



H.F. 3895

(Murphy, M.)

S.F. 3630

(Saxhaug)

Executive Summary of Commission Staff Materials

<i>Affected Pension Plan(s):</i>	Volunteer Firefighters
<i>Relevant Provisions of Law:</i>	Minnesota Statutes, Chapters 69, 356, 356A, 356B, and 424C
<i>General Nature of Proposal:</i>	Establishes voluntary statewide lump sum volunteer firefighter retirement plan
<i>Date of Summary:</i>	March 27, 2008

Specific Proposed Changes

The bill creates a voluntary statewide lump sum volunteer firefighter retirement plan governed by a board primarily drawn from firefighters and municipal officials, administered by the Minnesota State Retirement System (MSRS), invested by the State Board of Investment, providing lump sum service pensions based on the fire department call level and fire state aid amounts, up to an overall maximum of \$4,000 per year of service credit, funded from transferred relief association assets, fire state aid, and prescribed municipal contribution amounts based on the service pension level and with an initial State General Fund appropriation.

Policy Issues Raised by the Proposed Legislation

- a. Attractiveness of a statewide retirement plan, reception by volunteer fire community.
- b. Appropriateness of restriction of statewide plan to lump sum volunteer plan.
- c. Appropriateness of MSRS administration.
- d. Appropriateness of crediting service based on "good time" service determinations by local fire chiefs.
- e. Appropriateness of representatives on statewide volunteer firefighter retirement plan board.
- f. Appropriateness of basing service pensions on fire calls and fire state aid levels.
- g. Appropriateness of municipal option to approve higher lump sum service pension level.
- h. Appropriateness of retaining current long vesting requirement.
- i. Adequacy of the funding of the statewide volunteer firefighter retirement plan.
- j. Appropriateness of the State General Fund appropriation and initial plan expenditures.

Potential Technical Amendments

An inconsistency in specified interest rates governing actuarial work and amortization contributions needs to be resolved at either 5.0 percent (**Amendment H3895-1A**) or at 8.5 percent (**Amendment H3895-2A**).



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *Lawrence A. Martin*

RE: H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug): Volunteer Firefighters; Statewide Lump Sum Volunteer Firefighter Retirement Plan

DATE: March 17, 2008

General Summary of H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug)

H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug) creates a new statutory chapter, Minnesota Statutes, Chapter 424C, and amends various portions of Minnesota Statutes, Chapters 69, 356, 356A, and 356B, to create a statewide lump sum voluntary volunteer firefighter retirement plan and to make conforming changes, as follows:

1. Coverage/Application (Article 1, Section 3). The statewide lump sum volunteer firefighter retirement plan would be open to any municipal fire department or nonprofit firefighting corporation that currently has a volunteer firefighter relief association providing a lump sum service pension or a defined contribution service pension or any firetown that has a fire department without an existing volunteer firefighter relief association. Coverage by the plan is elective with the agreement of the municipality and with the volunteer firefighter relief association, if any. The question of coverage by the statewide retirement plan can be raised either by the firefighters or by the municipality.
2. Governance (Article 1, Section 5). The voluntary statewide lump sum volunteer firefighter retirement plan would be governed by a seven-person board, with four firefighter representatives and three public sector/general public representatives. The firefighter members would be drawn from very small, small, medium, and large municipalities. The public sector/general public members would be from the League of Minnesota Cities, the Minnesota Association of Townships, and from the general public. All board members would be appointed by the governor. Board member terms would be for three years and would be staggered.
3. Plan Administration (Article 1, Section 5, Subdivision 1). The statewide plan would be administered by the executive director of the Minnesota State Retirement System (MSRS).
4. Fund and Investment (Article 1, Sections 6 and 7). The statewide lump sum volunteer firefighter retirement fund is a special dedicated retirement fund in the State Treasury. The statewide fund is invested by the State Board of Investment in the Combined Investment Funds, the investment vehicle for the various statewide retirement funds.
5. Service Credit (Article 1, Section 2, Subdivision 19). Past service credit in a volunteer firefighter relief association associated with a municipality or nonprofit firefighting corporation electing retirement coverage by the statewide retirement plan is transferred to the retirement plan. Future service is creditable on an annual or fractional (monthly) basis based on "good time" certification by the applicable fire department.
6. Benefit Levels (Article 1, Section 8). The retirement plan would provide one of 49 service pension levels, from a minimum of \$20,000 at 20 years, to a maximum of \$80,000 at 20 years, set based on the relative scoring level (to be developed) of the applicable municipality and fire department with one-half of the total service pension derived from seven levels associated with the fire state aid amount and one-half of the total service pension derived from seven levels associated with the average total call volume as reported on the Minnesota Fire Information Reporting System annual report. For fire departments closely approaching the fire calls and fire state aid levels for a higher benefit level, the applicable municipality is permitted to elect the higher level by filing a municipal resolution to that effect, thereby also incurring a higher municipal funding obligation for the higher benefit level. Other benefits (disability and survivorship) would be available if no service pension is payable and is in an amount equal to the accrued service pension. A service pension would be payable at age 50, unless the municipality set an older age, if the volunteer firefighter rendered at least five years of service covered by the plan and the vesting requirement would be set at five years of service, with a partial benefit, scaling up to a full non-forfeitable benefit at 20 years of service. A volunteer firefighter who

terminated active service before age 50 or the later age retirement age and with at least five years of active service would qualify for a deferred service pension, but without any interest or augmentation payable on the deferred service pension.

7. Relief Association Asset Transfer (Article 1, Section 4). Upon electing coverage by the statewide volunteer firefighter retirement plan, the assets of the special fund of the applicable volunteer firefighter relief association would be transferred to the statewide retirement fund after any accounts payable were resolved. If the transferred assets include investment securities that are impermissible or inappropriate for the State Board of Investment in the judgment of the executive director of the State Board of Investment, the executive director will liquidate the problematic investments immediately.
8. Funding (Article 1, Section 11). The statewide retirement plan is to be funded from fire state aid, regular municipal contributions, and additional municipal contributions. Fire state aid would be transmitted to the statewide fund directly rather than to the applicable municipality. The regular annual municipal contribution would be based on the applicable service pension level and set at \$200 per firefighter at the \$20,000 service pension amount, \$300 per firefighter at the \$30,000 service pension amount, \$400 per firefighter at the \$40,000 service pension amount, \$500 per firefighter at the \$50,000 service pension amount, \$600 per firefighter at the \$60,000 service pension amount, \$700 per firefighter at the \$70,000 service pension amount, and \$800 per firefighter at the \$80,000 service pension amount. If the transferred special fund assets are less than the actuarially calculated liability at the service pension level for a fire department electing plan coverage and the past service credit also transferred, the applicable municipality would be required to amortize the shortfall over five years on a level dollar amortization basis through the payment of an additional municipal contribution.
9. Impact on Volunteer Firefighter Relief Association (Article 1, Section 4). Upon the transfer of retirement coverage to the statewide volunteer firefighter retirement plan and the transfer of relief association special fund assets to the statewide retirement fund, the special fund of the applicable volunteer firefighter relief association is disestablished. A volunteer firefighter relief association following a transfer of retirement coverage could continue as a fraternal organization in the form of its prior general (non-pension) fund.
10. Plan Start-Up Costs (Article 1, Section 12). An unspecified appropriation is made to MSRS to cover the start-up costs of the new statewide retirement plan.
11. Conforming Changes (Article 2). The municipalities with firefighters covered by the statewide lump sum volunteer firefighter retirement plan would continue to be eligible to receive fire state aid (Article 2, Sections 1 through 7). The statewide lump sum volunteer firefighter retirement plan is required to prepare annual financial and actuarial reporting (Article 2, Sections 8 through 11). The statewide lump sum volunteer firefighter retirement plan is also to be covered by the general exemption from legal process statute (Article 2, Section 12), is included in the Public Pension Plan Fiduciary Responsibility Laws (Article 2, Section 13), and is required to make an early submission of administrative legislation (Article 2, Section 14).

Background Material

- **Attachment A** provides information on the number, the size, the financial health, and the benefit practices of the state's volunteer firefighter relief associations over the period 1974-2005.
- **Attachment B** gives a graphic presentation of the distribution of municipalities by population.

Technical/Clarification Amendment

- **Amendment H3895-1A** makes the interest rate used to determine the additional municipal contribution to amortize an unfunded actuarial accrued liability under Article 1, Section 11, Subdivision 6, consistent with the actuarial valuation interest rate assumption, setting the interest rate at five percent.
- **Amendment H3895-2A** addresses the same inconsistency as Amendment H3895-1A, but sets the interest rate at 8.5 percent.

Discussion and Analysis

H.F. 3895 (Murphy, M.); S.F. 3630 (Saxhaug) establishes and voluntary lump sum statewide volunteer firefighter retirement plan as an alternative to or replacement for local relief associations, to be governed

by a board appointed by the governor, to be administered by the executive director of the Minnesota State Retirement System (MSRS), and to provide a lump sum benefit based in part on the number of fire department fire calls and in part on the amount of fire state aid received.

The proposed legislation raises several pension and related public policy issues for Commission consideration and potential discussion, as follows:

1. Attractiveness; Reception by the Volunteer Fire Community. The policy issue is the attractiveness of a statewide lump sum volunteer firefighter retirement plan to the volunteer fire community and the reception that the plan is likely to have. Minnesota historically has utilized a decentralized public pension arrangement, especially for public safety employee retirement coverage. There are currently about 700 volunteer firefighter relief associations in the state, with most plans providing lump sum service pensions. If there is not substantial interest in the volunteer fire community in replacing their local relief associations with the statewide retirement plan, the legislative effort consumed in enacting it and the administrative effort expended in establishing it may be substantially in vain. A statewide plan has the potential of greater investment efficiencies, has the potential for administrative economics of scale, will utilize a greater risk pool for funding eventual retirement benefits, and will provide pension portability for firefighters who may move from place to place across the state. The statewide plan notion also has engendered some controversy among firefighters in the past and may be viewed by some portion of the volunteer fire community as a threat. The Commission may wish to take testimony from representatives of the volunteer fire community about its likely reception statewide.
2. Appropriateness of Restricting the Statewide Plan to Lump Sum Relief Associations Only. The policy issue is the appropriateness of the restriction of the proposed voluntary statewide volunteer firefighter retirement plan to the provision of lump sum service pensions and retirement benefits only. That excludes the five current volunteer firefighter relief associations that provide only monthly service pensions and excludes most or all combination (alternative lump sum or monthly service pension) volunteer firefighter relief associations. It also would likely eliminate from potential coverage the 86 volunteer firefighter relief associations that provide defined contribution service pensions, paid in a lump sum, but determined based solely on account balances. If the desirability from a policy standpoint of a statewide retirement plan lies in the large risk pool economics of scale and efficiencies that come with a statewide plan, those economics of scale and efficiencies also could benefit the members of monthly benefit, combination, and defined contribution volunteer firefighter relief associations. If there is a long-term goal with respect to monthly benefit, combination, and defined contribution relief associations on the part of the proponents of the statewide volunteer firefighter retirement plan, it may be helpful to the Commission if those plans were revealed. If there are no plans to ever include other volunteer firefighter relief association types in potential coverage by the statewide volunteer firefighter retirement plan, it would be appropriate to request from the proponents their thoughts about what improvements in the investment and administrative practices of monthly, combination, and defined contribution volunteer firefighter relief associations should be mandated or encouraged to make those relief associations function better.
3. Appropriateness of the Administration of the Statewide Plan by MSRS. The policy issue is the appropriateness of assigning the responsibility of performing the administrative duties related to the proposed statewide volunteer firefighter retirement plan to the executive director of the Minnesota State Retirement System (MSRS). Of the three statewide retirement plan administrations, MSRS has the smallest staff and has the widest variety of assignments, performing the administrative functions for nine retirement plans and two retirement-oriented savings programs:
 1. General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General);
 2. Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional);
 3. State Patrol Retirement Plan;
 4. Legislators Retirement Plan;
 5. Elective State Officers Retirement Plan;
 6. Judges Retirement Plan;
 7. Transportation Department Pilots Retirement Plan;
 8. Military Affairs Department Retirement Plan;
 9. Fire Marshal/Arson Investigators Retirement Plan,
 10. the Minnesota Deferred Compensation Program; and
 11. the Health Care Savings Program.

Aside from tangential connections to local government through the Minnesota Deferred Compensation Program and the Health Care Savings Program, MSRS has no significant level of contact with local government and no direct contact with the volunteer fire community. Some testimony from the proponents of the proposed legislation and from MSRS should be considered about how these administrative duties will be fulfilled and at what level of cost.

4. Appropriateness of Crediting Firefighting Service Based on “Good Time” Service; Role of Fire Department Chiefs. The policy issue is the appropriateness of basing service credit for firefighters covered by the statewide retirement plan on undefined “good time” as certified by the fire chief of the fire department. “Good time” is not a statutory term of art, but apparently is a recognized concept in the fire service. The certification of “good time,” under Article 1, Section 2, Subdivision 19, is to be based on the requirements of the fire department, but the person or entity in or associated with the fire department setting those requirements is not specified and is not clear. For municipal fire departments, it is not clear whether or not the municipal governing body has any role in setting “good time” requirements. For fire departments that are not associated with one municipality, the body empowered to set the requirements is unclear. The “good time” certifications would be required at least monthly, since service credit is contemplated to be recorded monthly, but the reporting requirements that fire departments and fire chiefs would have to adhere to in certifying “good time” are not specified. The extent of judgment to be employed by the fire chief and the extent to which a fire chief could substitute the chief’s opinion for other methods of documenting service is an open question. When benefits are to be determined for an individual and a retiring firefighter disputes the service credit record, the manner in which the dispute and any appeal are to be resolved is unanswered. If the proponents have a clear vision of how fire chiefs and fire departments are to report to and interact with MSRS in determining service credit, it would be valuable to develop statutory language that captures those notions.
5. Appropriateness of the Representation on the Statewide Volunteer Firefighter Retirement Plan. The policy issue is the appropriateness of the composition, selection, and representation of the board of the proposed statewide volunteer firefighter retirement plan. The plan’s governing board includes a majority of firefighters, two municipal government representatives, and one public member with pension experience. The firefighter members represent firetowns under 5,000 in population, between 5,000 and 9,000 in population, between 9,000 and 20,000 in population, and over 20,000 in population. The municipal government representatives are to be selected from a group of three candidates each nominated by the League of Minnesota Cities and by the Minnesota Association of Townships. All board members are to be appointed to staggered terms by the governor. The firetown categories represented by firefighters may not be a good match for the actual distribution of small, medium, large, and very large firetowns. Although township and city data is not an exact replication of the size of firetowns, municipal data does suggest the general nature of the distribution of firetowns by population size. Of the 3,315 townships and cities in the state, 93.7 percent are under 5,000 in population, 2.3 percent are between 5,000 and 9,000 in population, 2.2 percent are between 9,000 and 20,000 in population, and 1.8 percent are over 20,000 in population. The representation in the proposed legislation thus would provide three firefighter representatives drawn from only 6.3 percent of the state’s municipalities. There is no requirement that firefighters on the board be members of the statewide plan. The attached map, Attachment B, gives a graphic presentation of the distribution of municipalities by population. No guidance is provided to the League of Minnesota Cities or the Association of Minnesota Townships about what qualifications should be emphasized in their selection of candidates. The criteria of “knowledgeable in pension matters” for the one public member of the board is very vague. Board service, which is uncompensated and which does not qualify for expense reimbursement or per diem allowance, will likely discourage potential board members who do not reside in the Twin City metropolitan area.
6. Appropriateness of Basing Service Pension Levels on Fire Call Levels and Fire State Aid Levels. The policy issue is the appropriateness of directly connecting service pension levels for the proposed voluntary lump sum statewide volunteer firefighter retirement plan to a fire department’s call level and to a firetown’s fire state aid level. According to the Commission’s Principles of Pension Policy, Minnesota public pension plans exist to assist in the recruitment, retention, and systematic periodic outtransitioning of personnel. Basing service pension levels on the performance level of the fire department and on the relative affordability of pension coverage as measured by fire state aid could assist in recruitment, retention, and outtransitions, but are not necessarily well designed to do so. The relative number of fire department calls will be greatly affected by whether or not the fire department provides emergency medical and related services as well as fire suppression services and will likely greatly influence the size of the fire department, but does not appear to account well for localized factors affecting recruitment patterns, such as the age distribution of the population of the firetown or

