

1.1 A bill for an act

1.2 relating to retirement; various retirement plans; making changes of an
1.3 administrative nature for retirement plans administered by the Minnesota
1.4 State Retirement Association; revising insurance withholding for certain
1.5 retired public employees; authorizing state patrol plan service credit for leave
1.6 procedures; addressing plan coverage errors and omitted contributions; revising
1.7 unlawful discharge annuity repayment requirements; requiring employment
1.8 unit accommodation of daily valuation of investment accounts; eliminating
1.9 administrative fee maximum for the unclassified state employees retirement
1.10 program; making changes of an administrative nature in the general employees
1.11 retirement plan of the Public Employees Retirement Association, the public
1.12 employees police and fire retirement plan, and the defined contribution retirement
1.13 plan; making various administrative modifications in the voluntary statewide
1.14 lump-sum volunteer firefighter retirement plan of the Public Employees
1.15 Retirement Association; revising purchase of salary credit procedures in certain
1.16 partial salary situations; adding new partial salary credit purchase authority for
1.17 partial paid medical leaves and budgetary leaves; redefining TRA allowable
1.18 service credit; defining annual base salary, requiring base salary reporting by
1.19 TRA-covered employing units; making changes of an administrative nature in the
1.20 Minnesota State Colleges and Universities System individual retirement account
1.21 plan; setting deadline dates for actuarial reporting; extending and revising an
1.22 early retirement incentive program; permitting the court-ordered revocation of
1.23 an optional annuity election in certain marriage dissolutions; transfer of the
1.24 administrative functions of the Minneapolis Employees Retirement Fund to the
1.25 Public Employees Retirement Association; creation of MERF consolidation
1.26 account within the Public Employees Retirement Association; appropriating
1.27 money; making various technical corrections relating to volunteer fire relief
1.28 associations; revising break-in-service return to firefighting authorizations;
1.29 authorizing Minnesota deferred compensation plan service pension transfers;
1.30 revising payout defaults in survivor benefits; authorizing corrections of certain
1.31 special fund deposits; amending Minnesota Statutes 2008, sections 3A.07;
1.32 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision 9; 43A.316,
1.33 subdivision 8; 69.021, subdivision 10; 69.051, subdivision 3; 126C.41,
1.34 subdivision 3; 256D.21; 352.01, subdivisions 2a, 2b; 352.03, subdivision 4;
1.35 352.04, subdivision 9; 352.115, subdivision 10; 352.91, by adding a subdivision;
1.36 352.965, subdivisions 1, 2, 6; 352B.02, by adding a subdivision; 352D.015,
1.37 subdivisions 4, 9; 352D.02, subdivisions 1, 1c, 1d, 2, 3; 352D.03; 352D.04,
1.38 subdivisions 1, 2; 352D.05, subdivisions 3, 4; 352D.06, subdivision 3; 352D.065,
1.39 subdivision 3; 352D.09, subdivisions 3, 7; 353.01, subdivisions 2b, 2d, by

2.1 adding subdivisions; 353.0161, subdivision 2; 353.03, subdivision 1; 353.05;
 2.2 353.27, as amended; 353.34, subdivisions 1, 6; 353.37, subdivisions 1, 2, 3,
 2.3 3a, 4, 5; 353.46, subdivisions 2, 6; 353.64, subdivision 7; 353.71, subdivision
 2.4 4; 353.86, subdivisions 1, 2; 353.87, subdivisions 1, 2; 353.88; 353D.01,
 2.5 subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1, 2; 353F.025,
 2.6 subdivisions 1, 2; 353G.05, subdivision 2, as added; 353G.09, subdivision
 2.7 3, as added; 354.05, by adding a subdivision; 354.091; 354.42, subdivision 7;
 2.8 354.52, subdivision 6, by adding a subdivision; 354.66, subdivision 3; 354.71;
 2.9 354A.011, subdivision 27; 354A.12, by adding a subdivision; 354A.39; 354B.25,
 2.10 subdivisions 1, 3; 354C.14; 355.095, subdivision 1; 356.214, subdivision 1;
 2.11 356.215, subdivisions 3, 8; 356.24, subdivision 1; 356.30, subdivision 3;
 2.12 356.302, subdivisions 1, 7; 356.303, subdivision 4; 356.351, subdivisions
 2.13 1, 2, as amended; 356.407, subdivision 2; 356.431, subdivision 1; 356.465,
 2.14 subdivision 3; 356.50, subdivision 4; 356.64; 356.65, subdivision 2; 356.91;
 2.15 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8; 422A.101, subdivision 3;
 2.16 422A.26; 424A.08, as amended; 473.511, subdivision 3; 473.606, subdivision 5;
 2.17 475.52, subdivision 6; 490.123, by adding a subdivision; 518.58, subdivisions
 2.18 3, 4; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision
 2.19 1; 69.031, subdivision 5; 69.772, subdivision 6; 69.773, subdivision 6; 352.01,
 2.20 subdivision 2b; 352B.011, subdivision 3; 353.01, subdivisions 2, 2a, 16;
 2.21 353.06; 353.27, subdivision 7; 353.371, subdivision 4; 353F.02, subdivision
 2.22 4; 353G.06, subdivision 1; 353G.08; 353G.11, subdivision 1, by adding a
 2.23 subdivision; 354.52, subdivision 4b; 356.20, subdivision 2; 356.215, subdivision
 2.24 11; 356.32, subdivision 2; 356.401, subdivision 3; 356.415, subdivision 2;
 2.25 356.96, subdivisions 1, 5; 424A.01, subdivisions 1, 6; 424A.015, by adding a
 2.26 subdivision; 424A.016, subdivisions 4, 7; 424A.02, subdivisions 9, 10; 424A.05,
 2.27 subdivision 3, by adding a subdivision; 480.181, subdivision 2; Laws 2009,
 2.28 chapter 169, article 4, section 49; article 5, section 2; proposing coding for new
 2.29 law in Minnesota Statutes, chapters 352B; 353; 353G; 356; repealing Minnesota
 2.30 Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a; 352.91,
 2.31 subdivision 5; 353.01, subdivision 40; 353.46, subdivision 1a; 353.88; 353D.03,
 2.32 subdivision 2; 353D.12; 354C.15; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a,
 2.33 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05,
 2.34 subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6,
 2.35 7; 422A.08, subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2,
 2.36 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151;
 2.37 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17;
 2.38 422A.18, subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22,
 2.39 subdivisions 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12;
 2.40 422A.231; 422A.24; 422A.25; Minnesota Statutes 2009 Supplement, sections
 2.41 422A.06, subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision 6; Laws
 2.42 2009, chapter 169, article 10, section 32.

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

2.44 ARTICLE 1

2.45 MSRS ADMINISTRATIVE PROVISIONS

2.46 Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

2.47 Subd. 2a. **Included employees.** (a) "State employee" includes:

2.48 (1) employees of the Minnesota Historical Society;

2.49 (2) employees of the State Horticultural Society;

2.50 (3) employees of the Minnesota Crop Improvement Association;

3.1 (4) employees of the adjutant general who are paid from federal funds and who are
3.2 not covered by any federal civilian employees retirement system;

3.3 (5) employees of the Minnesota State Colleges and Universities employed under the
3.4 university or college activities program;

3.5 (6) currently contributing employees covered by the system who are temporarily
3.6 employed by the legislature during a legislative session or any currently contributing
3.7 employee employed for any special service as defined in subdivision 2b, clause (8);

3.8 (7) employees of the legislature appointed without a limit on the duration of their
3.9 employment and persons employed or designated by the legislature or by a legislative
3.10 committee or commission or other competent authority to conduct a special inquiry,
3.11 investigation, examination, or installation;

3.12 (8) trainees who are employed on a full-time established training program
3.13 performing the duties of the classified position for which they will be eligible to receive
3.14 immediate appointment at the completion of the training period;

3.15 (9) employees of the Minnesota Safety Council;

3.16 (10) any employees on authorized leave of absence from the Transit Operating
3.17 Division of the former Metropolitan Transit Commission who are employed by the
3.18 labor organization which is the exclusive bargaining agent representing employees of
3.19 the Transit Operating Division;

3.20 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
3.21 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
3.22 Control Commission, ~~or Metropolitan Radio Board~~ unless excluded or covered by another
3.23 public pension fund or plan under section 473.415, subdivision 3;

3.24 (12) judges of the Tax Court;

3.25 (13) personnel employed on June 30, 1992, by the University of Minnesota in the
3.26 management, operation, or maintenance of its heating plant facilities, whose employment
3.27 transfers to an employer assuming operation of the heating plant facilities, so long as the
3.28 person is employed at the University of Minnesota heating plant by that employer or by its
3.29 successor organization;

3.30 (14) seasonal ~~help~~ employees in the classified or unclassified service ~~employed~~
3.31 ~~by the Department of Revenue~~;

3.32 (15) persons employed by the Department of Commerce as a peace officer in
3.33 the Insurance Fraud Prevention Division under section 45.0135 who have attained the
3.34 mandatory retirement age specified in section 43A.34, subdivision 4;

3.35 (16) employees of the University of Minnesota unless excluded under subdivision
3.36 2b, clause (3);

4.1 (17) employees of the Middle Management Association whose employment began
4.2 after July 1, 2007, and to whom section 352.029 does not apply; and

4.3 (18) employees of the Minnesota Government Engineers Council to whom section
4.4 352.029 does not apply.

4.5 (b) Employees specified in paragraph (a), clause (13), are included employees under
4.6 paragraph (a) if employer and employee contributions are made in a timely manner in the
4.7 amounts required by section 352.04. Employee contributions must be deducted from
4.8 salary. Employer contributions are the sole obligation of the employer assuming operation
4.9 of the University of Minnesota heating plant facilities or any successor organizations to
4.10 that employer.

4.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.12 Sec. 2. Minnesota Statutes 2008, section 352.03, subdivision 4, is amended to read:

4.13 Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

4.14 (1) elect a chair;

4.15 (2) appoint an executive director;

4.16 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,
4.17 and 490 and transact the business of the system, subject to the limitations of law;

4.18 (4) consider and dispose of, or take any other action the board of directors deems
4.19 appropriate concerning denials of applications for annuities or disability benefits under
4.20 this chapter, and complaints of employees and others pertaining to the retirement of
4.21 employees and the operation of the system;

4.22 (5) oversee the administration of the ~~state~~ deferred compensation plan established
4.23 in section 352.965; and

4.24 (6) oversee the administration of the health care savings plan established in section
4.25 352.98.

4.26 (b) The board shall advise the director on any matters relating to the system and
4.27 carrying out functions and purposes of this chapter. The board's advice shall control.

