)~~ (b) "Temporary position" does not mean an employment

6.12 position for a specified or unspecified term in which a person

6.13 serves a probationary period as a requirement for subsequent

6.14 employment on a permanent or unlimited basis.

6.15 (c) If employment in a temporary position extends beyond

6.16 six consecutive months, the head of the department shall report

6.17 the employee for membership if salary in any month exceeds the

6.18 salary threshold specified in subdivision 2a. The membership

6.19 eligibility of an employee who resigns or is dismissed from a

6.20 temporary position and accepts another temporary position in the

6.21 same governmental subdivision within 30 days is determined on

6.22 the total length of employment rather than on each separate

6.23 position.

6.24 Sec. 3. Minnesota Statutes 2002, section 353.01,

6.25 subdivision 12b, is amended to read:

6.26 Subd. 12b. **SEASONAL POSITION.** "Seasonal position" means

6.27 a position where the nature of the work or its duration are

6.28 related to a specific season or seasons of the year, regardless

6.29 of whether or not the employing agency anticipates that the same

6.30 employee will return to the position each season in which it

6.31 becomes available. The entire period of employment in a

6.32 ~~business~~ year must be used to determine whether or not a

6.33 position may be excluded as seasonal when there is less than a

6.34 30-day break between one seasonal position and a subsequent

6.35 seasonal position for employment with the same governmental

6.36 employer. Seasonal positions include, but are not limited to,

7.1 coaching athletic activities or employment to plow snow or to
7.2 maintain roads or parks, or to operate skating rinks, ski
7.3 lodges, golf courses, or swimming pools.

7.4 Sec. 4. Minnesota Statutes 2002, section 354.05,
7.5 subdivision 2, is amended to read:

7.6 Subd. 2. **TEACHER.** (a) "Teacher" means:

7.7 (1) a person who renders service as a teacher, supervisor,
7.8 principal, superintendent, librarian, nurse, counselor, social
7.9 worker, therapist, or psychologist in a public school of the
7.10 state located outside of the corporate limits of a city of the
7.11 first class, or in any charter school, irrespective of the
7.12 location of the school, or in any charitable, penal, or
7.13 correctional institutions of a governmental subdivision, or who
7.14 is engaged in educational administration in connection with the
7.15 state public school system, but excluding the University of
7.16 Minnesota, whether the position be a public office or an
7.17 employment, not including the members or officers of any general
7.18 governing or managing board or body;

7.19 (2) an employee of the teachers retirement association;

7.20 (3) a person who renders teaching service on a part-time
7.21 basis and who also renders other services for a single employing
7.22 unit. A person whose teaching service comprises at least 50
7.23 percent of the combined employment salary is a member of the
7.24 association for all services with the single employing unit. If
7.25 the person's teaching service comprises less than 50 percent of
7.26 the combined employment salary, the executive director must
7.27 determine whether all or none of the combined service is covered
7.28 by the association; or

7.29 (4) a person who is not covered by the plans established
7.30 under chapter 352D, 354A, or 354B and who is employed by the
7.31 board of trustees of the Minnesota state colleges and
7.32 universities system in an unclassified position as:

7.33 (i) a president, vice-president, or dean;

7.34 (ii) a manager or a professional in an academic or an
7.35 academic support program other than specified in item (i);

7.36 (iii) an administrative or a service support faculty

8.1 position; or

8.2 (iv) a teacher or a research assistant.

8.3 (b) "Teacher" does not mean:

8.4 (1) a person who works for a school or institution as an
8.5 independent contractor as defined by the Internal Revenue
8.6 Service;

8.7 ~~(2) a person employed in subsidized on the job training,~~
8.8 ~~work experience or public service employment as an enrollee~~
8.9 ~~under the federal Comprehensive Employment and Training Act from~~
8.10 ~~and after March 30, 1978, unless the person has, as of the later~~
8.11 ~~of March 30, 1978, or the date of employment, sufficient service~~
8.12 ~~credit in the retirement association to meet the minimum vesting~~
8.13 ~~requirements for a deferred retirement annuity, or the employer~~
8.14 ~~agrees in writing on forms prescribed by the executive director~~
8.15 ~~to make the required employer contributions, including any~~
8.16 ~~employer additional contributions, on account of that person~~
8.17 ~~from revenue sources other than funds provided under the federal~~
8.18 ~~Comprehensive Training and Employment Act, or the person agrees~~
8.19 ~~in writing on forms prescribed by the executive director to make~~
8.20 ~~the required employer contribution in addition to the required~~
8.21 ~~employee contribution;~~