the competition for volunteers from other activities. Fire state aid is a very rough measure of fire service needs, as measured by total population of the firetown and by the value of the property protected in the firetown, but does not correct for other relevant factors, such as average building age, building material, extent of fire alarm and fire sprinkler utilization, and distribution of commercial and residential structures. While hardly optimal, the current flexible service pension maximums applicable to local volunteer firefighter relief associations can better adjust for localized needs than the proposed two-part benefit level determination by including local municipal contribution levels as a factor in setting the service pension amount, allowing firetowns with significant volunteer firefighter needs but modest fire state aid to produce larger firefighter service pension levels through the provision of additional municipal contributions. The proposed plan does not provide any comparable mechanism for localities with firefighting recruitment, retention, or outtransitioning problems amenable to solution through higher pension levels. Fire department calls are not specifically defined beyond the definition of the Minnesota Fire Information Report, which is an annual document filed with the State Fire Marshal. Some testimony may be necessary to ascertain whether or not the fire department call numbers can be manipulated.

7. Need to Specify the Fire Call and Fire State Aid Particulars of the Service Pension Formula. The policy issue is the need to supply the specific fire department call and fire state aid numbers for each service pension level. From the proposed legislation as currently constituted, the smallest service pension amount would be \$1,000 per year of service with the least number of fire department calls and the smallest amount of fire state aid, and the largest service pension amount would be \$4,000 per year of service with the greatest number of fire department calls and the largest amount of fire state aid, with 47 service pension levels in between the smallest and highest service pension amounts depending on the fire call and fire state aid break points ultimately utilized. The break points are apparently being developed by some other source. The benefit levels cannot be analyzed as to the appropriateness of their fit beyond the minimum and maximum service pension levels until those break points are developed.
8. Appropriateness of a Municipal Opt-Up for a Higher Lump Sum Service Pension Level for "On-the-Cusp" Firetowns. The policy issue is the appropriateness of a built-in deviation from the service pension level break point schedule for municipalities that are very close to the next highest service pension level. Article 1, Section 8, Subdivision 2, Paragraph (a), permits a municipality to elect to go to the next highest service pension level if the municipality has fire calls or fire state aid that is at least 85 percent of the next highest break point amount. The opt-up election potentially would require an additional \$100 per year per firefighter municipal contribution. The opt-up election presumably is in effect for one year at a time because the fire call and fire state aid amounts driving the amount of the service pension to be provided are recalculated annually before each April 1. It is unclear what factors compelled the proponents of the proposed legislation to add this opt-up provision to the bill.
9. Appropriateness of Continuing Long Vesting Period Before 100 Percent Accrued Service Pension is Payable. The policy issue is the appropriateness of the retention of a feature of the volunteer firefighter relief association benefit provisions, the vesting schedule, that only provides the full service pension amount with 20 years of service credit. The lengthy vesting schedule, providing 40 percent of the accrued benefit with five years of service credit and scaling up four percent per year until reaching 100 percent at 20 years, promotes the retention of firefighters once they have five years of service, but may discourage recruitment of new firefighters because of the lengthy commitment of time needed to obtain the full benefit. For defined contribution volunteer firefighter relief associations, a shorter vesting period is in place, at the request of representatives of those relief associations. The creation of a new pension plan provides an opportunity to reconsider whether or not very long vesting periods are still beneficial.
10. Adequacy of the Funding of the Statewide Volunteer Firefighter Retirement Plan. The policy issue is whether the funding provided for the statewide volunteer firefighter retirement plan will be sufficient to cover the actuarial liability of the benefits specified for the plan. The funding of the plan is the transferred assets of current volunteer firefighter relief associations that join the statewide plan, the fire state aid payable to the firetowns covered by the statewide plan, regular municipal contributions of between \$200 per firefighter and \$800 per firefighter annually, and additional municipal contributions by municipalities associated with relief associations transferring insufficient asset amounts upon joining the statewide plan, with a five-year amortization period based on an 8.5 percent interest rate assumption. Until the service pension determination formula is fully established and until some municipalities elect to be covered by the statewide plan, it is difficult to specifically assess the likely liability of the statewide plan and hence difficult to assess the adequacy of the proposed funding. However, the Commission staff has made some assessment of the proportion of potential

funding needs that will be funded by the specified municipal contribution, which is relatively modest, as follows:

Proposed Service Pension Level	Annual Accruing Liability*	Required City Contribution	Remainder to be Funded
\$1,000 per year	940	200	740
\$1,500 per year	1,410	300	1,310
\$2,000 per year	1,880	400	1,480
\$2,500 per year	2,350	500	1,850
\$3,000 per year	2,820	600	2,220
\$3,500 per year	3,290	700	2,590
\$4,000 per year	3,760	800	2,940

* Annual accruing liability is the amount for a volunteer firefighter for the tenth year of service credit under Minnesota Statutes, Section 69.772, Subdivision 2

The proposed legislation would only fund the calculated remainder from fire state aid. Minnesota Statutes, Section 69.772, Subdivision 2, likely overstates annual accruing liabilities because it ignores a number of decrement factors (e.g. age of the firefighter, partial vesting schedule, potential for turnover gain) and because it is based on a three percent interest rate present value table. Thus, the remainder amount set forth in the table is likely overstated by some considerable margin, but the amount the proposed legislation leaves to be funded by fire state aid could be considerable.

11. Need For and Near-Term Use of State General Fund Appropriation. The policy issue is the need for the proposed \$150,000 General Fund appropriation to the Minnesota State Retirement System (MSRS) and the near-term likely use for the appropriation. While some start-up money is probably needed to fund the creation of a new statewide retirement plan, the exact amount of the initial capitalization is hard to gauge. The General Fund is one source for the start-up funding, but is not the only source. The initial funds for the plan could be an internal advance within MSRS, the way the expenses of the various plans administered by MSRS appear to be funded currently, pending an allocation of the total system administrative expenses each year, and the manner in which the Health Care Savings Plan appears to have been initially funded when it was created in 2001. Alternatively, the initial capitalization could be funded from a deduction from the Fire State Aid Program to be repaid from the future fire state aid of municipalities which elect coverage by the plan.

Attachment A

Background Information on the Number, Size, Financial Health, and Benefit Practices of
Volunteer Firefighter Relief Associations 1974-2005

The following presents aggregate information on volunteer firefighter relief associations as assembled by the staff of the Legislative Commission on Pensions and Retirement (1974 and 1977) from fire state aid qualification information filed with the Insurance Department and filed with the Office of the State Auditor (1980 through 2005):

		Number of Plans																									
		1974	1977	1980	1982	1984	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
<u>Lump Sum</u>																											
Under \$50/yr		134	110	72	28	23	11	12	8	10	10	9	13	12	10	10	8	7	--	--	--	--	--	--	--	--	
\$50-\$100/yr		122	116	79	68	60	39	33	28	25	23	19	17	16	16	13	13	10	13	13	10	6	7	4	5	5	
\$100-\$200/yr		122	118	131	133	132	99	88	85	62	50	55	60	59	55	49	39	45	36	26	20	19	16	14	11	10	
\$200-\$300/yr		5	45	81	83	88	115	123	108	114	108	99	84	79	78	74	67	61	51	42	35	30	24	24	18	16	
\$300+/yr		7	57	124	18	237	277	293	331	355	379	396	419	429	439	453	445	470	492	512	530	539	549	535	535	532	
Total Lump Sum		390	446	487	330	540	541	549	560	566	570	578	593	595	598	599	572	593	592	593	595	594	596	577	569	563	
<u>Monthly Benefit</u>																											
Under \$2/mo/yr		41	16	3	0	6	8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Over \$1.99/mo/yr		10	32	26	24	23	22	33	30	28	27	26	29	27	12	10	7	8	7	5	5	5	5	5	5	5	
Total Monthly		51	48	29	24	29	30	33	30	28	27	26	29	27	12	10	7	8	7	5	5	5	5	5	5	5	
<u>Mo/Lump Sum Comb.</u>																											
Total Combined		--	--	--	--	--	--	--	--	--	--	--	--	2	15	15	16	16	16	23	18	18	18	20	18	19	
<u>Defined Contribution</u>																											
Total Def. Contrib.		52	54	45	56	68	66	66	72	68	67	66	72	73	74	76	76	80	84	85	87	88	89	84	87	86	
<u>No Benefits</u>																											
Total No Benefits		42	27	33	8	5	7	2	1	2	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total		535	575	594	580	642	641	650	663	664	664	671	694	697	699	700	671	697	699	706	705	705	708	686	679	673	

The numbers presented depend on filings by the applicable volunteer firefighter relief associations as part of the fire state aid program and, because there is a cut-off publication date for the reports from the Office of the State Auditor, there is some potential slippage in the information over time. There is a significant trend in volunteer firefighter relief association growing from low benefit amounts to higher benefit amounts over the 32-year period, with 62.61 percent of volunteer firefighter relief associations either under \$200 per year of service lump sum or \$40 per month with 20 years of service monthly annuity in 1977 and with 94.49 percent of lump sum volunteer firefighter relief associations providing a service pension over \$300 per year of service and with 100 percent of monthly benefit volunteer firefighter relief associations

providing a service pension in excess of \$40 per month with 20 years of service in 2005. Over the period 1974-2005, the number of volunteer firefighter relief associations providing lump sum service pensions has been reasonable consistent but there has been a significant drop in the number of volunteer firefighter relief associations providing monthly benefit service pensions, there has been the emergence of volunteer firefighter relief associations providing a combination of monthly benefit and lump sum service pensions, there has been a modest growth in the number of volunteer firefighter relief associations providing "split-the-pie" or defined contribution service pensions, and there has been the apparent elimination of volunteer firefighter relief associations which provide no service pension coverage.

Membership

Members	1974	1977	1980	1982	1984	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<u>Actives</u>																									
Lump Sum	9,052	10,915	10,834	12,523	12,980	12,859	13,179	13,406	13,720	14,112	14,049	13,583	14,051	14,187	14,189	13,655	14,022	13,854	12,612	13,244	13,691	13,767	13,638	13,545	13,406
Monthly	1,549	1,592	745	812	1,092	1,125	1,305	1,252	1,178	1,174	1,200	1,210	1,218	525	464	307	313	324	208	208	206	159	188	197	199
Combination	--	--	--	--	--	--	--	--	--	--	--	--	100	735	726	807	775	746	879	840	790	847	898	824	866
Defined Contrib.	1,042	1,256	401	1,207	1,449	1,345	1,411	1,520	1,460	1,434	1,407	1,594	1,565	1,647	1,721	1,727	1,972	2,033	2,039	2,106	2,182	2,222	2,136	2,201	2,202
No Benefits	820	558	278	114	63	83	35	20	37	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Actives	12,463	14,321	12,258	14,656	15,584	15,412	15,930	16,198	16,395	16,720	16,656	16,387	16,934	17,094	17,100	16,496	17,082	16,957	15,738	16,398	16,869	16,995	16,860	16,767	16,673
<u>Deferreds</u>																									
Lump Sum	139	170	296	296	381	451	609	520	558	639	718	841	945	1,074	1,222	1,333	1,538	1,640	1,660	1,801	1,948	2,042	2,041	2,021	2,001
Monthly	117	68	32	32	39	50	61	67	76	92	78	88	100	62	57	45	44	56	34	29	31	19	30	29	24
Combination	--	--	--	--	--	--	--	--	--	--	--	--	1	64	80	89	79	90	114	157	196	216	243	242	240
Defined Contrib.	12	3	9	9	18	29	26	29	36	68	39	122	150	171	188	166	508	266	528	666	722	738	781	775	762
No Benefits	--	8	0	0	0	0	0	0	0	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Deferreds	268	249	337	337	438	530	696	616	670	799	835	1,051	1,196	1,371	1,547	1,633	2,169	2,052	2,336	2,653	2,897	3,015	3,095	3,067	3,027
<u>Retirees</u>																									
Lump Sum	--	527	363	363	410	177	124	177	173	165	214	148	173	187	184	90	76	56	36	316	538	507	515	539	473
Monthly	400	249	302	302	413	444	547	493	483	472	494	527	566	312	261	198	207	206	153	164	178	149	188	197	208
Combination	--	--	--	--	--	--	--	--	--	--	--	--	26	271	267	312	349	344	424	413	400	392	439	417	417
Defined Contrib.	--	38	3	3	20	1	1	18	19	23	23	14	8	6	7	5	5	11	17	62	58	64	67	68	87
No Benefits	--	67	0	0	0	0	0	0	0	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Retirees	400	881	668	668	843	622	672	688	675	660	731	689	773	776	719	605	637	617	630	955	1,174	1,112	1,209	1,221	1,185
<u>Total Members</u>																									
Lump Sum	11,054	11,531	13,182	13,771	13,487	13,912	14,103	16,395	14,916	14,981	14,981	14,572	15,169	15,448	15,595	15,078	15,636	15,550	14,308	15,361	16,177	16,316	16,194	16,105	15,880
Monthly	2,109	1,062	1,146	1,146	1,544	1,619	1,913	1,812	1,737	1,738	1,772	1,825	1,884	899	782	550	564	586	395	401	415	327	406	423	431
Combination	--	--	--	--	--	--	--	--	--	--	--	--	127	1,070	1,073	1,208	1,203	1,180	1,417	1,410	1,386	1,455	1,580	1,483	1,523
Defined Contrib.	1,268	442	1,219	1,487	1,375	1,438	1,567	1,515	1,525	1,525	1,469	1,730	1,723	1,824	1,916	1,898	2,485	2,310	2,584	2,834	2,962	3,024	2,984	3,044	3,051
No Benefits	558	353	114	114	63	83	0	20	37	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Members	14,989	13,388	15,661	16,865	16,865	17,263	17,502	19,684	18,179	18,222	18,222	18,127	18,903	19,241	19,366	18,734	19,888	19,626	18,704	20,006	20,940	21,122	21,164	21,055	20,885

Over the period 1977-2005, there has been considerable consistency in the share of the total volunteer firefighter relief association active membership covered by lump sum relief associations (76.22 percent in 1977 as compared to 80.41 percent in 2005), but a huge decline in the share of the total volunteer firefighter relief association active membership covered by a monthly benefit relief association (11.11 percent in 1977 as compared to 1.19 percent without considering combination relief associations or to 6.39 percent with the inclusion of combination relief associations), and a rough doubling the share of the total volunteer firefighter relief association active membership covered by a defined contribution relief association. There has been a huge growth in the number of deferred volunteer firefighter relief association members over the period 1977-2002, especially between 1996-1997, 2000-2001, and 2001-

2002, and with the biggest growth in the number of deferred members in defined contribution volunteer firefighter relief associations. The small number of total deferred volunteer firefighter relief association members in 1977 is consistent with the modest attention shown to deferred volunteer firefighter issues in the 1979 recodification of volunteer firefighter relief association laws (see Laws 1979, Chapter 201), but the growth in the number of deferred volunteer firefighters correlates with the greater recent demands for changes in the regulation of deferred volunteer firefighter relief association service pensions. Because retired members in volunteer firefighter relief association providing lump sum service pensions are generally not tracked beyond the year of retirement, the retired membership and total membership results are not wholly reliable.

