



H.F. 3744
(Larson)

S.F. 3532
(Larson)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Police and Fire Additional Amortization Aid
Relevant Provisions of Law: Minnesota Statutes, Section 423A.02, Subdivision 1b
General Nature of Proposal: Redirection of additional amortization aid newly available after 2009
Date of Summary: March 25, 2008

Specific Proposed Changes

- Additional amortization state aid freed up after 2009 when the unfunded liability of 10 municipalities with former police or fire consolidation accounts and their additional municipal contribution obligation to the Public Employees Police and Fire Retirement Plan (PERA-P&F) ends is reallocated in equal shares to the St. Paul Teachers Retirement Fund Association (SPTRFA), the city of Minneapolis, the city of Duluth, and the minimum volunteer firefighter fire state aid program.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness of the designated recipients of redirected aid.
2. Appropriateness of proposed allocations to designated redirected aid recipients.
3. Lack of allocation procedure for Minneapolis redirected aid when its police and firefighter relief associations become fully funded.
4. Lack of aid termination date and reallocation procedure for Duluth redirected aid.
5. State general fund impact of the proposed legislation.
6. Need for a general reappraisal of the numerous amortization and related pension aid programs.

Potential Amendments

H3744-1A is a technical amendment intended to make the current statute and added provisions more readable.

H3744-2A redirects aid amounts to SPTRFA, TRA, and minimum fire state aid, the current designated aid redirection recipients.

H3744-3A expands proposed aid redirection recipients to five by adding TRA.

H3744-4A allows commission to specify different redistribution percentages

H3744-5A requires better disclosure of amortization dates by Minneapolis police and fire relief associations.

H3744-6A requires disclosure of specific average age and average life expectancy information by Minneapolis police and fire relief associations

H3744-7A specifies a reallocation of Minneapolis redirected aid when Minneapolis police and fire become fully funded.

H3744-8A sets redirection aid termination date for Duluth and reallocation procedure for subsequent amounts.

H3744-9A sets Duluth redirection aid termination based on receipt of a total amount to be specified, with reallocation procedure.

H3744-10A sunsets amortization aid programs at a designated future date (to be specified) to spur a reevaluation of aid programs.