4.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.29 Sec. 3. Minnesota Statutes 2008, section 352.04, subdivision 9, is amended to read:

4.30 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
4.31 salary of an employee for the retirement fund in ~~error~~ excess of required amounts must,
4.32 upon discovery and verification by the department making the deduction, be refunded to
4.33 the employee.

5.1 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
 5.2 and the check is canceled or the amount of the warrant or check returned to the funds of
 5.3 the department making the payment, the sum deducted, or the part of it required to adjust
 5.4 the deductions, must be refunded to the department or institution if the department applies
 5.5 for the refund on a form furnished by the director. The department's payments must
 5.6 likewise be refunded to the department.

5.7 ~~(c) Employee deductions and employer contributions taken in error may be directly~~
 5.8 ~~transferred, without interest, to another Minnesota public employee retirement plan by~~
 5.9 ~~which the employee is actually covered.~~

5.10 ~~For purposes of this subdivision, a Minnesota public pension plan means a plan~~
 5.11 ~~specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.~~

5.12 (c) If erroneous employee deductions and employer contributions are caused by an
 5.13 error in plan coverage involving the plan and any other plans specified in section 356.99,
 5.14 that section applies. If the employee should have been covered by the plan governed by
 5.15 chapter 352D, 353D, 354B or 354D, the employee deductions and employer contributions
 5.16 taken in error must be directly transferred to the applicable employee's account in the
 5.17 proper plan, with interest at the rate of 0.71 percent per month, compounded annually, from
 5.18 the first day of the month following the month in which coverage should have commenced
 5.19 in the defined contribution plan until the end of the month in which the transfer occurs.

5.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

5.21 Sec. 4. Minnesota Statutes 2008, section 352.115, subdivision 10, is amended to read:

5.22 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received
 5.23 as a temporary employee of the legislature during a legislative session, if any retired
 5.24 employee again becomes entitled to receive salary or wages from the state, or any
 5.25 employer who employs state employees as that term is defined in section 352.01,
 5.26 subdivision 2, other than salary or wages received as a temporary employee of the
 5.27 legislature during a legislative session in a position covered by this chapter, the annuity or
 5.28 retirement allowance shall cease when the retired employee has earned an amount equal
 5.29 to the annual maximum earnings allowable for that age for the continued receipt of full
 5.30 benefit amounts monthly under the federal old age, survivors, and disability insurance
 5.31 program as set by the secretary of health and human services under United States Code,
 5.32 title 42, section 403, in any calendar year. If the retired employee has not yet reached
 5.33 the minimum age for the receipt of Social Security benefits, the maximum earnings for
 5.34 the retired employee shall be equal to the annual maximum earnings allowable for the
 5.35 minimum age for the receipt of Social Security benefits.

6.1 (b) The balance of the annual retirement annuity after cessation must be handled or
6.2 disposed of as provided in section 356.47.

6.3 (c) The annuity must be resumed when state service ends, or, if the retired employee
6.4 is still employed at the beginning of the next calendar year, at the beginning of that
6.5 calendar year, and payment must again end when the retired employee has earned the
6.6 applicable reemployment earnings maximum specified in this subdivision. If the retired
6.7 employee is granted a sick leave without pay, but not otherwise, the annuity or retirement
6.8 allowance must be resumed during the period of sick leave.

6.9 (d) No payroll deductions for the retirement fund may be made from the earnings of
6.10 a reemployed retired employee.

6.11 (e) No change shall be made in the monthly amount of an annuity or retirement
6.12 allowance because of the reemployment of an annuitant.

6.13 (f) If a reemployed annuitant whose annuity is suspended under paragraph (a)
6.14 is having insurance premium amounts withheld under section 356.87, subdivision 2,
6.15 insurance premium amounts must continue to be withheld and transferred from the
6.16 suspended portion of the annuity. The balance of the annual retirement annuity after
6.17 cessation, after deduction of the insurance premium amounts, must be treated as specified
6.18 in paragraph (b).

6.19 **EFFECTIVE DATE.** This section is effective January 1, 2010.

6.20 Sec. 5. Minnesota Statutes 2008, section 352.91, is amended by adding a subdivision
6.21 to read:

6.22 **Subd. 6. Correction of plan coverage errors.** If erroneous employee deductions
6.23 and employer contributions are caused by an error in plan coverage involving the
6.24 correctional state employees retirement plan and any other plan specified in section
6.25 356.99, that section applies.

6.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

6.27 Sec. 6. Minnesota Statutes 2008, section 352.965, subdivision 1, is amended to read:

6.28 Subdivision 1. **Establishment.** (a) The Minnesota ~~state~~ deferred compensation plan
6.29 is established. For purposes of this section, "plan" means the Minnesota ~~state~~ deferred
6.30 compensation plan, unless the context clearly indicates otherwise. The Minnesota State
6.31 Retirement System shall administer the plan.

6.32 (b) The purpose of the plan is to provide a means for a public employee to contribute
6.33 a portion of the employee's compensation to a tax-deferred investment account. The plan

7.1 is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue
7.2 Code, United States Code, title 26, section 457(b), and the applicable regulations under
7.3 Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

7.4 (c) The board of directors of the Minnesota State Retirement System is the plan
7.5 trustee and plan sponsor. The board's executive director is the plan administrator. Fiduciary
7.6 activities of the plan must be undertaken in a manner consistent with chapter 356A.

7.7 (d) The executive director, with the approval of the board of directors, shall
7.8 adopt and amend, as required to maintain tax-qualified status, a written plan document
7.9 specifying the material terms and conditions for eligibility, benefits, applicable limitations,
7.10 and the time and form under which benefit distributions can be made. With the approval
7.11 of the board of directors, the executive director may also establish policies and procedures
7.12 necessary for the administration of the deferred compensation plan.

7.13 (e) The plan document shall include provisions that are necessary to cause the plan
7.14 to be an eligible deferred compensation plan within the meaning of section 457(b) of
7.15 the Internal Revenue Code. The plan document may provide additional administrative
7.16 and substantive provisions consistent with state law, provided those provisions will not
7.17 cause the plan to fail to be an eligible deferred compensation plan within the meaning
7.18 of section 457(b) of the Internal Revenue Code and may include provisions for certain
7.19 optional features and services.

7.20 (f) The board of directors may authorize the executive director to establish and
7.21 administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth
7.22 individual retirement account as defined under section 408A of the Internal Revenue Code.

7.23 (g) All amounts contributed to the deferred compensation plan and all earnings
7.24 on those amounts must be held in trust, in custodial accounts, or in qualifying annuity
7.25 contracts for the exclusive benefit of the plan participants and beneficiaries, as required by
7.26 section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and
7.27 356A.06, subdivision 1.

7.28 (h) The information and data maintained in the accounts of the participants and
7.29 beneficiaries are private data and shall not be disclosed to anyone other than the participant
7.30 or beneficiary pursuant to a court order or pursuant to section 356.49.

7.31 (i) The plan document is not subject to the rule adoption process under the
7.32 Administrative Procedures Act, including section 14.386, but must conform with
7.33 applicable federal and state laws.

7.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.35 Sec. 7. Minnesota Statutes 2008, section 352.965, subdivision 2, is amended to read:

8.1 Subd. 2. **Right to participate in deferred compensation plan.** At the request of an
8.2 officer or employee of the state, an officer or employee of a political subdivision, or an
8.3 employee covered by a retirement fund in section 356.20, subdivision 2, the appointing
8.4 authority shall defer the payment of part of the compensation of the public officer or
8.5 employee through payroll deduction. The amount to be deferred must be as provided in
8.6 ~~a written~~ an agreement between the officer or employee and the ~~public employer plan~~
8.7 sponsor. The agreement must be in a form specified by the executive director of the
8.8 Minnesota State Retirement System and must be consistent with the requirements for an
8.9 eligible plan under federal and state tax laws, regulations, and rulings.

8.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.11 Sec. 8. Minnesota Statutes 2009 Supplement, section 352B.011, subdivision 3, is
8.12 amended to read:

8.13 Subd. 3. **Allowable service.** (a) "Allowable service" means:

8.14 (1) service in a month during which a member is paid a salary from which a member
8.15 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

8.16 (2) for members defined in subdivision 10, clause (1), service in any month for
8.17 which payments have been made to the State Patrol retirement fund under law; ~~and~~

8.18 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
8.19 payments have been made to the State Patrol retirement fund under law, service for which
8.20 payments were made to the State Police officers retirement fund under law after June
8.21 30, 1961, and all prior service which was credited to a member for service on or before
8.22 June 30, 1961;

8.23 (4) any period of authorized leave of absence without pay that does not exceed one
8.24 year and for which the employee obtained credit by payment to the fund under section
8.25 352B.013;

8.26 (5) any period of authorized leave to provide service to a labor organization as
8.27 permitted under section 352B.012, for which service credit is obtained by payment to
8.28 the fund under that section; and

8.29 (6) eligible periods of uniformed service for which the member obtained service
8.30 credit by payment under section 352B.086 to the fund.

8.31 (b) Allowable service also includes any period of absence from duty by a member
8.32 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
8.33 for which disability the state is liable under the workers' compensation law, until the date
8.34 authorized by the executive director for commencement of payment of a disability benefit
8.35 or until the date of a return to employment.

9.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.2 Sec. 9. **[352B.012] COVERAGE FOR EMPLOYEES OF LABOR**
9.3 **ORGANIZATIONS.**

9.4 Subdivision 1. **Qualifications.** A member on leave of absence without pay to
9.5 provide service as an employee or officer of a labor organization that is an exclusive
9.6 bargaining agent representing state patrol retirement plan members may elect under
9.7 subdivision 2 to be covered by the state patrol retirement plan of the Minnesota State
9.8 Retirement System for service with the labor organization, subject to the limitations set
9.9 forth in subdivisions 3 and 4.

9.10 Subd. 2. **Election.** A person described in subdivision 1 shall be covered by the plan
9.11 if written election to be covered is delivered to the executive director within 90 days of
9.12 being employed by the labor organization, or within 90 days of starting the first leave of
9.13 absence to provide service to the exclusive bargaining agent, whichever is later.

9.14 Subd. 3. **Limitations on salary for benefits and contributions.** (a) The covered
9.15 salary for a labor organization employee who qualifies for membership under this section
9.16 is limited to the lesser of:

9.17 (1) the employee's actual salary as defined under section 352.01, subdivision 13; or

9.18 (2) 75 percent of the salary of the governor as set under section 15A.082.

9.19 (b) The limited covered salary determined under this subdivision must be used
9.20 in determining employee and employer contributions under section 352B.02 and in
9.21 determining retirement annuities and other benefits under this chapter and chapter 356.

9.22 Subd. 4. **Earning restrictions apply.** A retirement annuity is only payable, if the
9.23 person has met any other applicable requirements, upon the termination by the person who
9.24 elected coverage under subdivision 2 of employment by the labor organization.