Liabilities, Assets, Fire State Aid, and Municipal Contributions

	1977	1980	1982	1984	1986	1987	1988	1989	1990	1991	1992	1993
<u>Accrued Liabilities</u>												
Lump Sum	14,278,898	29,501,934	40,937,006	52,985,939	59,057,471	60,643,988	68,071,179	78,070,344	86,588,461	92,771,460	94,145,127	102,546,702
Monthly	9,041,863	7,547,661	10,621,672	46,490,469	25,044,975	34,347,349	35,320,800	37,432,078	39,749,215	44,543,835	47,327,072	52,161,236
Combination	--	--	--	--	--	--	--	--	--	--	--	2,454,593
Defined Contrib.	1,444,286	1,219,645	2,094,808	4,417,375	5,927,094	6,449,852	8,704,595	9,581,000	10,434,995	11,349,299	16,586,370	18,095,687
Total Accr. Liab.	24,765,047	38,269,240	53,653,486	103,893,783	90,029,540	101,441,189	112,096,574	125,083,422	136,772,671	148,664,594	158,058,569	175,258,218
<u>Assets</u>												
Lump Sum	15,054,337	29,791,110	40,565,620	51,654,774	61,032,069	62,395,065	69,774,320	80,004,613	86,825,688	95,265,007	95,375,295	105,920,681
Monthly	8,211,852	7,250,784	9,900,259	31,055,648	23,220,944	31,624,291	32,759,213	34,603,998	36,463,717	40,225,667	46,002,578	47,765,817
Combination	--	--	--	--	--	--	--	--	--	--	--	2,196,505
Defined Contrib.	1,444,286	1,219,645	2,094,808	4,417,375	5,927,094	6,449,852	8,704,595	9,581,000	10,434,995	11,349,299	16,586,370	18,095,687
Total Assets	24,710,475	38,261,539	52,560,687	87,127,797	90,180,107	100,469,208	111,238,128	124,189,611	133,724,400	146,839,973	157,964,243	173,978,690
<u>Normal Cost</u>												
Lump Sum	1,470,015	498,536	3,926,658	5,212,341	5,058,195	5,273,113	4,994,302	5,964,120	8,224,582	9,004,068	8,965,833	9,921,518
Monthly	463,651	337,988	515,211	1,503,450	934,147	957,484	859,673	755,699	1,355,894	1,575,915	1,600,109	1,625,173
Combination	--	--	--	--	--	--	--	--	--	--	--	120,725
Defined Contrib.	151,019	500	8,769	32,776	504,008	539,181	632,067	616,205	611,359	603,678	919,866	855,696
Total Normal Cost	2,084,685	837,024	4,450,638	6,748,567	6,496,350	6,769,778	6,486,042	7,336,024	10,191,835	11,183,661	11,485,808	12,523,112
<u>Fire State Aid</u>												
Lump Sum	1,419,035	2,912,095	3,690,695	4,047,173	4,512,805	4,552,052	4,733,327	4,881,199	4,805,462	4,929,212	4,739,140	4,242,494
Monthly	602,368	581,600	693,007	1,276,954	1,320,346	1,700,437	1,684,158	1,609,808	1,620,559	1,667,813	1,801,399	1,548,161
Combination	--	--	--	--	--	--	--	--	--	--	--	154,328
Defined Contrib.	143,460	166,375	205,638	334,357	430,992	436,382	550,993	533,395	517,789	504,419	774,684	707,024
Total Fire State Aid	2,164,863	3,660,070	4,589,340	5,658,484	6,264,143	6,688,871	6,968,478	7,024,402	6,943,810	7,101,444	7,315,223	6,652,007
<u>Municipal Contribution</u>												
Lump Sum	357,973	664,700	834,832	1,197,277	1,299,731	1,176,333	1,246,509	1,557,416	1,842,447	1,858,245	2,281,421	2,613,573
Monthly	277,370	164,259	284,988	2,434,045	441,115	751,488	620,926	633,533	739,970	849,286	1,085,807	1,223,934
Combination	--	--	--	--	--	--	--	--	--	--	--	37,957
Defined Contrib.	21,569	11,296	26,879	36,797	73,016	102,799	81,074	82,810	93,570	99,259	145,182	148,672
Total Mun. Contr.	656,912	840,255	1,146,699	3,668,119	1,813,862	2,030,620	1,948,509	2,273,759	2,675,987	2,806,790	3,512,410	4,024,136
Year:	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<u>Accrued Liabilities</u>												
Lump Sum	107,486,014	113,855,616	119,936,745	130,642,738	145,966,781	150,761,568	171,611,378	186,795,976	192,569,597	194,794,196	203,853,989	213,118,264
Monthly	28,830,599	24,678,407	14,839,392	17,085,291	20,340,226	14,338,052	15,008,219	16,915,086	12,923,387	17,273,137	17,553,960	17,955,395
Combination	27,615,459	28,819,704	38,743,123	39,644,188	42,204,240	54,526,028	54,173,717	57,952,711	62,876,598	64,965,158	66,391,848	71,303,719
Defined Contrib.	17,590,749	25,919,681	28,832,841	38,390,049	44,757,368	50,606,325	47,427,772	47,259,294	43,432,178	52,255,072	59,427,576	63,913,404
Total Accr. Liab.	181,522,821	193,273,408	202,352,101	225,762,266	253,268,615	270,231,973	288,221,086	308,923,067	311,801,760	329,287,563	347,227,373	366,290,782
<u>Assets</u>												
Lump Sum	105,073,259	122,226,938	133,172,234	153,037,774	172,113,829	179,343,843	183,279,497	179,424,046	165,317,015	191,684,693	212,747,877	225,090,170
Monthly	27,362,519	22,953,953	13,813,247	16,602,144	20,504,773	14,132,149	13,960,203	13,385,232	9,532,988	14,070,080	15,517,757	16,703,427
Combination	21,609,884	25,008,817	37,619,149	40,851,421	43,579,741	59,072,419	55,443,773	51,172,825	47,442,209	58,629,038	63,251,682	68,547,108
Defined Contrib.	17,590,749	25,919,681	28,832,841	38,390,049	44,757,368	50,606,325	47,427,772	47,259,294	43,432,178	52,255,072	59,427,576	63,913,404
Total Assets	171,636,411	196,109,389	213,437,471	248,881,388	280,955,711	303,154,736	300,111,245	291,241,397	265,724,390	316,638,883	350,944,892	374,254,109
<u>Normal Cost</u>												
Lump Sum	10,211,254	10,869,651	11,214,171	12,219,929	13,311,487	13,514,162	15,189,092	16,483,865	16,892,504	17,049,848	17,789,289	18,575,701
Monthly	875,806	686,563	346,433	358,792	470,770	284,860	312,019	340,067	261,434	306,217	328,271	363,133
Combination	939,552	981,755	1,322,315	1,269,951	1,307,322	1,515,019	1,662,901	1,674,601	1,844,560	1,949,341	1,868,049	1,966,756
Defined Contrib.	928,280	1,411,551	2,098,195	2,684,271	2,553,138	2,640,890	2,753,206	3,004,038	3,288,331	3,759,743	4,644,018	4,655,090
Total Normal Cost	12,954,892	13,949,520	14,981,114	16,532,943	17,642,717	17,954,931	19,917,218	21,502,571	22,286,829	23,065,149	24,629,627	25,560,680
<u>Fire State Aid</u>												
Lump Sum	4,950,397	5,211,582	8,060,595	7,140,394	7,731,336	7,391,107	7,937,916	8,644,841	9,378,276	11,297,078	14,484,884	14,064,593
Monthly	858,681	689,483	512,496	554,859	643,057	379,802	395,685	426,640	418,469	611,511	800,985	756,976
Combination	934,346	995,205	1,486,949	1,434,117	1,386,971	1,765,592	1,753,859	1,789,869	2,148,174	2,656,437	3,370,816	3,260,210
Defined Contrib.	782,147	1,172,687	1,536,620	1,855,313	2,038,308	2,091,608	2,212,814	2,385,099	2,639,147	3,206,483	4,111,912	3,993,034
Total Fire State Aid	7,525,571	8,068,957	11,596,660	10,984,683	11,799,672	11,628,109	12,300,274	13,246,449	14,584,066	17,771,509	22,768,597	22,074,813
<u>Municipal Contribution</u>												
Lump Sum	2,691,177	2,803,095	3,276,302	2,680,940	2,442,795	2,360,961	2,375,285	2,732,044	4,202,331	4,806,194	5,562,093	4,140,141
Monthly	613,418	724,911	341,465	305,466	353,220	273,287	279,476	309,149	176,255	307,461	386,110	511,574
Combination	680,895	870,130	1,029,153	1,010,042	1,029,535	1,113,773	1,069,395	1,106,226	1,351,792	1,553,591	1,331,760	1,239,171
Defined Contrib.	146,133	238,864	561,575	828,958	514,830	549,282	540,332	618,939	649,184	553,260	532,106	662,056
Total Mun. Contr.	4,131,623	4,637,000	5,208,495	4,825,406	4,340,380	4,297,303	4,264,488	4,766,358	6,379,562	7,220,506	7,812,069	6,552,942

Over the period 1977-2005, there has been a significant increase in volunteer firefighter relief association accrued liabilities, with a 9.6 percent annual compound increase rate for lump sum volunteer firefighter relief associations, an 8.2 percent annual compound increase rate for monthly benefit/combination volunteer firefighter relief associations, and a 16.00 percent annual compound increase rate for defined contribution volunteer firefighter relief associations. For defined contribution volunteer firefighter relief associations, the relief association accrued liability is, by definition, equal to the relief association assets.

There has been a general growth in volunteer firefighter relief association assets over the period 1977-2005, until 2000-2001, when there was a general decline in the size of volunteer firefighter relief association assets, with a rebound after 2002.

There also has been a significant increase in the normal cost of volunteer firefighter relief associations, especially in lump sum volunteer firefighter relief associations. For defined contribution volunteer firefighter relief associations, the normal cost figure is the sum of the relief association's fire state aid and municipal contributions.

Fire state aid for volunteer firefighter relief associations has grown considerably over the period 1977-2005, at an 8.2 percent annual compound increase rate. However, the fire state aid pays a smaller portion of the normal cost of volunteer firefighter relief association in 2005 than it did in 1977.

The average amount of fire state aid per active member in 2005 was \$1,323.99, with:

- monthly benefit volunteer firefighter relief associations receiving an average of \$3,803.90 in fire state aid per active member in 2005;
- combination volunteer firefighter relief associations having an average of \$3,764.68 in fire state aid per active member in 2005;
- lump sum volunteer firefighter relief associations receiving an average of \$1,049.13 in fire state aid per active member in 2005; and
- defined contribution volunteer firefighter relief associations receiving an average of \$1,813.37 in fire state aid per active member in 2005.

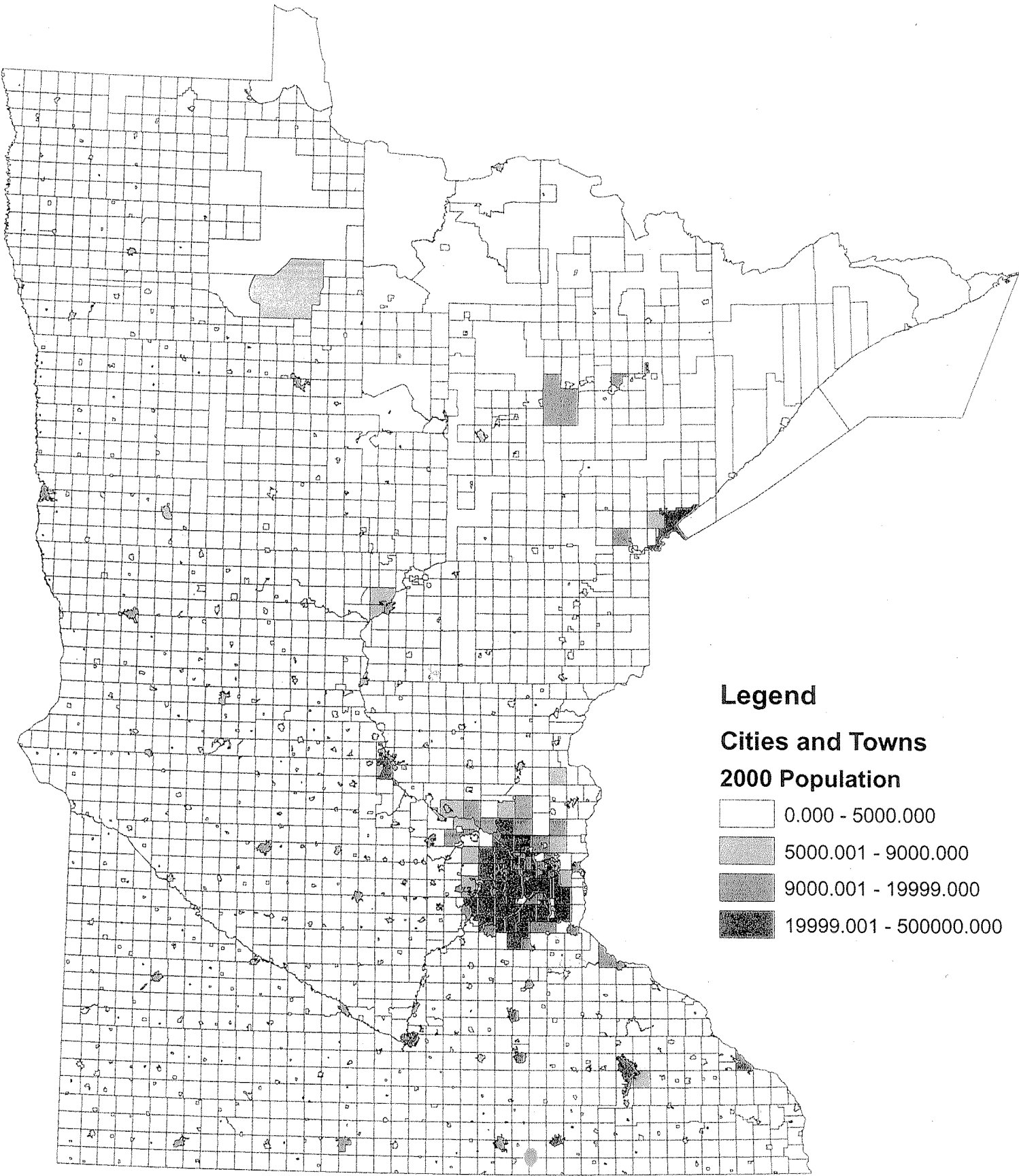
The average per active member fire state aid amounts in 1977 were \$378.37 for monthly benefit volunteer firefighter relief associations, \$130.01 for lump sum volunteer firefighter relief associations, and \$114.22 for defined contribution volunteer firefighter relief associations.