8.22 ~~(3) a person holding a part time adult supplementary~~
8.23 ~~technical college license~~ who renders part-time teaching service
8.24 or a customized trainer as defined by the Minnesota state
8.25 colleges and universities system ~~in a technical college~~ if (i)
8.26 the service is incidental to the regular nonteaching occupation
8.27 of the person; and (ii) the ~~applicable technical college~~
8.28 employer stipulates annually in advance that the part-time
8.29 teaching service or customized training service will not exceed
8.30 300 hours in a fiscal year and retains the stipulation in its
8.31 records; and (iii) the part-time teaching service or customized
8.32 training service actually does not exceed 300 hours in a fiscal
8.33 year; or

8.34 ~~(4)~~ (3) a person exempt from licensure under section
8.35 122A.30.

8.36 Sec. 5. Minnesota Statutes 2002, section 354B.20,

9.1 subdivision 4, is amended to read:

9.2 Subd. 4. **COVERED EMPLOYMENT.** (a) "Covered employment"
9.3 means employment by a person eligible for coverage by this
9.4 retirement program under section 354B.21 in a faculty position
9.5 or in an eligible unclassified administrative position.

9.6 (b) "Covered employment" does not mean employment specified
9.7 in paragraph (a) by a faculty member employed in ~~a state~~
9.8 ~~university or a community college~~ the Minnesota state colleges
9.9 and universities system if the person's initial appointment is
9.10 specified as constituting less than 25 percent of a full
9.11 academic year, exclusive of summer session, for the applicable
9.12 institution.

9.13 Sec. 6. Minnesota Statutes 2002, section 354B.20,
9.14 subdivision 6, is amended to read:

9.15 Subd. 6. **ELIGIBLE UNCLASSIFIED ADMINISTRATIVE POSITION.**
9.16 "Eligible unclassified administrative position" means the
9.17 following:

9.18 (1) the chancellor of the board;

9.19 (2) a president of a state college or university; ~~or~~

9.20 (3) an ~~excluded~~ administrator employed in a state
9.21 university or college, by the board, or by the higher education
9.22 services office; or

9.23 (4) other managers and professionals in academic and
9.24 academic support programs in the unclassified service employed
9.25 in a state university or college, by the board, or by the higher
9.26 education services office.

9.27 Sec. 7. Minnesota Statutes 2002, section 354C.11,
9.28 subdivision 2, is amended to read:

9.29 Subd. 2. **ELIGIBILITY.** (a) An individual must participate
9.30 in the supplemental retirement plan if the individual is
9.31 employed by the board of trustees in the unclassified service of
9.32 the state and has completed at least two years with a full-time
9.33 contract of applicable unclassified employment with the board or
9.34 an applicable predecessor board in any of the positions
9.35 specified in paragraph (b).

9.36 (b) Eligible positions or employment classifications are:

10.1 (1) an unclassified administrative position as defined in
10.2 section 354B.20, subdivision 6;
10.3 (2) an employment classification included in one of the
10.4 following collective bargaining units under section 179A.10,
10.5 subdivision 2:
10.6 (i) the state university instructional unit;
10.7 (ii) the state college instructional unit; and
10.8 (iii) the state university administrative unit; or
10.9 (3) an unclassified employee of the board:
10.10 (i) included in the general professional unit or
10.11 supervisory employees unit under section 179A.10, subdivision 2;
10.12 or
10.13 (ii) excluded from those units due to the employee's
10.14 confidential status under section 179A.10, subdivision 1, clause
10.15 (8).