9.25 Subd. 5. **Contributions.** The employee and employer contributions required by
9.26 section 352B.02 are the obligation of the employee who chooses coverage under this
9.27 section. However, the employing labor organization may pay the employer contributions.
9.28 Contributions made by the employee must be made by salary deduction. The employing
9.29 labor organization shall pay all contributions to the system as required by section 352B.02.

9.30 Subd. 6. **Board membership excluded.** Employees of a labor organization who
9.31 retain active plan membership under this section are not eligible for election to the board
9.32 of directors.

9.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.1 Sec. 10. **[352B.013] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT**
10.2 **PURCHASE PROCEDURE.**

10.3 Subdivision 1. **Application.** This section specifies the procedure for purchasing
10.4 service credit in the state patrol retirement plan for authorized leaves of absence under
10.5 section 352B.011, subdivision 3, unless an alternative payment procedure is specified in
10.6 law for a particular form of leave or break in service.

10.7 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in
10.8 this chapter may purchase credit for allowable service in the plan for a period specified
10.9 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
10.10 whichever applies. The employing unit, at its option, may pay the employer portion of the
10.11 amount specified in paragraph (b) on behalf of its employees.

10.12 (b) If payment is received by the executive director within one year from the date
10.13 the employee returned to work following the authorized leave, the payment amount is
10.14 equal to the employee and employer contribution rates specified in section 352B.02 at the
10.15 end of the leave period multiplied by the employee's hourly rate of salary on the date of
10.16 return from the leave of absence and by the days and months of the leave of absence for
10.17 which the employee is eligible for allowable service credit. The payment must include
10.18 compound interest at a monthly rate of 0.71 percent from the last day of the leave period
10.19 until the last day of the month in which payment is received. If payment is received by the
10.20 executive director after one year from the date the employee returned to work following
10.21 the authorized leave, the payment amount is the amount determined under section
10.22 356.551. Payment under this paragraph must be made before the date of termination from
10.23 public employment covered under this chapter.

10.24 (c) If the employee terminates employment covered by this chapter during the leave
10.25 or following the leave rather than returning to covered employment, payment must
10.26 be received by the executive director within 30 days after the termination date. The
10.27 payment amount is equal to the employee and employer contribution rates specified in
10.28 section 352B.02 on the day prior to the termination date, multiplied by the employee's
10.29 hourly rate of salary on that date and by the days and months of the leave of absence
10.30 prior to termination.

10.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.32 Sec. 11. Minnesota Statutes 2008, section 352B.02, is amended by adding a subdivision
10.33 to read:

11.1 Subd. 3. Correction of plan coverage errors. If erroneous employee deductions
11.2 and employer contributions are caused by an error in plan coverage involving the state
11.3 patrol retirement plan and any other plan specified in section 356.99, that section applies.

11.4 EFFECTIVE DATE. This section is effective July 1, 2010.

11.5 Sec. 12. Minnesota Statutes 2008, section 353.27, subdivision 7a, is amended to read:

11.6 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
11.7 deductions and employer contributions were erroneously transmitted to the association,
11.8 but should have been transmitted to ~~another Minnesota public pension~~ a plan covered by
11.9 chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous
11.10 employee deductions and employer contributions to the appropriate retirement fund or
11.11 individual account, as applicable, ~~without interest.~~ The time limitations specified in
11.12 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
11.13 plan account must include interest at the rate of 0.71 percent per month, compounded
11.14 annually, from the first day of the month following the month in which coverage should
11.15 have commenced in the defined contribution plan until the end of the month in which
11.16 the transfer occurs.

11.17 ~~(b) For purposes of this subdivision, a Minnesota public pension plan means a~~
11.18 ~~plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D~~
11.19 ~~and 354B.~~

11.20 ~~(c)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to
11.21 cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal
11.22 Revenue Code, as amended, must not be made by the executive director of the association.
11.23 Within 30 days after being notified by the Public Employees Retirement Association of
11.24 an unmade potential transfer under this paragraph, the employer of the affected person
11.25 must transmit an amount representing the applicable salary deductions and employer
11.26 contributions, without interest, to the retirement fund of the appropriate Minnesota public
11.27 pension plan, or to the applicable individual account if the proper coverage is by a defined
11.28 contribution plan. The association must provide the employing unit a credit for the amount
11.29 of the erroneous salary deductions and employer contributions against future contributions
11.30 from the employer. If the employing unit receives a credit under this paragraph, the
11.31 employing unit is responsible for refunding to the applicable employee any amount that
11.32 had been erroneously deducted from the person's salary.

11.33 (c) If erroneous employee deductions and employer contributions reflect a plan
11.34 coverage error involving any Public Employees Retirement Association plan specified in
11.35 section 356.99 and any other plan specified in that section, section 356.99 applies.

12.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.2 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 3a, is amended to read:

12.3 Subd. 3a. **Disposition of suspension or reduction amount.** (a) The balance of
12.4 the annual retirement annuity after suspension or the amount of the retirement annuity
12.5 reduction must be handled or disposed of as provided in section 356.47.

12.6 (b) If a reemployed annuitant whose annuity is suspended is having insurance
12.7 premium amounts withheld under section 356.87, subdivision 2, insurance premium
12.8 amounts must continue to be withheld and transferred from the suspended portion of the
12.9 annuity. The balance of the annual retirement annuity after cessation, after deduction of
12.10 the insurance premium amounts, must be treated as specified in paragraph (a).

12.11 **EFFECTIVE DATE.** This section is effective January 1, 2010.

12.12 Sec. 14. Minnesota Statutes 2008, section 354.42, subdivision 7, is amended to read:

12.13 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
12.14 taken from the salary of an employee for the retirement fund in ~~error~~ excess of amounts
12.15 required must be refunded to the employee upon the discovery of the error and after the
12.16 verification of the error by the employing unit making the deduction. The corresponding
12.17 excess employer contribution and excess additional employer contribution amounts
12.18 attributable to the erroneous salary deduction must be refunded to the employing unit.

12.19 (b) If salary deductions and employer contributions were erroneously transmitted
12.20 to the retirement fund and should have been transmitted to ~~another Minnesota public~~
12.21 ~~pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director
12.22 must transfer these salary deductions and employer contributions to the account of the
12.23 appropriate public pension fund person under the applicable plan without interest. For
12.24 ~~purposes of this paragraph, a Minnesota public pension plan means a plan specified in~~
12.25 ~~section 356.30, subdivision 3, or the plan governed by chapter 354B.~~ The transfer to the
12.26 applicable defined contribution plan account must include interest at the rate of 0.71
12.27 percent per month, compounded annually, from the first day of the month following the
12.28 month in which coverage should have commenced in the defined contribution plan until
12.29 the end of the month in which the transfer occurs.

12.30 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
12.31 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
12.32 must not be made by the executive director. Within 30 days after being notified by the
12.33 Teachers Retirement Association of an unmade potential transfer under this paragraph,
12.34 the employer of the affected person must transmit an amount representing the applicable

13.1 salary deductions and employer contributions, without interest, to the ~~retirement fund of~~
13.2 ~~the appropriate Minnesota public pension plan fund~~ account of the applicable person under
13.3 the appropriate plan. The retirement association must provide a credit for the amount of
13.4 the erroneous salary deductions and employer contributions against future contributions
13.5 from the employer.

13.6 (d) If a salary warrant or check from which a deduction for the retirement fund was
13.7 taken has been canceled or the amount of the warrant or if a check has been returned to
13.8 the funds of the employing unit making the payment, a refund of the amount deducted,
13.9 or any portion of it that is required to adjust the salary deductions, must be made to the
13.10 employing unit.

13.11 (e) Erroneous direct payments of member-paid contributions or erroneous salary
13.12 deductions that were not refunded during the regular payroll cycle processing must be
13.13 refunded to the member, plus interest computed using the rate and method specified in
13.14 section 354.49, subdivision 2.

13.15 (f) Any refund under this subdivision that would cause the plan to fail to be a
13.16 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
13.17 be refunded and instead must be credited against future contributions payable by the
13.18 employer. The employer is responsible for refunding to the applicable employee any
13.19 amount that was erroneously deducted from the salary of the employee, with interest as
13.20 specified in paragraph (e).

13.21 (g) If erroneous employee deductions and employer contributions are caused by an
13.22 error in plan coverage involving the plan and any other plan specified in section 356.99,
13.23 that section applies.

13.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

13.25 Sec. 15. Minnesota Statutes 2008, section 354A.12, is amended by adding a
13.26 subdivision to read:

13.27 **Subd. 6a. Erroneous salary deductions or direct payments.** If erroneous
13.28 employee deductions and employer contributions reflect a plan coverage error involving
13.29 any plan covered by the this chapter and any plan specified in section 356.99, that section
13.30 applies.

13.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

13.32 Sec. 16. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

14.1 Subdivision 1. **Restriction; exceptions.** ~~(a)~~ It is unlawful for a school district
14.2 or other governmental subdivision or state agency to levy taxes for, or to contribute
14.3 public funds to a supplemental pension or deferred compensation plan that is established,
14.4 maintained, and operated in addition to a primary pension program for the benefit of the
14.5 governmental subdivision employees other than:

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

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

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

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

14.13 (5) for employees other than personnel employed by the Board of Trustees of the
14.14 Minnesota State Colleges and Universities and covered under the Higher Education
14.15 Supplemental Retirement Plan under chapter 354C, but including city managers covered
14.16 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
14.17 (a), or by the defined contribution plan of the Public Employees Retirement Association
14.18 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
14.19 provided for in a personnel policy of the public employer or in the collective bargaining
14.20 agreement between the public employer and the exclusive representative of public
14.21 employees in an appropriate unit or in the individual employment contract between a city
14.22 and a city manager, and if for each available investment all fees and historic rates of return
14.23 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
14.24 easily comprehended document not to exceed two pages, in an amount matching employee
14.25 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
14.26 one-half of the available elective deferral permitted per year per employee, under the
14.27 Internal Revenue Code:

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

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

14.33 (iii) any other deferred compensation plan offered by the employer under section
14.34 457 of the Internal Revenue Code;

14.35 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
14.36 and Universities and not covered by clause (5), to the supplemental retirement plan under

15.1 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
15.2 or in the collective bargaining agreement of the public employer with the exclusive
15.3 representative of the covered employees in an appropriate unit, in an amount matching
15.4 employee contributions on a dollar for dollar basis, but not to exceed an employer
15.5 contribution of \$2,700 a year for each employee;

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

15.11 (8) to the laborers national industrial pension fund or to a laborers local pension
15.12 fund for the employees of a governmental subdivision who are covered by a collective
15.13 bargaining agreement that provides for coverage by that fund and that sets forth a fund
15.14 contribution rate, but not to exceed an employer contribution of \$5,000 per year per
15.15 employee;

15.16 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
15.17 pipefitters local pension fund for the employees of a governmental subdivision who are
15.18 covered by a collective bargaining agreement that provides for coverage by that fund and
15.19 that sets forth a fund contribution rate, but not to exceed an employer contribution of
15.20 \$5,000 per year per employee;

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

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

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

15.32 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
15.33 deferred compensation program, if the employee makes a contribution, in an amount that
15.34 does not exceed the total percentage of covered salary under section 353.27, subdivisions
15.35 3 and 3a.