Although total municipal contributions to volunteer firefighter relief associations also grew at an 8.2 percent annual compound increase rate over the period 1977-2005, the portion of the volunteer firefighter relief association normal cost paid by the municipal contribution has dropped from 31.5 percent of the normal cost in 1977 to 25.6 percent of normal cost in 2005.

The average amount of municipal contribution per active firefighter in 2005 varies, following essentially the same pattern as with the average amount of fire state aid, with combination volunteer firefighter relief associations receiving an average of \$1,430.91 in municipal contributions, with:

- monthly benefit volunteer firefighter relief associations receiving an average of \$2,570.72 in municipal contributions;
- combination volunteer firefighter relief associations receiving an average of \$1,430.91 in municipal contributions;
- lump sum volunteer firefighter relief associations receiving an average of \$308.83 in municipal contributions; and
- defined contribution volunteer firefighter relief associations receiving an average of \$300.66 in municipal contributions.

Attachment B



Legend

Cities and Towns

2000 Population

0.000 - 5000.000
5000.001 - 9000.000
9000.001 - 19999.000
19999.001 - 500000.000

1.1 moves to amend H.F. No. 3895; S.F. No. 3630, as follows:

1.2 Page 15, line 31, delete "8.5" and insert "five"

1.1 moves to amend H.F. No. 3895; S.F. No. 3630, as follows:

1.2 Page 26, line 40, delete:

1.3 "5.0 5.0"

1.4 and insert:

1.5 "8.5 8.5"

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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3895**

March 10, 2008

Authored by Murphy, M.; Smith; Kahn and Rukavina

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

A bill for an act

relating to retirement; volunteer firefighters; establishing a voluntary statewide lump-sum retirement plan; making conforming changes to existing volunteer firefighter laws; appropriating money; amending Minnesota Statutes 2006, sections 69.011, subdivisions 1, 2, 4; 69.021, subdivisions 4, 7, 9; 69.031, subdivision 1; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivisions 8, 11; 356.401, subdivision 3; 356A.01, subdivision 24; 356B.05; proposing coding for new law as Minnesota Statutes, chapter 424C.

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

ARTICLE 1

VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN

Section 1. [424C.01] VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN; ESTABLISHMENT.

(a) A voluntary statewide lump-sum volunteer firefighter retirement plan is established.

(b) The plan is governed by this chapter and the applicable provisions of chapters 356 and 356A.

Sec. 2. [424C.02] DEFINITIONS.

Subdivision 1. Definitions. For purposes of this chapter, unless the context clearly indicates otherwise, the terms or phrases in this section have the meanings given them.

Subd. 2. Actuary. "Actuary" means the approved actuary retained under section 356.214.

Subd. 3. Ancillary benefits. "Ancillary benefits" means any benefit other than a service pension under section 424C.08, subdivision 6.

2.1 Subd. 4. **Deferred service pension.** "Deferred service pension" means the benefit
2.2 payable under section 424C.08, subdivision 4, to a former firefighter who was a plan
2.3 member, meets the vesting requirement of section 424C.08, subdivision 3, and has not yet
2.4 applied for or received a service pension from the plan.

2.5 Subd. 5. **Deferred service pensioner.** "Deferred service pensioner" means a former
2.6 firefighter and a former active plan member who is entitled to a deferred service pension.

2.7 Subd. 6. **Executive director.** "Executive director" means the executive director of
2.8 the Minnesota State Retirement System appointed under section 352.03, subdivision 4.

2.9 Subd. 7. **Fire department.** "Fire department" means the agency or department of a
2.10 municipality or an independent nonprofit firefighting corporation that is charged with the
2.11 prevention and suppression of fire and other related emergency activities.

2.12 Subd. 8. **Fire state aid.** "Fire state aid" means the amount of aid payable to a
2.13 municipality or an independent nonprofit firefighting corporation under sections 69.021,
2.14 subdivision 7, and 69.031, subdivision 1.

2.15 Subd. 9. **Firetown.** "Firetown" means the area serviced by any municipality having
2.16 a qualified fire department or a qualified incorporated fire department having a subsidiary
2.17 volunteer firefighters relief association.

2.18 Subd. 10. **Former plan member.** "Former plan member" means a person who was
2.19 an active plan member and is no longer an active plan member.

2.20 Subd. 11. **Governing board.** "Governing board" means the board of the voluntary
2.21 statewide lump-sum volunteer firefighter retirement plan established under section
2.22 424C.01.

2.23 Subd. 12. **Minnesota fire incident report.** "Minnesota fire incident report" means
2.24 the report to the Minnesota state fire marshal that complies with the reporting requirements
2.25 of the National Fire Data Center of the United States Fire Administration under the federal
2.26 Fire Prevention and Control Act of 1974, Public Law 93-498.

2.27 Subd. 13. **Minnesota State Retirement System.** "Minnesota State Retirement
2.28 System" means the retirement plan administration established under section 352.03.

2.29 Subd. 14. **Municipality.** "Municipality" means a city, town, township, joint powers
2.30 agency with a fire department, or an American Indian tribal government located on a
2.31 federally recognized American Indian reservation with a fire department.

2.32 Subd. 15. **Normal retirement age.** "Normal retirement age" means the age at which
2.33 a service pension is first payable under section 424C.08, subdivision 3.

2.34 Subd. 16. **Plan member.** "Plan member" means a person who is a volunteer
2.35 firefighter with a fire department in a municipality that has elected to be covered by the
2.36 plan under section 424C.03.

3.1 Subd. 17. **Service pension.** "Service pension" means the benefit specified in section
3.2 424C.08.

3.3 Subd. 18. **State Board of Investment.** "State Board of Investment" means the
3.4 state agency created by the Minnesota Constitution, article XI, section 8, and governed
3.5 by chapter 11A.

3.6 Subd. 19. **Service credit.** "Service credit" means the years and months of
3.7 active service as a volunteer firefighter rendered by a member of a fire department of a
3.8 municipality that has elected to be covered by the plan under section 424C.03 and is
3.9 certified by the fire chief of that fire department as meeting the requirements of the fire
3.10 department as good time.

3.11 Subd. 20. **Vesting requirement.** "Vesting requirement" means the period of service
3.12 credit required of an active plan member to gain a nonforfeitable entitlement to a service
3.13 pension from the plan at or after the attainment of the normal retirement age.

3.14 Subd. 21. **Volunteer firefighter.** "Volunteer firefighter" means a person who meets
3.15 the definition set forth in section 424A.001, subdivision 10.

3.16 Sec. 3. **[424C.03] PLAN COVERAGE; ELECTION.**

3.17 Subdivision 1. **Plan coverage.** Unless otherwise provided for in law, all volunteer
3.18 firefighters who are serving a fire department in a municipality that has elected to have
3.19 retirement coverage by the voluntary statewide lump-sum volunteer firefighter retirement
3.20 plan are covered by the plan.

3.21 Subd. 2. **Election of coverage.** (a) An election of coverage for all volunteer
3.22 firefighters serving a fire department in a municipality may be initiated by:

3.23 (1) the board of trustees of the applicable volunteer firefighter relief association,
3.24 if one covers those volunteer firefighters;

3.25 (2) a group of active volunteer firefighters at least equal to 15 percent of the total
3.26 volunteer firefighter membership of the fire department if there is no applicable volunteer
3.27 firefighter relief association; or

3.28 (3) the governing body of the applicable municipality.

3.29 (b) The coverage election process under this section is initiated by a preliminary
3.30 approval of a resolution relating to the coverage by a majority vote of the board or
3.31 governing body and the filing with the executive director of:

3.32 (1) the resolution;

3.33 (2) a copy of the most recent financial report or statement of the relief association;

3.34 and

4.1 (3) the most recent fire department volunteer firefighter roster, including age and
4.2 volunteer firefighter service credit.

4.3 (c) Upon receipt of the resolution under paragraph (b), the executive director shall
4.4 have prepared an actuarial valuation of the actuarial accrued liability of the proposed
4.5 coverage group calculated by the actuary for the benefit level applicable to the fire
4.6 department under section 424C.08 and an evaluation of the fire department investment
4.7 portfolio, if any, by the State Board of Investment. The executive director shall report
4.8 the results of the special actuarial valuation and of the special investment analysis to the
4.9 applicable relief association and the applicable municipality.

4.10 (d) Upon receipt of the reports from the executive director, the coverage election is
4.11 approved upon a majority vote of the board of the applicable volunteer firefighter relief
4.12 association, if one exists, or upon a majority vote of the active volunteer firefighters of the
4.13 fire department if no volunteer firefighter relief association exists, and upon a majority
4.14 vote of the governing board of the municipality.

4.15 (e) If the approvals do not occur within 180 days of the receipt of the reports from
4.16 the executive director, the question may not reoccur for a period of 365 days following
4.17 that date.

4.18 Subd. 3. **Effective date of coverage.** Coverage by the volunteer statewide
4.19 lump-sum volunteer firefighter retirement plan is effective on the first day of the first
4.20 month following the date on which the executive director certifies to the governing board
4.21 of the municipality and to the board of trustees of the relief association applicable to
4.22 that municipality, if one exists.

4.23 Sec. 4. **[424C.04] DISESTABLISHMENT OF LOCAL RELIEF ASSOCIATION**
4.24 **SPECIAL FUND.**

4.25 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior to
4.26 the effective date of the coverage change under section 424C.03, subdivision 3, the special
4.27 fund of the applicable volunteer firefighter relief association, if one exists, ceases to exist
4.28 as a pension fund of the association and legal title to the assets of the special fund transfers
4.29 to the State Board of Investment, with the beneficial title to the assets of the special fund
4.30 remaining in the applicable volunteer firefighters.

4.31 (b) If the market value of the special fund of the volunteer firefighter relief
4.32 association for which retirement coverage changed under this chapter declines in the
4.33 interval between the date of the most recent financial report or statement under section
4.34 424C.03, subdivision 2, and the special fund disestablishment date, the applicable
4.35 municipality shall transfer an additional amount to the State Board of Investment equal to

5.1 that decline. If more than one municipality utilized the fire department, the municipalities
5.2 shall allocate the additional transfer amount among the various applicable municipalities
5.3 one-half in proportion to the population of each municipality and one-half in proportion
5.4 to the market value of each municipality.

5.5 Subd. 2. **Other relief association changes.** In addition to the transfer and
5.6 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
5.7 of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer
5.8 firefighter retirement coverage, the following changes must occur with respect to the
5.9 applicable volunteer firefighter relief association:

5.10 (1) the relief association board of trustees membership is five, comprised of the fire
5.11 chief of the fire department and four trustees elected by and from the relief association
5.12 membership;

5.13 (2) the relief association may only maintain a general fund, which continues to
5.14 be governed by section 424A.06;

5.15 (3) the relief association is not authorized to receive the proceeds of any state aid or
5.16 to receive any municipal funds; and

5.17 (4) the relief association may not pay any service pension or benefit that was not
5.18 authorized as a general fund disbursement under the articles of incorporation or bylaws of
5.19 the relief association in effect prior to the initiation of the coverage transfer process.

5.20 **Sec. 5. [424C.05] STATEWIDE PLAN GOVERNING BOARD.**

5.21 Subdivision 1. **Function.** The voluntary statewide lump-sum volunteer firefighter
5.22 retirement plan must be managed and administered by the governing board under
5.23 subdivision 2 and by the executive director.

5.24 Subd. 2. **Membership.** (a) The board of the voluntary statewide lump-sum
5.25 volunteer firefighter retirement plan consists of seven persons. The members of the board
5.26 must be appointed by the governor, as follows:

5.27 (1) board seat A: a firefighter from a firetown with a population under 5,000;

5.28 (2) board seat B: a firefighter from a firetown with a population greater than 5,000
5.29 and less than 9,001;

5.30 (3) board seat C: a firefighter from a firetown with a population greater than 9,000
5.31 and less than 20,000;

5.32 (4) board seat D: a firefighter from a firetown with a population greater than 19,999;

5.33 (5) board seat E: a person from a list of three candidates submitted by the governing
5.34 board of the League of Minnesota Cities;

6.1 (6) board seat F: a person from a list of three candidates submitted by the governing
6.2 board of the Minnesota Association of Townships; and

6.3 (7) board seat G: a person who is a member of the public and is knowledgeable
6.4 in pension matters.

6.5 (b) The members of the board must serve staggered terms. Board members holding
6.6 seats A, C, and E have an initial term of one year, expiring June 30, 2009. Board members
6.7 holding seats B and F have an initial term of two years, expiring June 30, 2010. Board
6.8 members holding seats D and G have an initial term of three years, expiring June 30, 2011.
6.9 Subsequent terms for all board seats are three years. Terms continue to the designated
6.10 expiration date or until their successor is appointed, whichever is later.

6.11 (c) Service as a member of the board is uncompensated by the state or the retirement
6.12 fund and does not qualify for the reimbursement of expenses or for any per diem
6.13 allowance.

6.14 (d) A vacancy on the board must be filled by an appointment by the governor in
6.15 accord with any requirement specified in paragraph (a).

6.16 Subd. 3. **Board duties.** (a) The board shall:

6.17 (1) elect a chair;

6.18 (2) establish rules necessary or convenient for the administration of the plan
6.19 consistent with this chapter, chapters 356 and 356A, and any other limitation or
6.20 requirement of law;

6.21 (3) establish a budget for the administration of the plan with the advice of the
6.22 commissioner of finance;

6.23 (4) consider and dispose of or take any other action consistent with law that the
6.24 board deems necessary to resolve issues related to the plan; and

6.25 (5) oversee the administration of the plan by the executive director.