10.16 Sec. 8. **REPEALER.**

10.17 Minnesota Statutes 2002, section 352D.02, subdivision 5, is
10.18 repealed.

10.19 Sec. 9. **EFFECTIVE DATE.**

10.20 (a) Sections 1 to 5 and 8 are effective on July 1, 2004.

10.21 (b) Section 6 is effective on July 1, 2004, and applies
10.22 retroactively to the date of hire of the applicable person in
10.23 the affected position.

10.24 (c) Section 7 is effective retroactively to July 1, 2001.

10.25 ARTICLE 2

10.26 COVERED SALARY DEFINITION

10.27 Section 1. Minnesota Statutes 2002, section 352.01,
10.28 subdivision 13, is amended to read:

10.29 Subd. 13. **SALARY.** (a) "Salary" means wages, or other
10.30 periodic compensation, paid to an employee before deductions for
10.31 deferred compensation, supplemental retirement plans, or other
10.32 voluntary salary reduction programs.

10.33 (b) "Salary" does not include:

10.34 (1) lump sum sick leave payments;

10.35 (2) severance payments;

10.36 (3) lump sum annual leave payments and overtime payments

11.1 made at the time of separation from state service~~;~~i
11.2 (4) payments in lieu of any employer-paid group insurance
11.3 coverage, including the difference between single and family
11.4 rates that may be paid to an employee with single coverage~~;~~and i
11.5 (5) payments made as an employer-paid fringe benefit~~;~~i
11.6 (6) workers' compensation payments~~;~~i
11.7 (7) employer contributions to a deferred compensation or
11.8 tax sheltered annuity program~~;~~i and
11.9 (8) amounts contributed under a benevolent vacation and
11.10 sick leave donation program ~~are not salary.~~

11.11 (c) Amounts provided to an employee by the employer through
11.12 a grievance proceeding or a legal settlement are salary only if
11.13 the settlement is reviewed by the executive director and the
11.14 amounts are determined by the executive director to be
11.15 consistent with paragraph (a) and prior determinations.

11.16 Sec. 2. Minnesota Statutes 2002, section 352B.01,
11.17 subdivision 11, is amended to read:

11.18 Subd. 11. **AVERAGE MONTHLY SALARY.** (a) "Average monthly
11.19 salary" means the average of the highest monthly salaries for
11.20 five years of service as a member upon which contributions were
11.21 deducted from pay under section 352B.02, or upon which
11.22 appropriate contributions or payments were made to the fund to
11.23 receive allowable service and salary credit as specified under
11.24 applicable law. Average monthly salary must be based upon all
11.25 allowable service if this service is less than five years. ~~It~~

11.26 (b) "Average monthly salary" means the salary of the member
11.27 as defined in section 352.01, subdivision 13. "Average monthly
11.28 salary" does not include any lump-sum annual leave payments and
11.29 overtime payments made at the time of separation from state
11.30 service, any amounts of severance pay, or any reduced salary
11.31 paid during the period the person is entitled to workers'
11.32 compensation benefit payments for temporary disability.

11.33 (c) A member on leave of absence receiving temporary
11.34 workers' compensation payments and a reduced salary or no salary
11.35 from the employer who is entitled to allowable service credit
11.36 for the period of absence may make payment to the fund for the

12.1 difference between salary received, if any, and the salary the
12.2 member would normally receive if not on leave of absence during
12.3 the period. The member shall pay an amount equal to the member
12.4 and employer contribution rate under section 352B.02,
12.5 subdivisions 1b and 1c, on the differential salary amount for
12.6 the period of the leave of absence. The employing department,
12.7 at its option, may pay the employer amount on behalf of the
12.8 member. Payment made under this subdivision must include
12.9 interest at the rate of 8.5 percent per year, and must be
12.10 completed within one year of the return from the leave of
12.11 absence.