16.1 ~~(b) No governmental subdivision may make a contribution to a deferred~~
 16.2 ~~compensation plan operating under section 457 of the Internal Revenue Code for volunteer~~
 16.3 ~~or emergency on-call firefighters in lieu of providing retirement coverage under the federal~~
 16.4 ~~Old Age, Survivors, and Disability Insurance Program.~~

16.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.6 Sec. 17. Minnesota Statutes 2008, section 356.50, subdivision 4, is amended to read:

16.7 Subd. 4. **Annuity repayment.** Notwithstanding subdivisions 1 and 2, if after being
 16.8 discharged, the person commences receipt of an annuity from the applicable plan, and it is
 16.9 later determined that the person was wrongfully discharged, the person shall repay the
 16.10 annuity received in a lump sum within 60 days of receipt of the back pay award. ~~If the~~
 16.11 ~~annuity is not repaid, the person is not entitled to reinstatement in the applicable plan as~~
 16.12 ~~an active member, the person is not authorized to make payments under subdivision 2,~~
 16.13 ~~paragraph (a), and, for subsequent employment with the employer, the person shall be~~
 16.14 ~~treated as a reemployed annuitant.~~

16.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.16 **CORRECTION OF PLAN COVERAGE ERRORS**

16.17 Sec. 18. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN**
 16.18 **COVERAGE.**

16.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
 16.20 (b) to (e) have the meanings given them.

16.21 (b) "Chief administrative officer" means the person selected or elected by the
 16.22 governing board of a covered pension plan with primary responsibility to administer the
 16.23 covered pension plan, or that person's designee or representative.

16.24 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
 16.25 3, except clauses (3), (5), (6), and (11).

16.26 (d) "Governing board" means the governing board of the Minnesota State Retirement
 16.27 System, the Public Employees Retirement Association, the Teachers Retirement
 16.28 Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers
 16.29 Retirement Fund Association.

16.30 (e) "Member" means an active plan member in a covered pension plan.

16.31 Subd. 2. **Treatment of terminated employee coverage error.** Any person
 16.32 who terminated the erroneously covered service before a chief administrative officer

17.1 determined the covered pension plan coverage was in error retains the coverage with the
17.2 plan that originally credited the service.

17.3 Subd. 3. **Active employee correction of prospective service coverage.** Upon
17.4 determination by a chief administrative officer that a member is covered by the wrong
17.5 pension plan, the employer must stop remitting the erroneous employee deductions and
17.6 employer contributions and report the employee to the correct covered pension plan for all
17.7 subsequent service.

17.8 Subd. 4. **Active employee treatment of past service.** Any plan member, with past
17.9 service credited in an erroneous plan, retains the coverage for that past service with the
17.10 plan that originally credited that service if the reporting error began earlier than two
17.11 fiscal years prior to the current fiscal year in which the error was determined by the chief
17.12 administrative officer. If the reporting error began within two fiscal years prior to the
17.13 current fiscal year, the pension plan coverage for that past service must be corrected as
17.14 provided in subdivision 5.

17.15 Subd. 5. **Past service transfer procedure.** (a) For cases under subdivision 4
17.16 requiring correction of prior service coverage, on behalf of the applicable member the
17.17 chief administrative officer of the covered pension plan fund that has received erroneous
17.18 employee deductions and employer contributions must transfer to the appropriate covered
17.19 retirement plan fund an amount which is the lesser of all contributions made by or on
17.20 behalf of the member for the period of erroneous membership, or the specific amount
17.21 requested by the chief administrative officer of the other covered pension plan which
17.22 represents the employee deductions and employer contributions that would have been
17.23 made had the member been properly reported.

17.24 (b) If excess employee deductions remain in the member's account after the transfer
17.25 of funds, the remaining erroneous amount must be refunded to the person with interest at
17.26 the rate provided under the general refund law of the applicable covered pension plan. The
17.27 chief administrative officer must also return any remaining excess employer contributions
17.28 by providing a credit against future contributions payable by the employer.

17.29 (c) If the contributions transferred to the correct covered pension plan fund are
17.30 less than the amounts required for the period being corrected, the chief administrative
17.31 officer of the correct covered pension plan fund must collect the remaining employee
17.32 deductions and employer contributions from the employer under laws for recovering
17.33 deficient contributions applicable to the correct covered pension plan, except that no
17.34 interest is charged if the additional amounts due under this paragraph are received by the
17.35 chief administrative officer within 30 days of notifying the employer of the amount due.

18.1 (d) A potential transfer under this section that would cause a plan to fail to be a
18.2 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
18.3 made. Within 30 days after being notified by a chief administrative officer of an unmade
18.4 potential transfer under this section, the employer of the member must transmit an amount
18.5 representing the applicable salary deductions and employer contributions, without interest,
18.6 to the fund of the appropriate covered pension plan. The chief administrative officer of
18.7 the covered pension plan which erroneously provided coverage must provide a credit for
18.8 the amount of the erroneous salary deductions and employer contributions against future
18.9 contributions from the employer.

18.10 (e) Upon transfer of the required assets, or payment from the employer under
18.11 paragraph (d), whichever is applicable, allowable service and salary credit for the period
18.12 being transferred is forfeited in the erroneous plan and is granted in the correct plan.

18.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

18.14 Sec. 19. Minnesota Statutes 2008, section 490.123, is amended by adding a subdivision
18.15 to read:

18.16 **Subd. 4. Correction of contribution errors.** (a) If erroneous employee deductions
18.17 and employer contributions are caused by an error in plan coverage involving the judges
18.18 retirement plan and any other plan specified in section 356.99, that section applies.

18.19 (b) The provisions of section 352.04, subdivisions 8 and 9, apply to the judges'
18.20 retirement plan, except that if employee deductions or contributions are erroneously
18.21 transmitted to the judges' retirement fund for service provided after the service credit limit
18.22 under section 490.121, subdivision 22, has been attained, consistent with section 352D.04,
18.23 subdivision 2, no employer contributions shall transfer.

18.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

18.25 Sec. 20. **REPEALER.**

18.26 Minnesota Statutes 2008, sections 352.91, subdivision 5; and 353.88, are repealed.

18.27 **EFFECTIVE DATE.** This section is effective July 1, 2010.

18.28 **ARTICLE 2**

18.29 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

18.30 Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

19.1 Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary
19.2 administrative expenses of the deferred compensation plan may be charged to plan
19.3 participants in the form of an annual fee, an asset-based fee, a percentage of the
19.4 contributions to the plan, or a combination thereof, as set forth in the plan document. The
19.5 executive director of the system at the direction of the board of directors shall establish
19.6 procedures to carry out this section including allocation of administrative costs of the plan
19.7 to participants. Processes and procedures shall be set forth in the plan document. Fees
19.8 cannot be charged on contributions and investment returns attributable to contributions
19.9 made to the Minnesota supplemental investment funds before July 1, 1992.

19.10 (b) The plan document must conform to federal and state tax laws, regulations, and
19.11 rulings, and is not subject to the Administrative Procedure Act.

19.12 (c) The executive director may contract with a third party to perform administrative
19.13 and record keeping functions. The executive director may solicit bids and negotiate such
19.14 contracts. Participating employers must provide the necessary data to the third-party
19.15 administrator as determined by the executive director. The third-party record keeper and
19.16 the Minnesota State Retirement System shall follow the data privacy provisions under
19.17 chapter 13. The third-party record keeper may not solicit participants for any product or
19.18 services not related to the deferred compensation plan.

19.19 (d) The board of directors may authorize a third-party investment consultant to
19.20 provide investment information and advice, provided that the offering of such information
19.21 and advice is consistent with the investment advice requirements applicable to private
19.22 plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law
19.23 109-280, section 601.

19.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

19.25 **ARTICLE 3**

19.26 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT** 19.27 **PROGRAM AMENDMENTS**

19.28 Section 1. Minnesota Statutes 2008, section 3A.07, is amended to read:

19.29 **3A.07 APPLICATION.**

19.30 (a) Except as provided in paragraph (b) or (d), this chapter applies to members
19.31 of the legislature in service after July 1, 1965, who otherwise meet the requirements
19.32 of this chapter.

19.33 (b) Members of the legislature who were elected for the first time after June 30,
19.34 1997, or members of the legislature who were elected before July 1, 1997, and who, after

20.1 July 1, 1998, elect not to be members of the plan established by this chapter are covered
20.2 by the unclassified employees retirement program governed by chapter 352D.

20.3 (c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable
20.4 and must be made on a form prescribed by the director. The second chance referendum
20.5 election under Laws 2002, chapter 392, article 15, also is irrevocable.

20.6 (d) Members of the legislature who are covered by the retirement plan governed by
20.7 this chapter on July 1, 2010, may, on or before the end of the member's seventh year of
20.8 legislative service or January 1, 2011, whichever is later, elect to have future retirement
20.9 coverage by either the general state employees retirement plan governed by chapter 352
20.10 or the unclassified state employees retirement program governed by chapter 352D. The
20.11 election must be made on a form prescribed by the director and is irrevocable.