6.26 (b) With respect to the duties undertaken by the executive director under this chapter,
6.27 section 352.03, subdivision 4, clause (5), does not apply.

6.28 Subd. 4. **Fiduciary obligation.** The board and the executive director shall undertake
6.29 their activities in a manner consistent with the applicable provisions of chapter 356A.

6.30 Subd. 5. **Legal advisor; attorney general.** (a) The attorney general is the legal
6.31 advisor of the board and the executive director with respect to the plan.

6.32 (b) The board may sue or be sued or petitioned under this section in the name of
6.33 the board of the system.

6.34 (c) In actions by the board or against the board, the board must be represented
6.35 by the attorney general.

7.1 (d) Venue of actions related to the plan or the board is in the court for the first
7.2 judicial district unless the action is an appeal to the Court of Appeals under section 356.95.

7.3 Subd. 6. Information from municipalities and fire departments. Municipalities
7.4 and fire departments with volunteer firefighters covered by the plan shall provide all
7.5 relevant information and records that the board or the executive director requires to
7.6 perform their duties.

7.7 Sec. 6. **[424C.06] TREASURER.**

7.8 (a) The commissioner of finance is the ex officio treasurer of the retirement fund of
7.9 the retirement plan.

7.10 (b) The general bond to the state covers all liability for actions as treasurer of the
7.11 fund.

7.12 (c) Funds of the retirement plan received by the commissioner of finance must be set
7.13 aside in the state treasury to the credit of the retirement fund. The provisions of section
7.14 352.05 govern the processing of these funds.

7.15 Sec. 7. **[424C.07] FUND INVESTMENT; STATE BOARD OF INVESTMENT.**

7.16 (a) The executive director shall, from time to time, certify to the executive director
7.17 of the State Board of Investment any portions of the retirement fund that, in the judgment
7.18 of the executive director, are not required for immediate use.

7.19 (b) Assets transferred to the State Board of Investment must be invested in the
7.20 combined investment funds under section 11A.14 and a portion of the fund may be
7.21 transferred to the Minnesota postretirement investment fund under section 11A.18.

7.22 Sec. 8. **[424C.08] SERVICE PENSION; BENEFIT CATEGORIES.**

7.23 Subdivision 1. Lump-sum service pensions. The service pension to be provided
7.24 by the retirement plan is a lump-sum service pension. The lump-sum service pension
7.25 payable to a retiring volunteer firefighter is the amount credited to the firefighter during
7.26 active service since the applicable municipality and volunteer firefighter relief association,
7.27 if any, elected coverage by the plan based on the service pension level under subdivision 2
7.28 applicable to each period of service.

7.29 Subd. 2. Lump-sum benefit levels. (a) Based on the magnitude of fire department
7.30 calls and fire state aid under paragraph (b), an active firefighter of a fire department
7.31 covered by the plan is entitled to the applicable lump-sum service pension amount for
7.32 each year of good time service credit or 1/12th fraction of the amount for each month
7.33 of good time service credit. If the magnitude of fire department calls or the magnitude

8.1 of fire state aid equal or exceed an amount specified in paragraph (c), the combined
8.2 amount is the applicable lump-sum benefit level. If the magnitude amount is at least 85
8.3 percent of the specified magnitude amount for the next higher lump-sum benefit level,
8.4 the applicable municipality may elect to provide the higher lump-sum benefit level by
8.5 filing with the executive director a resolution to that effect approved by the governing
8.6 body of the municipality.

8.7 (b) Annually, before April 1, the state fire marshal shall calculate the three-year
8.8 average number of calls to which each fire department with volunteer firefighters
8.9 covered by the plan responded as reported in the Minnesota Fire Information Report and
8.10 shall certify that calculation to the executive director. Based on the state fire marshal
8.11 certification and the most recent amount of fire state aid attributable to the applicable
8.12 fire department as certified by the commissioner of revenue, the executive director shall
8.13 credit each active volunteer firefighter with the applicable service pension amount for that
8.14 calendar year or portion of that calendar year.

8.15 (c) The lump-sum service pension amounts are as follows:

8.16	<u>average number of fire</u>	
8.17	<u>department calls</u>	<u>call portion service pension</u>
8.18	<u>.....</u>	<u>\$500 per year</u>
8.19	<u>.....</u>	<u>\$750 per year</u>
8.20	<u>.....</u>	<u>\$1,000 per year</u>
8.21	<u>.....</u>	<u>\$1,250 per year</u>
8.22	<u>.....</u>	<u>\$1,500 per year</u>
8.23	<u>.....</u>	<u>\$1,750 per year</u>
8.24	<u>.....</u>	<u>\$2,000 per year</u>
8.25		<u>plus</u>
8.26	<u>fire state aid</u>	<u>fire state aid portion service pension</u>
8.27	<u>.....</u>	<u>\$500 per year</u>
8.28	<u>.....</u>	<u>\$750 per year</u>
8.29	<u>.....</u>	<u>\$1,000 per year</u>
8.30	<u>.....</u>	<u>\$1,250 per year</u>
8.31	<u>.....</u>	<u>\$1,500 per year</u>
8.32	<u>.....</u>	<u>\$1,750 per year</u>
8.33	<u>.....</u>	<u>\$2,000 per year</u>

8.34 Subd. 3. **Service pension eligibility.** (a) An active volunteer firefighter associated
8.35 with a fire department covered by the retirement plan who terminates on-call firefighter
8.36 employment by or active firefighter service for the fire department, attains the age of at
8.37 least 50 years, or if the municipality has designated a later volunteer firefighter minimum
8.38 retirement age by governing body resolution, the designated minimum retirement age,
8.39 has at least five years of service credited by the plan, and has at least five years of service

9.1 rendered since first becoming covered by the retirement plan is entitled, upon written
 9.2 application on a form prescribed by the executive director, to a lump-sum service pension
 9.3 from the plan.

9.4 (b) If the retiring firefighter has rendered at least 20 years of service credit covered
 9.5 by the plan or at least 20 years of combined service credit covered by the plan and service
 9.6 credit in the prior applicable volunteer firefighter relief association, as certified by the
 9.7 volunteer firefighter relief association secretary prior to the disestablishment of the relief
 9.8 association special fund, the retiring firefighter is eligible for an unreduced service pension.

9.9 (c) If the retiring firefighter has rendered less than the 20 years of service credit
 9.10 covered by the plan or combined service credit covered by the plan and service credit
 9.11 in the prior applicable volunteer firefighter relief association under paragraph (b), the
 9.12 retiring firefighter is eligible for the following nonforfeitable percentage of the credited
 9.13 service pension amount:

9.14	<u>completed years of service or combined</u>	<u>nonforfeitable percentage of credited</u>
9.15	<u>service credit</u>	<u>service pension amount</u>
9.16	<u>5</u>	<u>40 percent</u>
9.17	<u>6</u>	<u>44 percent</u>
9.18	<u>7</u>	<u>48 percent</u>
9.19	<u>8</u>	<u>52 percent</u>
9.20	<u>9</u>	<u>56 percent</u>
9.21	<u>10</u>	<u>60 percent</u>
9.22	<u>11</u>	<u>64 percent</u>
9.23	<u>12</u>	<u>68 percent</u>
9.24	<u>13</u>	<u>72 percent</u>
9.25	<u>14</u>	<u>76 percent</u>
9.26	<u>15</u>	<u>80 percent</u>
9.27	<u>16</u>	<u>84 percent</u>
9.28	<u>17</u>	<u>88 percent</u>
9.29	<u>18</u>	<u>92 percent</u>
9.30	<u>19</u>	<u>96 percent</u>

9.31 Subd. 4. **Deferred service pension.** (a) A volunteer firefighter covered by the plan
 9.32 is entitled to a deferred service pension if the person:

9.33 (1) has completed at least five years of service covered by the plan; and

9.34 (2) has terminated on-call firefighter employment by the applicable fire department
 9.35 or has ceased rendering active firefighting service for the applicable fire department before
 9.36 age 50 or the minimum retirement age designated by the municipality under subdivision
 9.37 3, if later.

10.1 (b) The deferred service pension is payable when the former volunteer firefighter has
10.2 attained at least age 50 or the applicable minimum retirement age and applies for a service
10.3 pension in writing on a form prescribed by the executive director.

10.4 (c) The deferred service pension amount is the service pension amount credited
10.5 to the firefighter under subdivision 2, adjusted for service credit less than 20 years as
10.6 provided in subdivision 3, and without any interest or investment performance amount.

10.7 Subd. 5. **Installment payments.** (a) A retiring firefighter covered by the plan may
10.8 elect to receive the service pension in installment payments in lieu of a single lump-sum
10.9 service pension payment.

10.10 (b) The installment payment election must be made in writing on a form prescribed
10.11 by the executive director, must be filed no later than 30 days before the service pension
10.12 payment date, and is irrevocable.

10.13 (c) The service pension may be paid in three installments, four installments, or five
10.14 installments, as elected by the retiring firefighter.

10.15 (d) The installment payment amounts must be determined so that the present value
10.16 of the aggregate installment payments, computed at an interest rate of five percent,
10.17 compounded annually, is equal to the amount of the single lump-sum payment that would
10.18 have been made had no installment payments been elected.

10.19 Subd. 6. **Ancillary benefits.** (a) If a volunteer firefighter has rendered sufficient
10.20 service credit to be eligible for a future payment of a service pension, but no service
10.21 pension under subdivisions 2 and 3 or subdivision 4 has been paid, an amount equal
10.22 to the service pension under subdivision 3 may be paid as an ancillary benefit. Only
10.23 one ancillary benefit may be paid.

10.24 (b) If the active volunteer firefighter becomes physically or mentally incapable of
10.25 rendering volunteer firefighter services due to a medically determinable injury or illness
10.26 and terminates service as a firefighter as a result of that injury or illness, the person may
10.27 apply for a disability benefit in lieu of any service pension under the plan and is entitled to
10.28 receive an immediate disability benefit in an amount equal to the earned service pension
10.29 under subdivisions 2 and 3 or subdivision 4, whichever applies.

10.30 (c) If an active volunteer firefighter dies or if a former volunteer firefighter dies
10.31 without receiving a service pension or disability benefit under this section, the survivor
10.32 of the person is entitled to receive an immediate death benefit in an amount equal to the
10.33 earned service pension under subdivisions 2 and 3 or subdivision 4, whichever applies.
10.34 The survivor under this paragraph is the legally married spouse of the firefighter, or if
10.35 none, the surviving child or surviving children jointly of the firefighter, or if none, the
10.36 beneficiary designated by the firefighter, or if none, the estate of the firefighter.

11.1 Subd. 7. **Purchase of annuity contracts.** The executive director may purchase an
11.2 annuity contract on behalf of a retiring firefighter in an amount equal to the lump sum
11.3 service pension payable under subdivision 3 if the purchase was requested by the retiring
11.4 firefighter in writing on a form prescribed by the executive director. The annuity contract
11.5 must be purchased from an insurance carrier which is licensed to do business in this
11.6 state and the annuity contract must be approved by the commissioner of commerce. If
11.7 purchased, the annuity contract is in lieu of any service pension or other benefit from the
11.8 retirement plan. The annuity contract may be purchased at any time after the volunteer
11.9 firefighter discontinues active service, but the annuity contract must stipulate that no
11.10 annuity amounts are payable before the former volunteer firefighter attains the age of 50.

11.11 Subd. 8. **Transfer to individual retirement account.** Upon receipt of a
11.12 determination that the retirement plan is a qualified pension plan under section 401(a) of
11.13 the Internal Revenue Code, as amended, the executive director, upon request, shall transfer
11.14 the service pension amount under subdivision 3 of a former volunteer firefighter who
11.15 has terminated active firefighting services covered by the plan to the person's individual
11.16 retirement account under section 408(a) of the Internal Revenue Code, as amended. The
11.17 transfer request must be in writing on a form prescribed by the executive director and
11.18 must be filed by the former volunteer firefighter who has sufficient service credit to be
11.19 entitled to a service pension or, following the death of a participating active firefighter,
11.20 must be filed by the deceased firefighter's surviving spouse.

11.21 Sec. 9. **[424C.09] SERVICE CREDIT FOR UNIFORMED SERVICE.**

11.22 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a
11.23 volunteer firefighter who serves a fire department that is covered by the retirement plan
11.24 and who is absent from firefighting service due to service in the uniformed services, as
11.25 defined in United States Code, title 38, section 4303(13), may obtain service credit for that
11.26 military service period, not to exceed five years, unless a longer period is required under
11.27 United States Code, title 38, section 4312.

11.28 Subd. 2. **Limitations.** (a) To be eligible for service credit under this section, the
11.29 volunteer firefighter must return to firefighting service covered by the retirement plan
11.30 upon discharge from service in the uniformed service within the time frame required in
11.31 United States Code, title 38, section 4312(e).

11.32 (b) Service credit is not authorized if the firefighter separates from uniformed service
11.33 with a dishonorable or bad conduct discharge or under other than honorable conditions.

12.1 (c) Service credit is not authorized if the firefighter fails to provide notice to the fire
12.2 department that the individual is leaving to provide service in the uniformed service,
12.3 unless it is not feasible to provide that notice due to the emergency nature of the situation.

12.4 Sec. 10. **[424C.10] SUPPLEMENTAL VOLUNTEER FIREFIGHTER BENEFIT.**

12.5 Subdivision 1. Definitions. For purposes of this section:

12.6 (1) "active volunteer firefighter" means a person who regularly renders fire
12.7 suppression service for a municipal fire department or an independent nonprofit
12.8 firefighting corporation, who has met the statutory and other requirements for retirement
12.9 plan membership, and who has been a fully qualified member of the retirement plan for
12.10 at least one month; and

12.11 (2) "deferred volunteer firefighter" means a former active volunteer firefighter who
12.12 terminated active firefighting service, has sufficient service credit from the retirement plan
12.13 to be entitled to a service pension, but has not applied for or has not received the service
12.14 pension.

12.15 (3) "qualified recipient" means an individual who receives a lump-sum distribution
12.16 of pension or retirement benefits from the retirement plan for service that the individual
12.17 has performed as a volunteer firefighter;

12.18 (4) "survivor of a deceased active or deferred volunteer firefighter" means the legally
12.19 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or
12.20 minor children of a deceased volunteer firefighter;

12.21 Subd. 2. Payment of supplemental benefit. (a) Upon the payment by a firefighters
12.22 relief association of a lump-sum distribution to a qualified recipient, the retirement plan
12.23 must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the
12.24 contrary, the retirement plan may pay the supplemental benefit to the qualified recipient
12.25 from the retirement fund. The amount of this benefit equals ten percent of the regular lump
12.26 sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter.
12.27 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental
12.28 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred
12.29 volunteer firefighter in that capacity.

12.30 (b) Upon the payment by the retirement plan of a lump-sum survivor benefit to a
12.31 survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer
12.32 firefighter, the retirement plan must pay a supplemental survivor benefit to the survivor
12.33 of the deceased active or deferred volunteer firefighter from the retirement fund. The
12.34 amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not
12.35 to exceed \$2,000.