12.12 Sec. 3. Minnesota Statutes 2002, section 353.01,
12.13 subdivision 10, is amended to read:

12.14 Subd. 10. **SALARY.** (a) "Salary" means:

12.15 (1) periodic compensation of a public employee, before
12.16 deductions for deferred compensation, supplemental retirement
12.17 plans, or other voluntary salary reduction programs, and also
12.18 means "wages" and includes net income from fees; and

12.19 (2) for a public employee who has prior service covered by
12.20 a local police or firefighters relief association that has
12.21 consolidated with the public employees retirement association or
12.22 to which section 353.665 applies and who has elected coverage
12.23 either under the public employees police and fire fund benefit
12.24 plan under section 353A.08 following the consolidation or under
12.25 section 353.665, subdivision 4, "salary" means the rate of
12.26 salary upon which member contributions to the special fund of
12.27 the relief association were made prior to the effective date of
12.28 the consolidation as specified by law and by bylaw provisions
12.29 governing the relief association on the date of the initiation
12.30 of the consolidation procedure and the actual periodic
12.31 compensation of the public employee after the effective date of
12.32 consolidation.

12.33 (b) Salary does not mean:

12.34 (1) fees paid to district court reporters, unused annual
12.35 vacation or sick leave payments, in lump-sum or periodic
12.36 payments, severance payments, reimbursement of expenses,

13.1 lump-sum settlements not attached to a specific earnings period,
13.2 or workers' compensation payments;

13.3 (2) employer-paid amounts used by an employee toward the
13.4 cost of insurance coverage, employer-paid fringe benefits,
13.5 flexible spending accounts, cafeteria plans, health care expense
13.6 accounts, day care expenses, or any payments in lieu of any
13.7 employer-paid group insurance coverage, including the difference
13.8 between single and family rates that may be paid to a member
13.9 with single coverage and certain amounts determined by the
13.10 executive director to be ineligible;

13.11 (3) the amount equal to that which the employing
13.12 governmental subdivision would otherwise pay toward single or
13.13 family insurance coverage for a covered employee when, through a
13.14 contract or agreement with some but not all employees, the
13.15 employer:

13.16 (i) discontinues, or for new hires does not provide,
13.17 payment toward the cost of the employee's selected insurance
13.18 coverages under a group plan offered by the employer;

13.19 (ii) makes the employee solely responsible for all
13.20 contributions toward the cost of the employee's selected
13.21 insurance coverages under a group plan offered by the employer,
13.22 including any amount the employer makes toward other employees'
13.23 selected insurance coverages under a group plan offered by the
13.24 employer; and

13.25 (iii) provides increased salary rates for employees who do
13.26 not have any employer-paid group insurance coverages; ~~and~~

13.27 (4) except as provided in section 353.86 or 353.87,
13.28 compensation of any kind paid to volunteer ambulance service
13.29 personnel or volunteer firefighters, as defined in subdivision
13.30 35 or 36; and

13.31 (5) compensation that exceeds the limitation provided in
13.32 section 356.611.

13.33 Sec. 4. Minnesota Statutes 2002, section 356.611,
13.34 subdivision 2, is amended to read:

13.35 Subd. 2. **FEDERAL COMPENSATION LIMITS.** (a) For members
13.36 ~~first contributing to~~ of a covered pension plan enumerated in

14.1 section 356.30, subdivision 3, ~~on or after July 1, 1995,~~
14.2 compensation in excess of the limitation ~~set forth~~ specified in
14.3 section 401(a)(17) of the Internal Revenue Code, as amended, for
14.4 changes in the cost of living under section 401(a)(17)(B) of the
14.5 Internal Revenue Code, may not be included for contribution and
14.6 benefit computation purposes.

14.7 (b) Notwithstanding paragraph (a), for members specified in
14.8 paragraph (a) who first contributed to a covered plan before
14.9 July 1, 1995, the annual compensation limit ~~set forth~~ specified
14.10 in Internal Revenue Code 401(a)(17) on June 30, 1993, applies to
14.11 ~~members first contributing before July 1, 1995~~ if that provides
14.12 a greater allowable annual compensation.