20.12 Sec. 2. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

20.13 Subd. 2a. **Included employees.** (a) "State employee" includes:

20.14 (1) employees of the Minnesota Historical Society;

20.15 (2) employees of the State Horticultural Society;

20.16 (3) employees of the Minnesota Crop Improvement Association;

20.17 (4) employees of the adjutant general who are paid from federal funds and who are
20.18 not covered by any federal civilian employees retirement system;

20.19 (5) employees of the Minnesota State Colleges and Universities employed under the
20.20 university or college activities program;

20.21 (6) currently contributing employees covered by the system who are temporarily
20.22 employed by the legislature during a legislative session or any currently contributing
20.23 employee employed for any special service as defined in subdivision 2b, clause (8);

20.24 (7) employees of the legislature appointed without a limit on the duration of their
20.25 employment and persons employed or designated by the legislature or by a legislative
20.26 committee or commission or other competent authority to conduct a special inquiry,
20.27 investigation, examination, or installation;

20.28 (8) trainees who are employed on a full-time established training program
20.29 performing the duties of the classified position for which they will be eligible to receive
20.30 immediate appointment at the completion of the training period;

20.31 (9) employees of the Minnesota Safety Council;

20.32 (10) any employees on authorized leave of absence from the Transit Operating
20.33 Division of the former Metropolitan Transit Commission who are employed by the
20.34 labor organization which is the exclusive bargaining agent representing employees of
20.35 the Transit Operating Division;

21.1 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
 21.2 Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control
 21.3 Commission, or Metropolitan Radio Board unless excluded or covered by another public
 21.4 pension fund or plan under section 473.415, subdivision 3;

21.5 (12) judges of the Tax Court;

21.6 (13) personnel employed on June 30, 1992, by the University of Minnesota in the
 21.7 management, operation, or maintenance of its heating plant facilities, whose employment
 21.8 transfers to an employer assuming operation of the heating plant facilities, so long as the
 21.9 person is employed at the University of Minnesota heating plant by that employer or by its
 21.10 successor organization;

21.11 (14) seasonal help in the classified service employed by the Department of Revenue;

21.12 (15) persons employed by the Department of Commerce as a peace officer in
 21.13 the Insurance Fraud Prevention Division under section 45.0135 who have attained the
 21.14 mandatory retirement age specified in section 43A.34, subdivision 4;

21.15 (16) employees of the University of Minnesota unless excluded under subdivision
 21.16 2b, clause (3);

21.17 (17) employees of the Middle Management Association whose employment began
 21.18 after July 1, 2007, and to whom section 352.029 does not apply; ~~and~~

21.19 (18) employees of the Minnesota Government Engineers Council to whom section
 21.20 352.029 does not apply; and

21.21 (19) employees who have elected to transfer past service to the general employees
 21.22 retirement plan under section 352D.02, subdivision 1d, paragraph (a), or who have not
 21.23 elected to transfer to the unclassified program under section 352D.02, subdivision 1d,
 21.24 paragraph (b).

21.25 (b) Employees specified in paragraph (a), clause (13), are included employees under
 21.26 paragraph (a) if employer and employee contributions are made in a timely manner in the
 21.27 amounts required by section 352.04. Employee contributions must be deducted from
 21.28 salary. Employer contributions are the sole obligation of the employer assuming operation
 21.29 of the University of Minnesota heating plant facilities or any successor organizations to
 21.30 that employer.

21.31 **EFFECTIVE DATE.** This section is effective June 30, 2010.

21.32 Sec. 3. Minnesota Statutes 2008, section 352.01, subdivision 2b, is amended to read:

21.33 Subd. 2b. **Excluded employees.** "State employee" does not include:

21.34 (1) students employed by the University of Minnesota, or the state colleges and
 21.35 universities, unless approved for coverage by the Board of Regents of the University of

22.1 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
22.2 whichever is applicable;

22.3 (2) employees who are eligible for membership in the state Teachers Retirement
22.4 Association, except employees of the Department of Education who have chosen or may
22.5 choose to be covered by the general state employees retirement plan of the Minnesota
22.6 State Retirement System instead of the Teachers Retirement Association;

22.7 (3) employees of the University of Minnesota who are excluded from coverage by
22.8 action of the Board of Regents;

22.9 (4) officers and enlisted personnel in the National Guard and the naval militia who
22.10 are assigned to permanent peacetime duty and who under federal law are or are required to
22.11 be members of a federal retirement system;

22.12 (5) election officers;

22.13 (6) persons who are engaged in public work for the state but who are employed
22.14 by contractors when the performance of the contract is authorized by the legislature or
22.15 other competent authority;

22.16 (7) officers and employees of the senate, or of the house of representatives, or of a
22.17 legislative committee or commission who are temporarily employed;

22.18 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
22.19 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
22.20 employed by the Department of Labor and Industry;

22.21 (9) patient and inmate help in state charitable, penal, and correctional institutions
22.22 including the Minnesota Veterans Home;

22.23 (10) persons who are employed for professional services where the service is
22.24 incidental to their regular professional duties and whose compensation is paid on a per
22.25 diem basis;

22.26 (11) employees of the Sibley House Association;

22.27 (12) the members of any state board or commission who serve the state intermittently
22.28 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
22.29 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
22.30 from serving more than three years; and the board of managers of the State Agricultural
22.31 Society and its treasurer unless the treasurer is also its full-time secretary;

22.32 (13) state troopers and persons who are described in section 352B.01, subdivision 2,
22.33 clauses (2) to (6);

22.34 (14) temporary employees of the Minnesota State Fair who are employed on or
22.35 after July 1 for a period not to extend beyond October 15 of that year; and persons who

23.1 are employed at any time by the state fair administration for special events held on the
23.2 fairgrounds;

23.3 (15) emergency employees who are in the classified service; except that if an
23.4 emergency employee, within the same pay period, becomes a provisional or probationary
23.5 employee on other than a temporary basis, the employee shall be considered a "state
23.6 employee" retroactively to the beginning of the pay period;

23.7 (16) temporary employees in the classified service, and temporary employees in the
23.8 unclassified service who are appointed for a definite period of not more than six months
23.9 and who are employed less than six months in any one-year period;

23.10 (17) interns hired for six months or less and trainee employees, except those listed in
23.11 subdivision 2a, clause (8);

23.12 (18) persons whose compensation is paid on a fee basis or as an independent
23.13 contractor;

23.14 (19) state employees who are employed by the Board of Trustees of the Minnesota
23.15 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
23.16 subdivision 1, clause (9);

23.17 (20) state employees who in any year have credit for 12 months service as teachers
23.18 in the public schools of the state and as teachers are members of the Teachers Retirement
23.19 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
23.20 incidental employment as a state employee that is not covered by one of the teacher
23.21 retirement associations or systems;

23.22 (21) employees of the adjutant general who are employed on an unlimited
23.23 intermittent or temporary basis in the classified or unclassified service for the support of
23.24 Army and Air National Guard training facilities;

23.25 (22) chaplains and nuns who are excluded from coverage under the federal Old
23.26 Age, Survivors, Disability, and Health Insurance Program for the performance of service
23.27 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
23.28 irrevocable election of coverage has been made under section 3121(r) of the Internal
23.29 Revenue Code of 1986, as amended through December 31, 1992;

23.30 (23) examination monitors who are employed by departments, agencies,
23.31 commissions, and boards to conduct examinations required by law;

23.32 (24) persons who are appointed to serve as members of fact-finding commissions or
23.33 adjustment panels, arbitrators, or labor referees under chapter 179;

23.34 (25) temporary employees who are employed for limited periods under any state or
23.35 federal program for training or rehabilitation, including persons who are employed for

24.1 limited periods from areas of economic distress, but not including skilled and supervisory
 24.2 personnel and persons having civil service status covered by the system;

24.3 (26) full-time students who are employed by the Minnesota Historical Society
 24.4 intermittently during part of the year and full-time during the summer months;

24.5 (27) temporary employees who are appointed for not more than six months, of
 24.6 the Metropolitan Council and of any of its statutory boards, if the board members are
 24.7 appointed by the Metropolitan Council;

24.8 (28) persons who are employed in positions designated by the Department of
 24.9 Finance as student workers;

24.10 (29) members of trades who are employed by the successor to the Metropolitan
 24.11 Waste Control Commission, who have trade union pension plan coverage under a
 24.12 collective bargaining agreement, and who are first employed after June 1, 1977;

24.13 (30) off-duty peace officers while employed by the Metropolitan Council;

24.14 (31) persons who are employed as full-time police officers by the Metropolitan
 24.15 Council and as police officers are members of the public employees police and fire fund;

24.16 (32) persons who are employed as full-time firefighters by the Department of Military
 24.17 Affairs and as firefighters are members of the public employees police and fire fund;

24.18 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
 24.19 valid for less than three years of employment, unless notice of extension is supplied which
 24.20 allows them to work for three or more years as of the date the extension is granted, in
 24.21 which case they are eligible for coverage from the date extended; ~~and~~

24.22 (34) persons who are employed by the Board of Trustees of the Minnesota State
 24.23 Colleges and Universities and who elected to remain members of the Public Employees
 24.24 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
 24.25 applies, under Minnesota Statutes 1994, section 136C.75; and

24.26 (35) employees who have elected to transfer service to the unclassified program
 24.27 under section 352D.02, subdivision 1d, paragraph (b).

24.28 **EFFECTIVE DATE.** This section is effective June 30, 2010.

24.29 Sec. 4. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

24.30 Subd. 4. **General fund.** "General fund" means the general state employees
 24.31 retirement fund under chapter 352 ~~except the moneys for the unclassified program.~~

24.32 Subd. 4a. **General employees retirement plan.** "General employees retirement
 24.33 plan" means the general state employees retirement plan under chapter 352.

24.34 **EFFECTIVE DATE.** This section is effective June 30, 2010.

25.1 Sec. 5. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

25.2 Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt~~
 25.3 ~~of an application. If no application is required, "value" means the cash value at the end~~
 25.4 ~~of the month in which the event necessitating the transfer occurs~~ the market value of the
 25.5 account at the end of the United States investment market day.

25.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

25.7 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 1, is amended to read:

25.8 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (b), clause
 25.9 (1), are participants in the unclassified program under this chapter. Persons referenced
 25.10 in paragraph (b), clause (15) are participants in the unclassified program under this
 25.11 chapter for judicial employment in excess of the service credit limit in section 490.121,
 25.12 subdivision 22. Employees enumerated in paragraph ~~(c)~~ (b), ~~clauses (2), (3), (4), (6) to~~
 25.13 ~~(14), and (16) to (18);~~ clauses (2) to (14) and (16) to (18), if they are in the unclassified
 25.14 service of the state or Metropolitan Council and are eligible for coverage under the general
 25.15 state employees retirement plan under chapter 352, are participants in the unclassified
 25.16 program under this chapter unless the employee gives notice to the executive director of
 25.17 the Minnesota State Retirement System within one year following the commencement
 25.18 of employment in the unclassified service that the employee desires coverage under the
 25.19 general state employees retirement plan. For the purposes of this chapter, an employee
 25.20 who does not file notice with the executive director is deemed to have exercised the option
 25.21 to participate in the unclassified program.