13.1 (c) An individual may receive a supplemental benefit under paragraph (a) or
 13.2 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
 13.3 firefighter benefit.

13.4 Subd. 3. **State reimbursement.** (a) By February 15 of each year, the executive
 13.5 director, on behalf of the retirement fund, shall apply to the commissioner of revenue for
 13.6 state reimbursement of the amount of supplemental benefits paid under subdivision 2
 13.7 during the preceding calendar year. By March 15, the commissioner shall reimburse the
 13.8 retirement fund for the amount of the supplemental benefits paid to qualified recipients
 13.9 and to survivors of deceased active or deferred volunteer firefighters.

13.10 (b) The commissioner of revenue shall prescribe the form of and supporting
 13.11 information that must be supplied as part of the application for state reimbursement.

13.12 (c) The reimbursement payment must be deposited in the retirement fund.

13.13 (d) A sum sufficient to make the payments is appropriated from the general fund
 13.14 to the commissioner of revenue.

13.15 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided
 13.16 by this section is in lieu of the state income tax exclusion for lump-sum distributions of
 13.17 retirement benefits paid to volunteer firefighters.

13.18 (b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum
 13.19 distributions from state income taxation, the supplemental benefits under this section
 13.20 may no longer be paid beginning with the first calendar year in which the exclusion or
 13.21 exemption is effective. This subdivision does not apply to exemption of all or part of a
 13.22 lump-sum distribution under section 290.032 or 290.0802.

13.23 Subd. 5. **Coordination with section 424A.10.** If a supplemental benefit is payable
 13.24 to an individual under this section and section 424A.10, the supplemental benefit payable
 13.25 by the retirement plan may not exceed the unpaid balance of the applicable limit under
 13.26 section 424A.10 and the state reimbursement of the retirement fund for a supplemental
 13.27 benefit from the retirement plan may not exceed that amount.

13.28 Sec. 11. **[424C.11] RETIREMENT FUND; FUNDING.**

13.29 Subdivision 1. **Fund created.** (a) A special fund, the statewide volunteer firefighter
 13.30 retirement fund, is created in the state treasury.

13.31 (b) Assets of volunteer firefighter relief association special funds electing to be
 13.32 transferred to the plan, fire state aid related to participating fire departments, supplemental
 13.33 fire state aid related to covered firefighters, municipal contributions, and investment
 13.34 earnings on accumulated fund assets must be deposited in the statewide volunteer
 13.35 firefighter retirement fund.

14.1 (c) Service pensions, supplemental benefits, ancillary benefits if no service pension
14.2 is payable, and administrative expenses must be paid from the statewide volunteer
14.3 firefighter retirement fund.

14.4 (d) The fund must be invested in the combined investment fund under section
14.5 11A.14.

14.6 Subd. 2. **Transfers of relief association special fund assets.** (a) Following the
14.7 election of coverage by the retirement plan under section 424C.03, on or before the
14.8 effective date of coverage under section 424C.03, subdivision 3, and after satisfying any
14.9 accounts payable from the special fund, the president, secretary, and treasurer of the
14.10 volunteer firefighter relief association shall direct the depository bank or other holder of
14.11 legal title of the applicable volunteer firefighter relief association special fund assets to
14.12 convey those assets to the executive director for deposit in the retirement fund and execute
14.13 the necessary documentation to authorize or order that conveyance.

14.14 (b) If the transferred assets include investment securities that are determined by the
14.15 executive director of the State Board of Investment as being ineligible or inappropriate for
14.16 investment by the State Board of Investment, the executive director of the State Board of
14.17 Investment shall liquidate those ineligible or inappropriate investment securities as soon
14.18 as practicable following the transfer and deposit the proceeds of the sale in the fund.

14.19 (c) Following the transfer of special fund assets, the actuary shall calculate the
14.20 actuarial accrued liability attributable to the municipality for past service by volunteer
14.21 firefighters with subsequent coverage by the retirement plan at the service pension amount
14.22 applicable to those firefighters. If the transferred special fund assets are greater than
14.23 the calculated actuarial accrued liability, the municipality has a credit to offset against
14.24 future regular municipal contributions under subdivision 5. If the transferred special fund
14.25 assets are less than the calculated actuarial accrued liability, the municipality must pay
14.26 an additional municipal contribution under subdivision 6.

14.27 Subd. 3. **Fire state aid deposit.** (a) Notwithstanding any provision of sections
14.28 69.011 to 69.051, for firetowns with volunteer firefighters covered by the retirement plan,
14.29 the commissioner of revenue shall transmit the fire state aid, including any minimum
14.30 fire state aid, calculated for the applicable municipality to the retirement fund rather
14.31 than to the municipality.

14.32 (b) If a municipality fails to file for fire state aid or fails to qualify for fire state aid
14.33 under section 69.011, and consequently no fire state aid on account of that municipality is
14.34 deposited in the retirement fund, the municipality shall pay an amount equal to the fire
14.35 state aid for which the municipality would have otherwise qualified. The municipality
14.36 shall pay the fire state aid equivalent amount on or before November 1.

Subd. 4. **Supplemental benefit reimbursement.** Notwithstanding any provisions of section 424C.10 to the contrary, a state reimbursement of a volunteer firefighter supplemental benefit must be deposited in the retirement fund.

Subd. 5. **Regular municipal contribution.** (a) The municipality in which a fire department served by volunteer firefighters covered by the retirement plan is located must make a regular municipal contribution.

(b) The regular municipal contribution amount is a function of the lump-sum service pension amount applicable to the respective volunteer firefighters, as follows:

<u>total lump-sum service pension amount</u>	<u>regular municipal contribution amount</u>
<u>Less than \$1,500 per year</u>	<u>\$200 per year per firefighter</u>
<u>More than \$1,499 and less than \$2,000 per year</u>	<u>\$300 per year per firefighter</u>
<u>More than \$1,999 and less than \$2,500 per year</u>	<u>\$400 per year per firefighter</u>
<u>More than \$2,499 and less than \$3,000 per year</u>	<u>\$500 per year per firefighter</u>
<u>More than \$2,999 and less than \$3,500 per year</u>	<u>\$600 per year per firefighter</u>
<u>More than \$3,499 and less than \$4,000 per year</u>	<u>\$700 per year per firefighter</u>
<u>More than \$3,999 per year</u>	<u>\$800 per year per firefighter</u>

(c) The regular municipal contribution is payable June 15 annually.

Subd. 6. **Additional municipal contribution.** (a) If the municipality had transferred volunteer firefighter relief association special fund assets in an amount less than the actuarial accrued liability for the associated volunteer firefighters at the service pension level applicable following the coverage transferral date, the municipality must also make an additional annual municipal contribution.

(b) The amount of the additional annual municipal contribution is the annual dollar amount required to amortize the transferred asset shortfall amount over a period of five years from the date of the asset transfer, calculated on a level dollar amortization basis and assuming an annual interest rate of 8.5 percent.

(c) The additional annual municipal contribution is payable on the anniversary date of the asset transfer.

Sec. 12. **APPROPRIATION.**

\$150,000 is appropriated to the Minnesota State Retirement System for deposit in the statewide volunteer firefighter retirement fund, once it is created, and for disbursement to meet the expenses of the retirement plan and fund created by this article.

16.1 Sec. 13. EFFECTIVE DATE.

16.2 Sections 1 to 12 are effective July 1, 2008.

16.3 **ARTICLE 2**

16.4 **CONFORMING AMENDMENTS**

16.5 Section 1. Minnesota Statutes 2006, section 69.011, subdivision 1, is amended to read:

16.6 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a
16.7 different meaning is intended, the following words and terms shall for the purposes of this
16.8 chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

16.9 (a) "Commissioner" means the commissioner of revenue.

16.10 (b) "Municipality" means:

16.11 (1) a home rule charter or statutory city;

16.12 (2) an organized town;

16.13 (3) a park district subject to chapter 398;

16.14 (4) the University of Minnesota;

16.15 (5) for purposes of the fire state aid program only, an American Indian tribal
16.16 government entity located within a federally recognized American Indian reservation;

16.17 (6) for purposes of the police state aid program only, an American Indian tribal
16.18 government with a tribal police department which exercises state arrest powers under
16.19 section 626.90, 626.91, 626.92, or 626.93;

16.20 (7) for purposes of the police state aid program only, the Metropolitan Airports
16.21 Commission with respect to peace officers covered under chapter 422A; and

16.22 (8) for purposes of the police state aid program only, the Department of Natural
16.23 Resources and the Department of Public Safety with respect to peace officers covered
16.24 under chapter 352B.

16.25 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
16.26 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
16.27 leakage and extended coverage premiums received upon risks located or to be performed
16.28 in this state less return premiums and dividends.

16.29 (d) "Firetown" means the area serviced by any municipality having a qualified fire
16.30 department or a qualified incorporated fire department having a subsidiary volunteer
16.31 firefighters' relief association.

16.32 (e) "Market value" means latest available market value of all property in a taxing
16.33 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
16.34 taxation obtained from information which appears on abstracts filed with the commissioner
16.35 of revenue or equalized by the State Board of Equalization.

17.1 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
17.2 commissioner for reporting by each fire and casualty insurer of all premiums received
17.3 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
17.4 during the preceding calendar year, with reference to insurance written for insuring against
17.5 the perils contained in auto insurance coverages as reported in the Minnesota business
17.6 schedule of the annual financial statement which each insurer is required to file with
17.7 the commissioner in accordance with the governing laws or rules less return premiums
17.8 and dividends.

17.9 (g) "Peace officer" means any person:

17.10 (1) whose primary source of income derived from wages is from direct employment
17.11 by a municipality or county as a law enforcement officer on a full-time basis of not less
17.12 than 30 hours per week;

17.13 (2) who has been employed for a minimum of six months prior to December 31
17.14 preceding the date of the current year's certification under subdivision 2, clause (b);

17.15 (3) who is sworn to enforce the general criminal laws of the state and local
17.16 ordinances;

17.17 (4) who is licensed by the Peace Officers Standards and Training Board and is
17.18 authorized to arrest with a warrant; and

17.19 (5) who is a member of a local police relief association to which section 69.77
17.20 applies, the State Patrol retirement plan, the public employees police and fire fund, or the
17.21 Minneapolis Employees Retirement Fund.

17.22 (h) "Full-time equivalent number of peace officers providing contract service" means
17.23 the integral or fractional number of peace officers which would be necessary to provide
17.24 the contract service if all peace officers providing service were employed on a full-time
17.25 basis as defined by the employing unit and the municipality receiving the contract service.

17.26 (i) "Retirement benefits other than a service pension" means any disbursement
17.27 authorized under section 424A.05, subdivision 3, clauses (2), (3), and (4).

17.28 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
17.29 who was elected or appointed to the specified position or, in the absence of the person,
17.30 another person who is designated by the applicable governing body. In a park district,
17.31 the clerk is the secretary of the board of park district commissioners. In the case of the
17.32 University of Minnesota, the clerk is that official designated by the Board of Regents.
17.33 For the Metropolitan Airports Commission, the clerk is the person designated by the
17.34 commission. For the Department of Natural Resources or the Department of Public Safety,
17.35 the clerk is the respective commissioner. For a tribal police department which exercises

18.1 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
18.2 designated by the applicable American Indian tribal government.

18.3 (k) "Voluntary statewide volunteer firefighter retirement plan" means the retirement
18.4 plan for volunteer firefighters established in article 1, section 2.

18.5 Sec. 2. Minnesota Statutes 2006, section 69.011, subdivision 2, is amended to read:

18.6 Subd. 2. **Qualification for fire or police state aid.** (a) In order to qualify to
18.7 receive fire state aid or to have its fire state aid transmitted to the voluntary statewide
18.8 volunteer firefighter retirement plan, on or before March 15 annually, in conjunction with
18.9 the financial report required pursuant to section 69.051, the clerk of each municipality
18.10 having a duly organized fire department as provided in subdivision 4, or the secretary of
18.11 each independent nonprofit firefighting corporation having a subsidiary incorporated
18.12 firefighters' relief association or having coverage by the voluntary statewide volunteer
18.13 firefighter retirement plan, whichever is applicable, and the fire chief, shall jointly
18.14 certify the existence of the municipal fire department or of the independent nonprofit
18.15 firefighting corporation, whichever is applicable, which meets the minimum qualification
18.16 requirements set forth in this subdivision, and the fire personnel and equipment of the
18.17 municipal fire department or the independent nonprofit firefighting corporation as of the
18.18 preceding December 31. Certification ~~shall~~ must be made to the commissioner on a form
18.19 prescribed by the commissioner and ~~shall~~ must include any other facts the commissioner
18.20 may require. The certification ~~shall~~ must be made to the commissioner in duplicate.
18.21 Each copy of the certificate ~~shall~~ must be duly executed and deemed an original. The
18.22 commissioner ~~shall~~ must forward one copy to the auditor of the county wherein the fire
18.23 department is located and retain one copy.

18.24 (b) On or before March 15 annually the clerk of each municipality having a duly
18.25 organized police department and having a duly incorporated relief association shall certify
18.26 that fact to the county auditor of the county where the police department is located and to
18.27 the commissioner on a form prescribed by the commissioner together with the other facts
18.28 the commissioner or auditor may require.

18.29 Except as provided in subdivision 2b, on or before March 15 annually, the clerk of
18.30 each municipality and the auditor of each county employing one or more peace officers
18.31 as defined in subdivision 1, clause (g), shall certify the number of such peace officers to
18.32 the commissioner on forms prescribed by the commissioner. Credit for officers employed
18.33 less than a full year shall be apportioned. Each full month of employment of a qualifying
18.34 officer during the calendar year shall entitle the employing municipality or county to credit
18.35 for 1/12 of the payment for employment of a peace officer for the entire year. For purposes

of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month.

Sec. 3. Minnesota Statutes 2006, section 69.011, subdivision 4, is amended to read:

Subd. 4. **Qualification for state aid.** Any municipality in this state having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit fire fighting corporation created under the nonprofit corporation act of this state and operating exclusively for fire fighting purposes and providing retirement and relief benefits to its members ~~or~~ having a separate subsidiary incorporated firefighter's relief and pension association providing retirement and relief benefits, or covered by the voluntary statewide volunteer firefighter retirement plan, whichever applies, may qualify to receive state aid if it meets the following minimum requirements or equivalent as determined by the state fire marshal by July 1, 1972:

(a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and

(b) regular scheduled meetings and frequent drills including instructions in fire fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and

(c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps-tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, boots, and

(d) apparatus suitably housed in a building of good construction with facilities for care of hose and equipment, and

(e) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm, and

(f) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, the municipality has another piece of motorized apparatus to make the response, and

(g) other requirements the commissioner establishes by rule.