14.13 Sec. 5. Minnesota Statutes 2002, section 356.611, is
14.14 amended by adding a subdivision to read:

14.15 Subd. 3. **MAXIMUM BENEFIT LIMITATIONS.** A member's annual
14.16 benefit shall, if necessary, be reduced to the extent required
14.17 by section 415(b) of the Internal Revenue Code, as adjusted by
14.18 the United States Secretary of the Treasury under section 415(d)
14.19 of the Internal Revenue Code. For purposes of section 415 of
14.20 the Internal Revenue Code, the limitation year of a pension plan
14.21 covered by this section shall be the fiscal year or calendar
14.22 year of that plan, whichever is applicable. The accrued benefit
14.23 limitation described in section 415(e) of the Internal Revenue
14.24 Code shall cease to be effective for limitation years beginning
14.25 after December 31, 1999.

14.26 Sec. 6. **EFFECTIVE DATE.**

14.27 Sections 1 to 5 are effective on July 1, 2004.

14.28 ARTICLE 3

14.29 ALLOWABLE SERVICE CREDIT

14.30 Section 1. Minnesota Statutes 2002, section 354.091, is
14.31 amended to read:

14.32 354.091 **SERVICE CREDIT.**

14.33 (a) In computing service credit, no teacher shall receive
14.34 credit for more than one year of teaching service for any fiscal
14.35 year. Commencing July 1, 1961:

14.36 (1) if a teacher teaches less than five hours in a day,

15.1 service credit must be given for the fractional part of the day
15.2 as the term of service performed bears to five hours;

15.3 (2) if a teacher teaches five or more hours in a day,
15.4 service credit must be given for only one day;

15.5 (3) if a teacher teaches at least 170 full days in any
15.6 fiscal year, service credit must be given for a full year of
15.7 teaching service; and

15.8 (4) if a teacher teaches for only a fractional part of the
15.9 year, service credit must be given for such fractional part of
15.10 the year as the period of service performed bears to 170 days.

15.11 (b) A teacher shall receive a full year of service credit
15.12 based on the number of days in the employer's full school year
15.13 if it is less than 170 days. Teaching service performed before
15.14 July 1, 1961, must be computed under the law in effect at the
15.15 time it was performed.

15.16 (c) A teacher does not lose or gain retirement service
15.17 credit as a result of the employer converting to a flexible or
15.18 alternate work schedule. If the employer converts to a flexible
15.19 or alternate work schedule, the forms for reporting and the
15.20 procedures for determining service credit must be determined by
15.21 the executive director with the approval of the board of
15.22 trustees.

15.23 (d) For all services rendered on or after July 1, 2003,
15.24 service credit for all members employed by the Minnesota state
15.25 colleges and universities system must be determined:

15.26 (1) for full-time employees, by the definition of full time
15.27 employment contained in the collective bargaining agreement for
15.28 those units listed in section 179A.10, subdivision 2, or
15.29 contained in the applicable personnel or salary plan for those
15.30 positions designated in section 179A.10, subdivision 1;

15.31 (2) for part-time employees, by the appropriate proration
15.32 of full-time equivalency based on the provisions contained in
15.33 the collective bargaining agreement for those units listed in
15.34 section 179A.10, subdivision 2, or contained in the applicable
15.35 personnel or salary plan for those positions designated in
15.36 section 179A.10, subdivision 1, and the applicable procedures of

16.1 the Minnesota state colleges and universities system; and
16.2 (3) in no case may a member receive more than one year of
16.3 service credit for any fiscal year.

16.4 Sec. 2. **EFFECTIVE DATE.**

16.5 Section 1 is effective on July 1, 2004."

16.6 Delete the title and insert:

16.7 "A bill for an act

16.8 relating to retirement; statewide and major local
16.9 public pension plans; making various changes of an
16.10 administrative nature; amending Minnesota Statutes
16.11 2002, sections 352.01, subdivision 13; 352B.01,
16.12 subdivision 11; 353.01, subdivisions 2b, 10, 12a and
16.13 12b; 354.05, subdivision 2, 354.091; 354B.20,
16.14 subdivisions 4 and 6; 354C.11, subdivision 2; and
16.15 356.611, subdivision 2 and by adding a subdivision;
16.16 repealing Minnesota Statutes 2002, section 352D.02,
16.17 subdivision 5."