25.22 ~~(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified~~
 25.23 ~~program under this chapter unless the person was eligible to elect different coverage under~~
 25.24 ~~section 3A.07 and elected retirement coverage by the applicable alternative retirement~~
 25.25 ~~plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified~~
 25.26 ~~program under this chapter for judicial employment in excess of the service credit limit in~~
 25.27 ~~section 490.121, subdivision 22.~~

25.28 ~~(c)~~ (b) Enumerated employees ~~and referenced persons~~ are:

25.29 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
 25.30 and the attorney general;

25.31 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
 25.32 of State, State Auditor, Attorney General;

25.33 (3) an employee of the State Board of Investment;

26.1 (4) the head of a department, division, or agency created by statute in the unclassified
26.2 service, an acting department head subsequently appointed to the position, or an employee
26.3 enumerated in section 15A.0815 or 15A.083, subdivision 4;

26.4 (5) a member of the legislature;

26.5 (6) a full-time unclassified employee of the legislature or a commission or agency of
26.6 the legislature who is appointed without a limit on the duration of the employment or a
26.7 temporary legislative employee having shares in the supplemental retirement fund as a
26.8 result of former employment covered by this chapter, whether or not eligible for coverage
26.9 under the Minnesota State Retirement System;

26.10 (7) a person who is employed in a position established under section 43A.08,
26.11 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
26.12 a department or agency of the state, which is at the deputy or assistant head of department
26.13 or agency or director level;

26.14 (8) the regional administrator, or executive director of the Metropolitan Council,
26.15 general counsel, division directors, operations managers, and other positions as designated
26.16 by the council, all of which may not exceed 27 positions at the council and the chair;

26.17 (9) the executive director, associate executive director, and not to exceed nine
26.18 positions of the Minnesota Office of Higher Education in the unclassified service, as
26.19 designated by the Minnesota Office of Higher Education before January 1, 1992, or
26.20 subsequently redesignated with the approval of the board of directors of the Minnesota
26.21 State Retirement System, unless the person has elected coverage by the individual
26.22 retirement account plan under chapter 354B;

26.23 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
26.24 Constitution of the state of Minnesota, the state court administrator and judicial district
26.25 administrators;

26.26 (11) the chief executive officers of correctional facilities operated by the Department
26.27 of Corrections and of hospitals and nursing homes operated by the Department of Human
26.28 Services;

26.29 (12) an employee whose principal employment is at the state ceremonial house;

26.30 (13) an employee of the Agricultural Utilization Research Institute;

26.31 (14) an employee of the State Lottery who is covered by the managerial plan
26.32 established under section 43A.18, subdivision 3;

26.33 (15) a judge who has exceeded the service credit limit in section 490.121,
26.34 subdivision 22;

26.35 (16) an employee of Enterprise Minnesota, Inc.;

27.1 (17) a person employed by the Minnesota State Colleges and Universities as faculty
27.2 or in an eligible unclassified administrative position as defined in section 354B.20,
27.3 subdivision 6, who was employed by the former state university or the former community
27.4 college system before May 1, 1995, and elected unclassified program coverage prior to
27.5 May 1, 1995; and

27.6 (18) a person employed by the Minnesota State Colleges and Universities who
27.7 was employed in state service before July 1, 1995, who subsequently is employed in an
27.8 eligible unclassified administrative position as defined in section 354B.20, subdivision
27.9 6, and who elects coverage by the unclassified program.

27.10 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

27.11 Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular~~ general
27.12 employees retirement plan who is subsequently employed as a full-time unclassified
27.13 employee of the legislature or any commission or agency of the legislature without a
27.14 limit on the duration of the employment may elect to transfer accumulated employee and
27.15 matching employer contributions; as provided in section 352D.03.

27.16 **EFFECTIVE DATE.** This section is effective June 30, 2010.

27.17 Sec. 8. Minnesota Statutes 2008, section 352D.02, subdivision 1d, is amended to read:

27.18 Subd. 1d. **Election of program participation.** (a) An employee hired before July
27.19 1, 2010, who is a participant in the unclassified program by virtue of employment in a
27.20 position listed in subdivision 1 may elect to remain in the unclassified program upon
27.21 subsequent employment in an unlimited, full-time unclassified position that is not listed
27.22 in subdivision 1. To elect participation in the unclassified program, the employee must
27.23 give notice to the executive director of the Minnesota State Retirement System within one
27.24 year of the commencement of employment in an unclassified position that is not listed
27.25 in subdivision 1. Upon receipt of the notice, the executive director shall transfer to the
27.26 employee's account in the unclassified program an amount equal to the employer and
27.27 employee contributions with six percent interest, compounded annually, that were made to
27.28 the ~~regular~~ general employees retirement plan by or on the employee's behalf from the
27.29 commencement of employment in the position not listed in subdivision 1 to the receipt
27.30 date of the notice by the executive director.

27.31 (b) An employee hired after June 30, 2010, who is able to elect coverage in the
27.32 unclassified program by virtue of employment in a position listed in subdivision 1 is
27.33 a member of the general employees retirement plan unless they make an irrevocable
27.34 election to switch to the unclassified program. An employee may make an election to

28.1 switch from the general employees retirement plan to the unclassified program any time
28.2 within the first three years of service. To elect participation in the unclassified program,
28.3 the employee must give written notice to the executive director of the Minnesota State
28.4 Retirement System. Upon receipt of the notice, the executive director shall transfer to the
28.5 employee's unclassified program account an amount equal to the employer and employee
28.6 contributions with six percent interest compounded annually from the general employees
28.7 retirement plan.

28.8 **EFFECTIVE DATE.** This section is effective June 30, 2010.

28.9 Sec. 9. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

28.10 Subd. 2. **Coverage upon employment change.** A person becoming a participant
28.11 in the unclassified program prior to July 1, 2010, by virtue of employment in a position
28.12 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
28.13 remain a participant in the program even though the position the person occupies is
28.14 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
28.15 amendment, except that a person shall not be eligible to elect the unclassified program
28.16 after separation from unclassified service if on the return of the person to service, that
28.17 position is not specified in subdivision 1, clause (4). Any person employed in a position
28.18 specified in subdivision 1 shall cease to participate in the unclassified program in the event
28.19 the position is placed in the classified service.

28.20 **EFFECTIVE DATE.** This section is effective June 30, 2010.

28.21 Sec. 10. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

28.22 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
28.23 referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to
28.24 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
28.25 and who has credit for ~~ten years of~~ allowable service ~~and,~~ not later than one month
28.26 following the termination of covered employment, may elect to terminate participation
28.27 in the unclassified program and be covered by the general employees retirement plan by
28.28 filing a written election with the executive director: if the employee was employed before
28.29 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
28.30 if the employee was employed after June 30, 2010, and has no more than seven years of
28.31 allowable service as of the date of the election.

28.32 (b) A person referred to in subdivision 1, paragraph (c), clause (5), who is credited
28.33 with employee shares in the unclassified program, and who has credit for allowable

29.1 service, prior to the termination of service, may elect to terminate participation in the
 29.2 unclassified program and be covered by the general employees retirement plan by filing
 29.3 a written election with the executive director if the person first became covered by the
 29.4 unclassified program after June 30, 2010, and has no more than seven years of allowable
 29.5 service or if the person first became covered by the unclassified program before July 1,
 29.6 2010, and makes the election to transfer on or before January 1, 2011.

29.7 (c) If the transfer election is made, the executive director shall then redeem the
 29.8 employee's total shares and shall credit to the employee's account in the general employees
 29.9 retirement plan the amount of contributions that would have been so credited had the
 29.10 employee been covered by the general employees retirement plan during the employee's
 29.11 entire covered employment or elective state service. The balance of money so redeemed
 29.12 and not credited to the employee's account ~~shall~~ must be transferred to the general
 29.13 employees retirement plan retirement fund, except that (1) the employee contribution paid
 29.14 to the unclassified program must be compared to (2) the employee contributions that
 29.15 would have been paid to the general employees retirement plan for the comparable period,
 29.16 if the individual had been covered by that plan. If clause (1) is greater than clause (2),
 29.17 the difference must be refunded to the employee as provided in section 352.22. If clause
 29.18 (2) is greater than clause (1), the difference must be paid by the employee within six
 29.19 months of electing general employees retirement plan coverage or before the effective
 29.20 date of the annuity, whichever is sooner.

29.21 ~~(b)~~ (d) An election under paragraph (a) or (b) to transfer coverage to the general
 29.22 employees retirement plan is irrevocable during any period of covered employment.

29.23 (e) A person referenced to in subdivision 1, paragraph (c), clause (1) or (15), who is
 29.24 credited with employee shares in the unclassified program is not permitted to terminate
 29.25 participation in the unclassified program and be covered by the general employees
 29.26 retirement plan.

29.27 **EFFECTIVE DATE.** This section is effective June 30, 2010.

29.28 Sec. 11. Minnesota Statutes 2008, section 352D.03, is amended to read:

29.29 **352D.03 TRANSFER OF ASSETS.**

29.30 Unless an eligible employee enumerated in section 352D.02, subdivision 1, has
 29.31 elected coverage under the individual retirement account plan under chapter 354B, ~~a~~
 29.32 ~~sum of money representing the assets credited to each employee exercising the option~~
 29.33 ~~contained in section 352D.02, plus an equal employer contribution together with interest~~
 29.34 for an employee exercising an option under section 352D.02, an amount equal to the

30.1 ~~employee and employer contributions for the employment period at the applicable~~
30.2 ~~preretirement interest actuarial assumption rate during this period~~ plus six percent interest,
30.3 compounded annually, must be used for the purchase of shares on behalf of each employee
30.4 in the accounts of the supplemental retirement fund established by section 11A.17.

30.5 **EFFECTIVE DATE.** This section is effective June 30, 2010.

30.6 Sec. 12. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

30.7 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
30.8 in the retirement program provided by this chapter may elect to purchase shares in one or
30.9 a combination of the income share account, the growth share account, the international
30.10 share account, the money market account, the bond market account, the fixed interest
30.11 account, or the common stock index account established in section 11A.17. The person
30.12 may elect to participate in one or more of the investment accounts in the fund by
30.13 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
30.14 percentage of the person's contributions provided in subdivision 2 to be used to purchase
30.15 shares in each of the accounts.

30.16 (b) A participant may ~~indicate in writing on forms provided,~~ in a manner prescribed
30.17 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose
30.18 their investment allocation for subsequent purchases of shares. Until a different written
30.19 indication is made by the participant, the executive director shall purchase shares in the
30.20 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
30.21 income shares must be purchased for a participant. A change in choice of investment
30.22 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
30.23 ~~receipt of the request for a change~~ at the end of the most recent United States investment
30.24 market day.

30.25 (c) ~~Shares in the fixed interest account attributable to any guaranteed investment~~
30.26 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
30.27 ~~account until the guaranteed investment contract has expired, unless the participant~~
30.28 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
30.29 ~~352D.06 to 352D.075.~~

30.30 (d) (c) A participant or former participant may also change the investment options
30.31 selected for all or a portion of the participant's shares previously purchased in accounts,
30.32 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~
30.33 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
30.34 ~~an account practically permits, but not later than six months after the requested change~~
30.35 trading restrictions imposed on the investment option.

31.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

31.2 Sec. 13. Minnesota Statutes 2008, section 352D.04, subdivision 2, is amended to read:

31.3 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this
31.4 section is the employee and employer contributions provided in this subdivision.