Sec. 4. Minnesota Statutes 2006, section 69.021, subdivision 4, is amended to read:

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of finance.** (a) The commissioner shall determine which municipalities

20.1 and independent nonprofit firefighting corporations are qualified to receive fire state aid
 20.2 and which municipalities and counties are qualified to receive police state aid.

20.3 (b) The commissioner shall determine qualification for state aid upon receipt of:

20.4 (1) the fire department personnel and equipment certification or the police department
 20.5 and qualified peace officers certificate, whichever applies, required under section 69.011;

20.6 (2) the financial compliance report required under section 6.495, subdivision 3, if
 20.7 applicable; and

20.8 (3) any other relevant information which comes to the attention of the commissioner.

20.9 (c) Upon completion of the determination, on or before October 1, the commissioner
 20.10 shall calculate the amount of:

20.11 (1) the police state aid which each county or municipality is to receive under
 20.12 subdivisions 5, 6, 7a, and 10; and

20.13 (2) the fire state aid which each municipality or nonprofit firefighting corporation is
 20.14 to receive or have transmitted on its behalf to the voluntary statewide volunteer firefighter
 20.15 retirement plan under subdivisions 5 and 7.

20.16 (d) The commissioner shall certify to the commissioner of finance the name of each
 20.17 county or municipality, and the amount of state aid which each county or municipality is to
 20.18 receive, in the case of police state aid. The commissioner shall certify to the commissioner
 20.19 of finance the name of each municipality or independent nonprofit firefighting corporation
 20.20 and the amount of state aid which each municipality or independent nonprofit firefighting
 20.21 corporation is to receive or have transmitted on its behalf to the voluntary statewide
 20.22 volunteer firefighter retirement plan, in the case of fire state aid.

20.23 Sec. 5. Minnesota Statutes 2006, section 69.021, subdivision 7, is amended to read:

20.24 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

20.25 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
 20.26 on the Minnesota Firetown Premium Reports filed under this chapter to or on behalf of
 20.27 each municipality and/or firefighters relief association.

20.28 (b) The commissioner shall calculate an initial fire state aid allocation amount for
 20.29 or attributable to each municipality or fire department under paragraph (c) and a minimum
 20.30 fire state aid allocation amount for or attributable to each municipality or fire department
 20.31 under paragraph (d). The municipality or fire department must receive the larger fire
 20.32 state aid amount.

20.33 (c) The initial fire state aid allocation amount is the amount available for
 20.34 apportionment as fire state aid under subdivision 5, without inclusion of any additional
 20.35 funding amount to support a minimum fire state aid amount under section 423A.02,

subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or with voluntary statewide volunteer firefighter retirement plan coverage based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. ~~If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination.~~ If a relief association is established after calendar year 1999 or if a municipality provides volunteer firefighter retirement coverage by the statewide retirement plan without having a relief association established after calendar year 2007,

22.1 the number of active volunteer firefighters who are members of the relief association as
22.2 reported in the first annual financial reporting submitted to the Office of the State Auditor
22.3 or the number of the volunteer firefighters from the municipality covered by the statewide
22.4 retirement plan as reported by the executive director of the Minnesota State Retirement
22.5 System, whichever applies, but not to exceed 20 active volunteer firefighters, must be
22.6 used in this determination.

22.7 (e) Unless the volunteer firefighter retirement coverage is by the statewide retirement
22.8 plan, the fire state aid must be paid to the treasurer of the municipality where the fire
22.9 department is located and the treasurer of the municipality shall, within 30 days of receipt
22.10 of the fire state aid, transmit the aid to the relief association if the relief association
22.11 has filed a financial report with the treasurer of the municipality and has met all other
22.12 statutory provisions pertaining to the aid apportionment. If the volunteer firefighters of the
22.13 municipality are covered by the voluntary statewide volunteer firefighter retirement plan,
22.14 the fire state aid must be transmitted to the statewide retirement fund.

22.15 (f) The commissioner may make rules to permit the administration of the provisions
22.16 of this section.

22.17 (g) Any adjustments needed to correct prior misallocations must be made to
22.18 subsequent apportionments.

22.19 Sec. 6. Minnesota Statutes 2006, section 69.021, subdivision 9, is amended to read:

22.20 Subd. 9. **Appeal.** In the event that the voluntary statewide volunteer firefighter
22.21 retirement plan or any municipality, county, fire relief association, or police relief
22.22 association feels itself to be aggrieved, it may request the commissioner to review and
22.23 adjust the apportionment of funds within the county in the case of police state aid, or
22.24 within the state in the case of fire state aid. The decision of the commissioner is subject to
22.25 appeal, review, and adjustment by the district court in the county in which the applicable
22.26 fire or police department is located.

22.27 Sec. 7. Minnesota Statutes 2006, section 69.031, subdivision 1, is amended to read:

22.28 Subdivision 1. **Commissioner of finance's warrant.** The commissioner of
22.29 finance shall issue to the voluntary statewide volunteer firefighter retirement plan or to
22.30 the county, municipality, or independent nonprofit firefighting corporation certified to
22.31 the commissioner of finance by the commissioner a warrant for an amount equal to the
22.32 amount of fire state aid or police state aid, whichever applies, certified for the applicable
22.33 state aid recipient by the commissioner under section 69.021. The amount of state aid due

23.1 and not paid by October 1 accrues interest at the rate of one percent for each month or part
 23.2 of a month the amount remains unpaid, beginning the preceding July 1.

23.3 Sec. 8. Minnesota Statutes 2006, section 356.20, subdivision 2, is amended to read:

23.4 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 23.5 following public pension plans:

23.6 (1) the general state employees retirement plan of the Minnesota State Retirement
 23.7 System;

23.8 (2) the general employees retirement plan of the Public Employees Retirement
 23.9 Association;

23.10 (3) the Teachers Retirement Association;

23.11 (4) the State Patrol retirement plan;

23.12 (5) the St. Paul Teachers Retirement Fund Association;

23.13 (6) the Duluth Teachers Retirement Fund Association;

23.14 (7) the Minneapolis Employees Retirement Fund;

23.15 (8) the University of Minnesota faculty retirement plan;

23.16 (9) the University of Minnesota faculty supplemental retirement plan;

23.17 (10) the judges retirement fund;

23.18 (11) a police or firefighter's relief association specified or described in section 69.77,
 23.19 subdivision 1a, or 69.771, subdivision 1;

23.20 (12) the public employees police and fire plan of the Public Employees Retirement
 23.21 Association;

23.22 (13) the correctional state employees retirement plan of the Minnesota State
 23.23 Retirement System; ~~and~~

23.24 (14) the local government correctional service retirement plan of the Public
 23.25 Employees Retirement Association; and

23.26 (15) the voluntary statewide volunteer firefighter retirement plan.

23.27 Sec. 9. Minnesota Statutes 2006, section 356.214, subdivision 1, is amended to read:

23.28 Subdivision 1. **Joint retention.** (a) The chief administrative officers of the
 23.29 Minnesota State Retirement System, the Public Employees Retirement Association, the
 23.30 Teachers Retirement Association, the Duluth Teachers Retirement Fund Association,
 23.31 the Minneapolis Employees Retirement Fund, and the St. Paul Teachers Retirement
 23.32 Fund Association, jointly, on behalf of the state, its employees, its taxpayers, and its
 23.33 various public pension plans, shall contract with an established actuarial consulting firm to
 23.34 conduct annual actuarial valuations and related services for the retirement plans named

in paragraph (b). The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c). Prior to becoming effective, the contract under this section is subject to a review and approval by the Legislative Commission on Pensions and Retirement.

(b) The contract for actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement Fund;
- (7) the public employees retirement plan, Public Employees Retirement Association;
- (8) the public employees police and fire plan, Public Employees Retirement Association;
- (9) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;
- (10) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- (11) the legislators retirement plan, Minnesota State Retirement System;
- (12) the elective state officers retirement plan, Minnesota State Retirement System;
- ~~and~~
- (13) the local government correctional service retirement plan, Public Employees Retirement Association; and
- (14) the voluntary statewide volunteer firefighter retirement plan.

(c) The contract must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contract must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;

- 25.1 (2) the rate of return on investments based on the current asset value;
- 25.2 (3) payroll growth;
- 25.3 (4) mortality;
- 25.4 (5) retirement age;
- 25.5 (6) withdrawal; and
- 25.6 (7) disablement.

25.7 The contract must include provisions for the preparation of cost analyses by the
25.8 jointly retained actuary for proposed legislation that include changes in benefit provisions
25.9 or funding policies prior to their consideration by the Legislative Commission on Pensions
25.10 and Retirement.

25.11 (d) The actuary retained by the joint retirement systems shall annually prepare a
25.12 report to the legislature, including a commentary on the actuarial valuation calculations
25.13 for the plans named in paragraph (b) and summarizing the results of the actuarial valuation
25.14 calculations. The actuary shall include with the report the actuary's recommendations
25.15 to the legislature concerning the appropriateness of the support rates to achieve proper
25.16 funding of the retirement plans by the required funding dates. The actuary shall, as part
25.17 of the quadrennial experience study, include recommendations to the legislature on the
25.18 appropriateness of the actuarial valuation assumptions required for evaluation in the study.

25.19 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
25.20 indicates a persistent pattern of sizable gains or losses, as directed by the joint retirement
25.21 systems or as requested by the chair of the Legislative Commission on Pensions and
25.22 Retirement, the actuary shall prepare a special experience study for a plan listed in
25.23 paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), ~~or~~ (13), or (14), in the
25.24 manner provided for in the standards for actuarial work adopted by the commission.

25.25 (f) The term of the contract between the joint retirement systems and the actuary
25.26 retained may not exceed five years. The joint retirement system administrative officers
25.27 shall establish procedures for the consideration and selection of contract bidders and
25.28 the requirements for the contents of an actuarial services contract under this section.
25.29 The procedures and requirements must be submitted to the Legislative Commission on
25.30 Pensions and Retirement for review and comment prior to final approval by the joint
25.31 administrators. The contract is subject to the procurement procedures under chapter 16C.
25.32 The consideration of bids and the selection of a consulting actuarial firm by the chief
25.33 administrative officers must occur at a meeting that is open to the public and reasonable
25.34 timely public notice of the date and the time of the meeting and its subject matter must
25.35 be given.

26.1 (g) The actuarial services contract may not limit the ability of the Minnesota
 26.2 legislature and its standing committees and commissions to rely on the actuarial results
 26.3 of the work prepared under the contract.

26.4 (h) The joint retirement systems shall designate one of the retirement system
 26.5 executive directors as the actuarial services contract manager.

26.6 Sec. 10. Minnesota Statutes 2006, section 356.215, subdivision 8, is amended to read:

26.7 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 26.8 the applicable following preretirement interest assumption and the applicable following
 26.9 postretirement interest assumption:

26.10		preretirement	postretirement
26.11		interest rate	interest rate
26.12	plan	assumption	assumption
26.13	general state employees retirement plan	8.5%	6.0%
26.14	correctional state employees retirement		
26.15	plan	8.5	6.0
26.16	State Patrol retirement plan	8.5	6.0
26.17	legislators retirement plan	8.5	6.0
26.18	elective state officers retirement plan	8.5	6.0
26.19	judges retirement plan	8.5	6.0
26.20	general public employees retirement plan	8.5	6.0
26.21	public employees police and fire		
26.22	retirement plan	8.5	6.0
26.23	local government correctional service		
26.24	retirement plan	8.5	6.0
26.25	teachers retirement plan	8.5	6.0
26.26	Minneapolis employees retirement plan	6.0	5.0
26.27	Duluth teachers retirement plan	8.5	8.5
26.28	St. Paul teachers retirement plan	8.5	8.5
26.29	Minneapolis Police Relief Association	6.0	6.0
26.30	Fairmont Police Relief Association	5.0	5.0
26.31	Minneapolis Fire Department Relief		
26.32	Association	6.0	6.0
26.33	Virginia Fire Department Relief		
26.34	Association	5.0	5.0
26.35	Bloomington Fire Department Relief		
26.36	Association	6.0	6.0
26.37	local monthly benefit volunteer		
26.38	firefighters relief associations	5.0	5.0
26.39	<u>voluntary statewide lump-sum volunteer</u>		
26.40	<u>firefighter retirement plan</u>	<u>5.0</u>	<u>5.0</u>

27.1 (b) The actuarial valuation must use the applicable following single rate future salary
 27.2 increase assumption, the applicable following modified single rate future salary increase
 27.3 assumption, or the applicable following graded rate future salary increase assumption:

27.4 (1) single rate future salary increase assumption

	plan	future salary increase assumption
27.7	legislators retirement plan	5.0%
27.8	elective state officers retirement plan	5.0
27.9	judges retirement plan	5.0
27.10	Minneapolis Police Relief Association	4.0
27.11	Fairmont Police Relief Association	3.5
27.12	Minneapolis Fire Department Relief Association	4.0
27.13	Virginia Fire Department Relief Association	3.5
27.14	Bloomington Fire Department Relief Association	4.0

27.15 (2) modified single rate future salary increase assumption

	plan	future salary increase assumption
27.16		
27.17	Minneapolis employees	the prior calendar year amount
27.18	retirement plan	increased first by 1.0198 percent to
27.19		prior fiscal year date and then increased
27.20		by 4.0 percent annually for each future
27.21		year
27.22		

27.23 (3) select and ultimate future salary increase assumption or graded rate future salary
 27.24 increase assumption

	plan	future salary increase assumption
27.25		
27.26	general state employees retirement	
27.27	plan	select calculation and assumption A
27.28	correctional state employees	
27.29	retirement plan	assumption G
27.30	State Patrol retirement plan	assumption G
27.31	general public employees	
27.32	retirement plan	select calculation and assumption B
27.33	public employees police and fire	
27.34	fund retirement plan	assumption C
27.35	local government correctional	
27.36	service retirement plan	assumption G
27.37	teachers retirement plan	assumption D
27.38	Duluth teachers retirement plan	assumption E
27.39	St. Paul teachers retirement plan	assumption F
27.40		

27.41 The select calculation is: during the ten-year

27.42 select period, a designated percent is

28.1 multiplied by the result of ten minus T,
 28.2 where T is the number of completed years of
 28.3 service, and is added to the applicable future
 28.4 salary increase assumption. The designated
 28.5 percent is 0.2 percent for the correctional
 28.6 state employees retirement plan, the State
 28.7 Patrol retirement plan, the public employees
 28.8 police and fire plan, and the local government
 28.9 correctional service plan; and 0.3 percent for
 28.10 the general state employees retirement plan,
 28.11 the general public employees retirement
 28.12 plan, the teachers retirement plan, the Duluth
 28.13 Teachers Retirement Fund Association,
 28.14 and the St. Paul Teachers Retirement Fund
 28.15 Association.