31.5 (b) The employee contribution is an amount equal to ~~four~~ the percent of salary
31.6 specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

31.7 (c) The employer contribution is an amount equal to six percent of salary.

31.8 (d) For members of the legislature, the contributions under this subdivision also must
31.9 be made on per diem payments received during a regular or special legislative session, but
31.10 may not be made on per diem payments received outside of a regular or special legislative
31.11 session, on the additional compensation attributable to a leadership position under section
31.12 3.099, subdivision 3, living expense payments under section 3.101, or special session
31.13 living expense payments under section 3.103.

31.14 (e) For a judge who is a member of the unclassified plan under section 352D.02,
31.15 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent
31.16 of salary, and there is no employer contribution.

31.17 (f) These contributions must be made in the manner provided in section 352.04,
31.18 subdivisions 4, 5, and 6.

31.19 **EFFECTIVE DATE.** This section is effective the first day of the first full pay
31.20 period beginning after July 1, 2010.

31.21 Sec. 14. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

31.22 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
31.23 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash
31.24 value of the participant's total shares or leave such shares on deposit with the supplemental
31.25 retirement fund. The account is valued at the end of the ~~month in which~~ most recent
31.26 United States investment market day following receipt of the application for withdrawal is
31.27 made. Shares not withdrawn remain on deposit with the supplemental retirement fund
31.28 until the former participant becomes at least 55 years old, and applies for an annuity under
31.29 section 352D.06, subdivision 1.

31.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

31.31 Sec. 15. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

32.1 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
32.2 repay regular refunds taken under section 352.22, as provided in section 352.23.

32.3 (b) A participant in the unclassified program or an employee covered by the general
32.4 employees retirement plan who has withdrawn the value of the total shares may repay
32.5 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
32.6 paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent
32.7 compounded annually from the date that the refund was taken until the date that the refund
32.8 is repaid. If the participant had withdrawn only the employee shares as permitted under
32.9 prior laws, repayment must be pro rata.

32.10 (c) Except as provided in section 356.441, the repayment of a refund under this
32.11 section must be made in a lump sum.

32.12 **EFFECTIVE DATE.** This section is effective June 30, 2010.

32.13 Sec. 16. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

32.14 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~
32.15 ~~first full month after an application is received or the day following termination of state~~
32.16 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~
32.17 ~~end of the month of termination of covered employment, or the end of the month of receipt~~
32.18 ~~of the annuity application for the purpose of computing the annuity~~ day following receipt
32.19 of the application or the day following termination, whichever is later. The benefit will be
32.20 based on the value of the account the day following receipt of the application or the date of
32.21 termination, whichever is later, plus any contributions and interest received after that date.

32.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

32.23 Sec. 17. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

32.24 Subd. 3. **Annuity payment.** The annuity payable under this section shall begin to
32.25 accrue the ~~first day of the month following the date of disability~~ receipt of the application
32.26 or the day after termination, whichever is later, plus any contributions and interest received
32.27 after that date, and shall be based on the participant's age when the annuity begins to
32.28 accrue. The shares shall be valued as of the end of the ~~month following authorization of~~
32.29 ~~payments~~ day on which the benefit accrues.

32.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

32.31 Sec. 18. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

33.1 Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make
 33.2 available by electronic means to each participant the prospectus prepared by the
 33.3 supplemental fund, by July 1 or when received from such fund, whichever is later, to
 33.4 each participant in covered employment.

33.5 (b) Any participant may contact the Minnesota State Retirement System and request
 33.6 a copy of the prospectus.

33.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

33.8 Sec. 19. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

33.9 Subd. 7. **Administrative fees.** The board of directors shall establish a budget
 33.10 and charge participants a reasonable fee to pay the administrative expenses of the
 33.11 unclassified program. Fees cannot be charged on contributions and investment returns
 33.12 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan~~
 33.13 ~~administration cannot exceed 10/100 of one percent of the contributions and investment~~
 33.14 ~~returns attributable to contributions made on or after July 1, 1992.~~

33.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

33.16 ARTICLE 4

33.17 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 33.18 ADMINISTRATIVE PROVISIONS

33.19 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is
 33.20 amended to read:

33.21 Subd. 2. **Public employee.** "Public employee" means a governmental employee
 33.22 or a public officer performing personal services for a governmental subdivision defined
 33.23 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from
 33.24 taxation, fees, assessments, or from other sources. For purposes of membership in the
 33.25 association, the term includes the classes of persons ~~described or~~ listed in subdivision
 33.26 2a and excludes the classes of persons listed in subdivision 2b. The term also includes
 33.27 persons who elect association membership under subdivision 2d, paragraph (a), and
 33.28 persons for whom the applicable governmental subdivision had elected association
 33.29 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~
 33.30 ~~listed in subdivision 2b for purposes of membership in the association.~~

33.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

34.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is
 34.2 amended to read:

34.3 Subd. 2a. **Included employees; mandatory membership.** (a) ~~Public employees~~
 34.4 ~~whose salary from employment in one or more positions within one governmental~~
 34.5 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~
 34.6 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~
 34.7 ~~eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and
 34.8 who are not specifically excluded under subdivision 2b or provided an option to participate
 34.9 under subdivision 2d, whether individually or by action of the governmental subdivision,
 34.10 must participate as members of the association with retirement coverage by the public
 34.11 employees retirement plan or the public employees police and fire retirement plan under
 34.12 this chapter, or the local government correctional employees retirement plan under chapter
 34.13 353E, whichever applies. Membership commences as a condition of their employment on
 34.14 the first day of their employment unless they or on the first day the eligibility criteria are
 34.15 met, whichever is later. Public employees include but are not limited to:

34.16 ~~(1) are specifically excluded under subdivision 2b;~~
 34.17 ~~(2) do not exercise their option to elect retirement coverage in the association as~~
 34.18 ~~provided in subdivision 2d, paragraph (a); or~~
 34.19 ~~(3) are employees of the governmental subdivisions listed in subdivision 2d,~~
 34.20 ~~paragraph (b), where the governmental subdivision has not elected to participate as a~~
 34.21 ~~governmental subdivision covered by the association.~~

34.22 (1) persons whose salary meets the threshold in paragraph (a) from employment in
 34.23 one or more positions within one governmental subdivision;

34.24 (2) elected county sheriffs;

34.25 (3) persons appointed, employed, or contracted to perform governmental functions
 34.26 that by law or local ordinance are required of a public officer, including, but not limited to:

34.27 (i) town and city clerk or treasurer;

34.28 (ii) county auditor, treasurer, or recorder;

34.29 (iii) city manager as defined in section 353.028 who does not exercise the option
 34.30 provided under subdivision 2d; or

34.31 (iv) emergency management director, as provided under section 12.25;

34.32 (4) physicians under section 353D.01, subdivision 2, who do not elect public
 34.33 employees defined contribution plan coverage under section 353D.02, subdivision 2;

34.34 (5) full-time employees of the Dakota County Agricultural Society; and

34.35 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
 34.36 Police Relief Association who are not excluded employees under subdivision 2b due

35.1 to coverage by the relief association pension plan and who elected Public Employee
 35.2 Retirement Association general plan coverage before August 20, 2009.

35.3 (b) A public employee or elected official who was a member of the association on
 35.4 June 30, 2002, based on employment that qualified for membership coverage by the public
 35.5 employees retirement plan or the public employees police and fire plan under this chapter,
 35.6 or the local government correctional employees retirement plan under chapter 353E as of
 35.7 June 30, 2002, retains that membership for the duration of the person's employment in that
 35.8 position or incumbency in elected office. Except as provided in subdivision 28, the person
 35.9 shall participate as a member until the employee or elected official terminates public
 35.10 employment under subdivision 11a or terminates membership under subdivision 11b.

35.11 ~~(c) Public employees under paragraph (a) include:~~

35.12 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~
 35.13 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

35.14 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

35.15 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 35.16 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~
 35.17 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~
 35.18 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

35.19 (c) If the salary of an included public employee is less than \$425 in any subsequent
 35.20 month, the member retains membership eligibility.

35.21 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that paragraph
 35.22 (a), clause (3) applies to any person first appointed, elected or contracted after June 30,
 35.23 2010.

35.24 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

35.25 Subd. 2b. **Excluded employees.** (a) The following public employees are not
 35.26 eligible to participate as members of the association with retirement coverage by the
 35.27 public employees retirement plan, the local government correctional employees retirement
 35.28 plan under chapter 353E, or the public employees police and fire retirement plan:

35.29 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 35.30 a month;

35.31 (2) public officers, other than county sheriffs, who are elected to a governing body,
 35.32 city mayors, or persons who are appointed to fill a vacancy in an elective office of a
 35.33 governing body, whose term of office commences on or after July 1, 2002, for the service
 35.34 to be rendered in that elective position;

35.35 ~~(2)~~ (3) election officers or election judges;

36.1 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental
36.2 subdivision;

36.3 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
36.4 for a temporary position as defined under subdivision 12a, and employees who resign
36.5 from a nontemporary position and accept a temporary position within 30 days in the
36.6 same governmental subdivision;

36.7 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
36.8 flood, storm, or similar disaster;

36.9 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
36.10 subdivision are required by law to be a member of and to contribute to any of the plans or
36.11 funds administered by the Minnesota State Retirement System, the Teachers Retirement
36.12 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
36.13 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
36.14 or firefighters relief association governed by section 69.77 that has not consolidated
36.15 with the Public Employees Retirement Association, or any local police or firefighters
36.16 consolidation account who have not elected the type of benefit coverage provided by the
36.17 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
36.18 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
36.19 police and fire plan benefit coverage. This clause must not be construed to prevent a person
36.20 from being a member of and contributing to the Public Employees Retirement Association
36.21 and also belonging to and contributing to another public pension plan or fund for other
36.22 service occurring during the same period of time. A person who meets the definition of
36.23 "public employee" in subdivision 2 by virtue of other service occurring during the same
36.24 period of time becomes a member of the association unless contributions are made to
36.25 another public retirement fund on the salary based on the other service or to the Teachers
36.26 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

36.27 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
36.28 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
36.29 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
36.30 as amended through January 1, 1987, if no irrevocable election of coverage has been made
36.31 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

36.32 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
36.33 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
36.34 basis at an accredited school, college, or university in an undergraduate, graduate, or
36.35 professional-technical program, or a public or charter high school;