28.16 The ultimate future salary increase assumption is:

28.17	age	A	B	C	D	E	F	G
28.18	16	6.95%	6.95%	11.50%	8.20%	8.00%	6.90%	7.7500%
28.19	17	6.90	6.90	11.50	8.15	8.00	6.90	7.7500
28.20	18	6.85	6.85	11.50	8.10	8.00	6.90	7.7500
28.21	19	6.80	6.80	11.50	8.05	8.00	6.90	7.7500
28.22	20	6.75	6.40	11.50	6.00	6.90	6.90	7.7500
28.23	21	6.75	6.40	11.50	6.00	6.90	6.90	7.1454
28.24	22	6.75	6.40	11.00	6.00	6.90	6.90	7.0725
28.25	23	6.75	6.40	10.50	6.00	6.85	6.85	7.0544
28.26	24	6.75	6.40	10.00	6.00	6.80	6.80	7.0363
28.27	25	6.75	6.40	9.50	6.00	6.75	6.75	7.0000
28.28	26	6.75	6.36	9.20	6.00	6.70	6.70	7.0000
28.29	27	6.75	6.32	8.90	6.00	6.65	6.65	7.0000
28.30	28	6.75	6.28	8.60	6.00	6.60	6.60	7.0000
28.31	29	6.75	6.24	8.30	6.00	6.55	6.55	7.0000
28.32	30	6.75	6.20	8.00	6.00	6.50	6.50	7.0000
28.33	31	6.75	6.16	7.80	6.00	6.45	6.45	7.0000
28.34	32	6.75	6.12	7.60	6.00	6.40	6.40	7.0000
28.35	33	6.75	6.08	7.40	6.00	6.35	6.35	7.0000
28.36	34	6.75	6.04	7.20	6.00	6.30	6.30	7.0000
28.37	35	6.75	6.00	7.00	6.00	6.25	6.25	7.0000
28.38	36	6.75	5.96	6.80	6.00	6.20	6.20	6.9019
28.39	37	6.75	5.92	6.60	6.00	6.15	6.15	6.8074
28.40	38	6.75	5.88	6.40	5.90	6.10	6.10	6.7125

29.1	39	6.75	5.84	6.20	5.80	6.05	6.05	6.6054
29.2	40	6.75	5.80	6.00	5.70	6.00	6.00	6.5000
29.3	41	6.75	5.76	5.90	5.60	5.90	5.95	6.3540
29.4	42	6.75	5.72	5.80	5.50	5.80	5.90	6.2087
29.5	43	6.65	5.68	5.70	5.40	5.70	5.85	6.0622
29.6	44	6.55	5.64	5.60	5.30	5.60	5.80	5.9048
29.7	45	6.45	5.60	5.50	5.20	5.50	5.75	5.7500
29.8	46	6.35	5.56	5.45	5.10	5.40	5.70	5.6940
29.9	47	6.25	5.52	5.40	5.00	5.30	5.65	5.6375
29.10	48	6.15	5.48	5.35	5.00	5.20	5.60	5.5822
29.11	49	6.05	5.44	5.30	5.00	5.10	5.55	5.5404
29.12	50	5.95	5.40	5.25	5.00	5.00	5.50	5.5000
29.13	51	5.85	5.36	5.25	5.00	5.00	5.45	5.4384
29.14	52	5.75	5.32	5.25	5.00	5.00	5.40	5.3776
29.15	53	5.65	5.28	5.25	5.00	5.00	5.35	5.3167
29.16	54	5.55	5.24	5.25	5.00	5.00	5.30	5.2826
29.17	55	5.45	5.20	5.25	5.00	5.00	5.25	5.2500
29.18	56	5.35	5.16	5.25	5.00	5.00	5.20	5.2500
29.19	57	5.25	5.12	5.25	5.00	5.00	5.15	5.2500
29.20	58	5.25	5.08	5.25	5.10	5.00	5.10	5.2500
29.21	59	5.25	5.04	5.25	5.20	5.00	5.05	5.2500
29.22	60	5.25	5.00	5.25	5.30	5.00	5.00	5.2500
29.23	61	5.25	5.00	5.25	5.40	5.00	5.00	5.2500
29.24	62	5.25	5.00	5.25	5.50	5.00	5.00	5.2500
29.25	63	5.25	5.00	5.25	5.60	5.00	5.00	5.2500
29.26	64	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.27	65	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.28	66	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.29	67	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.30	68	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.31	69	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.32	70	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
29.33	71	5.25	5.00		5.70			

29.34 (4) no salary increase assumption

29.35 - voluntary statewide lump-sum volunteer firefighter retirement plan

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

29.40		payroll growth
29.41	plan	assumption

30.1	general state employees retirement plan	5.00%
30.2	correctional state employees retirement plan	5.00
30.3	State Patrol retirement plan	5.00
30.4	legislators retirement plan	5.00
30.5	elective state officers retirement plan	5.00
30.6	judges retirement plan	5.00
30.7	general public employees retirement plan	6.00
30.8	public employees police and fire retirement plan	6.00
30.9	local government correctional service retirement plan	6.00
30.10	teachers retirement plan	5.00
30.11	Duluth teachers retirement plan	5.00
30.12	St. Paul teachers retirement plan	5.00

30.13 Sec. 11. Minnesota Statutes 2006, section 356.215, subdivision 11, is amended to read:

30.14 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the
30.15 level normal cost, the actuarial valuation must contain an exhibit indicating the additional
30.16 annual contribution sufficient to amortize the unfunded actuarial accrued liability. For
30.17 funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional
30.18 contribution must be calculated on a level percentage of covered payroll basis by the
30.19 established date for full funding in effect when the valuation is prepared. For funds
30.20 governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections
30.21 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional
30.22 contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds
30.23 governed by sections 352.01 through 352.86 and chapter 354, the level percent additional
30.24 contribution must be calculated assuming an annual payroll growth of five percent. For the
30.25 fund governed by sections 353.01 through 353.46, the level percent additional contribution
30.26 must be calculated assuming an annual payroll growth of six percent. For all other funds,
30.27 including the voluntary statewide lump-sum volunteer firefighter retirement plan, the
30.28 additional annual contribution must be calculated on a level annual dollar amount basis.

30.29 (b) For any fund other than the Minneapolis Employees Retirement Fund and the
30.30 Public Employees Retirement Association general plan, if there has not been a change in
30.31 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
30.32 change in the benefit plan governing annuities and benefits payable from the fund, a
30.33 change in the actuarial cost method used in calculating the actuarial accrued liability of all
30.34 or a portion of the fund, or a combination of the three, which change or changes by itself or
30.35 by themselves without inclusion of any other items of increase or decrease produce a net
30.36 increase in the unfunded actuarial accrued liability of the fund, the established date for full
30.37 funding is the first actuarial valuation date occurring after June 1, 2020. For the voluntary

31.1 statewide lump-sum volunteer firefighter retirement plan, the established date for full
31.2 funding is the actuarial valuation date occurring five years after the current valuation date.

31.3 (c) For any fund or plan other than the Minneapolis Employees Retirement Fund and
31.4 the Public Employees Retirement Association general plan, if there has been a change in
31.5 any or all of the actuarial assumptions used for calculating the actuarial accrued liability
31.6 of the fund, a change in the benefit plan governing annuities and benefits payable from
31.7 the fund, a change in the actuarial cost method used in calculating the actuarial accrued
31.8 liability of all or a portion of the fund, or a combination of the three, and the change or
31.9 changes, by itself or by themselves and without inclusion of any other items of increase or
31.10 decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the
31.11 established date for full funding must be determined using the following procedure:

31.12 (i) the unfunded actuarial accrued liability of the fund must be determined in
31.13 accordance with the plan provisions governing annuities and retirement benefits and the
31.14 actuarial assumptions in effect before an applicable change;

31.15 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
31.16 needed to amortize the unfunded actuarial accrued liability amount determined under item
31.17 (i) by the established date for full funding in effect before the change must be calculated
31.18 using the interest assumption specified in subdivision 8 in effect before the change;

31.19 (iii) the unfunded actuarial accrued liability of the fund must be determined in
31.20 accordance with any new plan provisions governing annuities and benefits payable from
31.21 the fund and any new actuarial assumptions and the remaining plan provisions governing
31.22 annuities and benefits payable from the fund and actuarial assumptions in effect before
31.23 the change;

31.24 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
31.25 needed to amortize the difference between the unfunded actuarial accrued liability amount
31.26 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
31.27 under item (iii) over a period of 30 years from the end of the plan year in which the
31.28 applicable change is effective must be calculated using the applicable interest assumption
31.29 specified in subdivision 8 in effect after any applicable change;

31.30 (v) the level annual-dollar or level percentage amortization contribution under item
31.31 (iv) must be added to the level annual dollar amortization contribution or level percentage
31.32 calculated under item (ii);

31.33 (vi) the period in which the unfunded actuarial accrued liability amount determined
31.34 in item (iii) is amortized by the total level annual dollar or level percentage amortization
31.35 contribution computed under item (v) must be calculated using the interest assumption
31.36 specified in subdivision 8 in effect after any applicable change, rounded to the nearest

32.1 integral number of years, but not to exceed 30 years from the end of the plan year in
 32.2 which the determination of the established date for full funding using the procedure set
 32.3 forth in this clause is made and not to be less than the period of years beginning in the
 32.4 plan year in which the determination of the established date for full funding using the
 32.5 procedure set forth in this clause is made and ending by the date for full funding in effect
 32.6 before the change; and

32.7 (vii) the period determined under item (vi) must be added to the date as of which
 32.8 the actuarial valuation was prepared and the date obtained is the new established date
 32.9 for full funding.

32.10 (d) For the Minneapolis Employees Retirement Fund, the established date for full
 32.11 funding is June 30, 2020.

32.12 (e) For the general employees retirement plan of the Public Employees Retirement
 32.13 Association, the established date for full funding is June 30, 2031.

32.14 (f) For the Teachers Retirement Association, the established date for full funding is
 32.15 June 30, 2037.

32.16 (g) For the voluntary statewide lump-sum volunteer firefighter retirement plan,
 32.17 the established date for full funding is the actuarial valuation date occurring five years
 32.18 after the current valuation date. For the retirement plans for which the annual actuarial
 32.19 valuation indicates an excess of valuation assets over the actuarial accrued liability,
 32.20 the valuation assets in excess of the actuarial accrued liability must be recognized as a
 32.21 reduction in the current contribution requirements by an amount equal to the amortization
 32.22 of the excess expressed as a level percentage of pay over a 30-year period beginning anew
 32.23 with each annual actuarial valuation of the plan.

32.24 Sec. 12. Minnesota Statutes 2006, section 356.401, subdivision 3, is amended to read:

32.25 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 32.26 following retirement plans:

32.27 (1) the legislators retirement plan, established by chapter 3A;

32.28 (2) the general state employees retirement plan of the Minnesota State Retirement
 32.29 System, established by chapter 352;

32.30 (3) the correctional state employees retirement plan of the Minnesota State
 32.31 Retirement System, established by chapter 352;

32.32 (4) the State Patrol retirement plan, established by chapter 352B;

32.33 (5) the elective state officers retirement plan, established by chapter 352C;

32.34 (6) the unclassified state employees retirement program, established by chapter
 32.35 352D;

- 33.1 (7) the general employees retirement plan of the Public Employees Retirement
 33.2 Association, established by chapter 353;
- 33.3 (8) the public employees police and fire plan of the Public Employees Retirement
 33.4 Association, established by chapter 353;
- 33.5 (9) the public employees defined contribution plan, established by chapter 353D;
- 33.6 (10) the local government correctional service retirement plan of the Public
 33.7 Employees Retirement Association, established by chapter 353E;
- 33.8 (11) the Teachers Retirement Association, established by chapter 354;
- 33.9 (12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 33.10 (13) the Minneapolis Teachers Retirement Fund Association, established by chapter
 33.11 354A;
- 33.12 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
 33.13 354A;
- 33.14 (15) the individual retirement account plan, established by chapter 354B;
- 33.15 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 33.16 (17) the Minneapolis Employees Retirement Fund, established by chapter 422A;
- 33.17 (18) the Minneapolis Police Relief Association, established by chapter 423B;
- 33.18 (19) the Minneapolis Firefighters Relief Association, established by chapter 423C;
- 33.19 ~~and~~
- 33.20 (20) the judges retirement fund, established by chapter 490; and
- 33.21 (21) the voluntary statewide lump-sum volunteer firefighter retirement plan.

33.22 Sec. 13. Minnesota Statutes 2006, section 356A.01, subdivision 24, is amended to read:

33.23 Subd. 24. **Statewide plan.** "Statewide plan" means any of the following pension
 33.24 plans:

- 33.25 (1) the Minnesota State Retirement System or a pension plan administered by it;
- 33.26 (2) the Public Employees Retirement Association or a pension plan administered
 33.27 by it; ~~and~~
- 33.28 (3) the Teachers Retirement Association or a pension plan administered by it; and
- 33.29 (4) the voluntary statewide lump-sum volunteer firefighter retirement plan.

33.30 Sec. 14. Minnesota Statutes 2006, section 356B.05, is amended to read:

33.31 **356B.05 PUBLIC PENSION ADMINISTRATION LEGISLATION.**

33.32 (a) Proposed administrative legislation recommended by or on behalf of the
 33.33 Minnesota State Retirement System, the Public Employees Retirement Association, the
 33.34 Teachers Retirement Association, the voluntary statewide lump-sum volunteer firefighter

34.1 retirement plan, the Minneapolis Employees Retirement Fund, or a first class city teachers
34.2 retirement fund association, and proposed retirement-related legislation recommended by
34.3 the Minnesota State Colleges and Universities system must be presented to the Legislative
34.4 Commission on Pensions and Retirement, the State and Local Governmental Operations
34.5 Committee of the senate, and the Governmental Operations, Reform, Technology, and
34.6 ~~Veterans Affairs Policy~~ Elections Committee of the house of representatives on or before
34.7 October 1 of each year in order for the proposed administrative legislation to be acted
34.8 upon during the upcoming legislative session. The executive director or the deputy
34.9 executive director of the Legislative Commission on Pensions and Retirement shall
34.10 provide written comments on the proposed administrative provisions to the public pension
34.11 plans by November 15 of each year.

34.12 (b) Proposed administrative legislation recommended by or on behalf of a public
34.13 employee pension plan or system under paragraph (a) must address provisions:

34.14 (1) authorizing allowable service credit for leaves of absence and related
34.15 circumstances;

34.16 (2) governing offsets or deductions from the amount of disability benefits;

34.17 (3) authorizing the purchase of allowable service credit for prior uncredited periods;

34.18 (4) governing subsequent employment earnings by reemployed annuitants; and

34.19 (5) authorizing retroactive effect for retirement annuity or benefit applications.

34.20 (c) Where possible and desirable, taking into account the differences among the
34.21 public pension plans in existing law and the unique characteristics of the individual public
34.22 pension fund memberships, uniform provisions relating to paragraph (b) for all applicable
34.23 public pension plans must be presented for consideration during the legislative session.
34.24 Supporting documentation setting forth the policy rationale for each set of uniform
34.25 provisions must accompany the proposed administrative legislation.

34.26 Sec. 15. EFFECTIVE DATE.

34.27 Sections 1 to 14 are effective July 1, 2008.