- 37.1 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
37.2 pharmacist interns who are serving in a degree or residency program in public hospitals
37.3 or clinics;
- 37.4 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
37.5 by an accredited educational institution;
- 37.6 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
37.7 who render part-time teaching service in a technical college;
- 37.8 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
37.9 Inc., foreign citizens working for a governmental subdivision with a work permit ~~of less~~
37.10 ~~than three years~~, or an H-1b visa ~~valid~~ initially issued or extended for a combined period
37.11 less than three years of employment. Upon notice to the association that the work permit
37.12 ~~or visa extends~~ extension of the employment beyond the three-year period, the foreign
37.13 citizens must be reported for membership ~~from the date of the extension~~ beginning the
37.14 first of the month thereafter provided the monthly earnings as stated under subdivision 2a
37.15 are met;
- 37.16 ~~(13)~~ (14) public hospital employees who elected not to participate as members
37.17 of the association before 1972 and who did not elect to participate from July 1, 1988,
37.18 to October 1, 1988;
- 37.19 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
37.20 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
37.21 service personnel may still qualify as public employees under subdivision 2 and may
37.22 be members of the Public Employees Retirement Association and participants in the
37.23 public employees retirement fund or the public employees police and fire fund, whichever
37.24 applies, on the basis of compensation received from public employment service other than
37.25 service as volunteer ambulance service personnel;
- 37.26 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
37.27 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
37.28 duties; provided that a person who is a volunteer firefighter may still qualify as a public
37.29 employee under subdivision 2 and may be a member of the Public Employees Retirement
37.30 Association and a participant in the public employees retirement fund or the public
37.31 employees police and fire fund, whichever applies, on the basis of compensation received
37.32 from public employment activities other than those as a volunteer firefighter;
- 37.33 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
37.34 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
37.35 by the pipefitters local 455 pension plan who were either first employed after May 1,

38.1 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
38.2 chapter 241, article 2, section 12;

38.3 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
38.4 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
38.5 who have retirement coverage under a collective bargaining agreement by the Electrical
38.6 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
38.7 or the Carpenters Local 87 pension plan who were either first employed after May 1,
38.8 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
38.9 chapter 461, article 7, section 5;

38.10 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
38.11 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
38.12 Independent School District No. 625, St. Paul, with coverage under a collective
38.13 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
38.14 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
38.15 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
38.16 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
38.17 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
38.18 Session chapter 10, article 10, section 6;

38.19 ~~(19)~~ (20) plumbers employed by the Metropolitan Airports Commission, with
38.20 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
38.21 who either were first employed after May 1, 2001, or if first employed before May 2,
38.22 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
38.23 10, section 6;

38.24 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
38.25 under subdivision 12b which are limited in duration by the employer to 185 consecutive
38.26 calendar days or less in each year of employment with the governmental subdivision;

38.27 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
38.28 by a governmental subdivision and who participate in an employment or industries
38.29 program maintained for the benefit of these persons where the governmental subdivision
38.30 limits the position's duration to three years or less, including persons participating in a
38.31 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
38.32 unemployment relief program where the training or work experience is not provided as a
38.33 part of, or for, future permanent public employment;

38.34 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

38.35 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
38.36 reemployment; and

39.1 (25) persons appointed to serve on a board or commission of a governmental
39.2 subdivision or instrumentality thereof.

39.3 (b) Any person performing the duties of a public officer in a position defined in
39.4 subdivision 2a, paragraph (a), clause (3), is not an independent contractor nor an employee
39.5 of an independent contractor.

39.6 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
39.7 is effective for persons first appointed after June 30, 2010.

39.8 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

39.9 Subd. 2d. **Optional membership.** (a) Membership in the association is optional
39.10 by action of the individual employee for the following public employees who meet the
39.11 conditions set forth in subdivision 2a:

39.12 (1) members of the coordinated plan who are also employees of labor organizations
39.13 as defined in section 353.017, subdivision 1, for their employment by the labor
39.14 organization only, if they elect to have membership under section 353.017, subdivision 2;

39.15 (2) persons who are elected or persons who are appointed to elected positions other
39.16 than local governing body elected positions who elect to participate by filing a written
39.17 election for membership;

39.18 (3) members of the association who are appointed by the governor to be a state
39.19 department head and who elect not to be covered by the general state employees retirement
39.20 plan of the Minnesota State Retirement System under section 352.021;

39.21 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be
39.22 excluded from membership in the association under section 353.028, subdivision 2; and

39.23 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
39.24 who were at least age 45 on that date, and who elected to participate by filing a written
39.25 election for membership.

39.26 (b) Membership in the association is optional by action of the governmental
39.27 subdivision for the employees of the following governmental subdivisions under the
39.28 conditions specified:

39.29 (1) the Minnesota Association of Townships if the board of that association, at its
39.30 option, certifies to the executive director that its employees who meet the conditions set
39.31 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
39.32 case the status of the association as a participating employer is permanent;

39.33 (2) a county historical society if the county in which the historical society is located,
39.34 at its option, certifies to the executive director that the employees of the historical society
39.35 who meet the conditions set forth in subdivision 2a are to be considered county employees

40.1 for purposes of retirement coverage under this chapter. The status as a county employee
40.2 must be accorded to all similarly situated county historical society employees and, once
40.3 established, must continue as long as a person is an employee of the county historical
40.4 society; and

40.5 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
40.6 employees other than paramedics, emergency medical technicians, and protection officers,
40.7 if the corporate board establishes alternative retirement plans for certain classes of
40.8 employees of the corporation and certifies to the association the applicable employees to
40.9 be excluded from future retirement coverage.

40.10 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
40.11 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
40.12 not made, the employee is excluded from retirement coverage under this chapter. For
40.13 employees who are covered by paragraph (a), clause (4), if the necessary election is not
40.14 made, the employee must become a member and have retirement coverage under this
40.15 chapter. For employees specified in paragraph (b), clause (3), membership continues until
40.16 the exclusion option is exercised for the designated class of employee.

40.17 (d) The option to become a member, once exercised under this subdivision, may not
40.18 be withdrawn until the termination of public service as defined under subdivision 11a.

40.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

40.20 Sec. 5. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 16, is
40.21 amended to read:

40.22 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
40.23 means:

40.24 (1) service during years of actual membership in the course of which employee
40.25 deductions were withheld from salary and contributions were made at the applicable rates
40.26 under section 353.27, 353.65, or 353E.03;

40.27 (2) periods of service covered by payments in lieu of salary deductions under
40.28 sections 353.27, subdivision 12, and 353.35;

40.29 (3) service in years during which the public employee was not a member but for
40.30 which the member later elected, while a member, to obtain credit by making payments to
40.31 the fund as permitted by any law then in effect;

40.32 (4) a period of authorized leave of absence with pay from which deductions for
40.33 employee contributions are made, deposited, and credited to the fund;

40.34 (5) a period of authorized personal, parental, or medical leave of absence without
40.35 pay, including a leave of absence covered under the federal Family Medical Leave Act,

41.1 that does not exceed one year, and for which a member obtained service credit for each
41.2 month in the leave period by payment under section 353.0161 to the fund made in place of
41.3 salary deductions. An employee must return to public service and render a minimum of
41.4 three months of allowable service in order to be eligible to make payment under section
41.5 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
41.6 employee must be granted allowable service credit for the purchased period;

41.7 (6) a periodic, repetitive leave that is offered to all employees of a governmental
41.8 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
41.9 as certified to the association by the employer. A participating member obtains service
41.10 credit by making employee contributions in an amount or amounts based on the member's
41.11 average salary, excluding overtime pay, that would have been paid if the leave had not
41.12 been taken. The employer shall pay the employer and additional employer contributions
41.13 on behalf of the participating member. The employee and the employer are responsible
41.14 to pay interest on their respective shares at the rate of 8.5 percent a year, compounded
41.15 annually, from the end of the normal cycle until full payment is made. An employer shall
41.16 also make the employer and additional employer contributions, plus 8.5 percent interest,
41.17 compounded annually, on behalf of an employee who makes employee contributions but
41.18 terminates public service. The employee contributions must be made within one year
41.19 after the end of the annual normal working cycle or within 30 days after termination of
41.20 public service, whichever is sooner. The executive director shall prescribe the manner and
41.21 forms to be used by a governmental subdivision in administering a periodic, repetitive
41.22 leave. Upon payment, the member must be granted allowable service credit for the
41.23 purchased period;

41.24 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
41.25 months allowable service per authorized temporary or seasonal layoff in one calendar year.
41.26 An employee who has received the maximum service credit allowed for an authorized
41.27 temporary or seasonal layoff must return to public service and must obtain a minimum of
41.28 three months of allowable service subsequent to the layoff in order to receive allowable
41.29 service for a subsequent authorized temporary or seasonal layoff;

41.30 (8) a period during which a member is absent from employment by a governmental
41.31 subdivision by reason of service in the uniformed services, as defined in United States
41.32 Code, title 38, section 4303(13), if the member returns to public service with the same
41.33 governmental subdivision upon discharge from service in the uniformed service within the
41.34 time frames required under United States Code, title 38, section 4312(e), provided that
41.35 the member did not separate from uniformed service with a dishonorable or bad conduct
41.36 discharge or under other than honorable conditions. The service is credited if the member

42.1 pays into the fund equivalent employee contributions based upon the contribution rate or
42.2 rates in effect at the time that the uniformed service was performed multiplied by the full
42.3 and fractional years being purchased and applied to the annual salary rate. The annual
42.4 salary rate is the average annual salary, excluding overtime pay, during the purchase
42.5 period that the member would have received if the member had continued to be employed
42.6 in covered employment rather than to provide uniformed service, or, if the determination
42.7 of that rate is not reasonably certain, the annual salary rate is the member's average salary
42.8 rate, excluding overtime pay, during the 12-month period of covered employment rendered
42.9 immediately preceding the period of the uniformed service. Payment of the member
42.10 equivalent contributions must be made during a period that begins with the date on which
42.11 the individual returns to public employment and that is three times the length of the
42.12 military leave period, or within five years of the date of discharge from the military service,
42.13 whichever is less. If the determined payment period is less than one year, the contributions
42.14 required under this clause to receive service credit may be made within one year of the
42.15 discharge date. Payment may not be accepted following 30 days after termination of
42.16 public service under subdivision 11a. If the member equivalent contributions provided for
42.17 in this clause are not paid in full, the member's allowable service credit must be prorated
42.18 by multiplying the full and fractional number of years of uniformed service eligible for
42.19 purchase by the ratio obtained by dividing the total member contributions received by the
42.20 total member contributions otherwise required under this clause. The equivalent employer
42.21 contribution, and, if applicable, the equivalent additional employer contribution must be
42.22 paid by the governmental subdivision employing the member if the member makes the
42.23 equivalent employee contributions. The employer payments must be made from funds
42.24 available to the employing unit, using the employer and additional employer contribution
42.25 rate or rates in effect at the time that the uniformed service was performed, applied to the
42.26 same annual salary rate or rates used to compute the equivalent member contribution. The
42.27 governmental subdivision involved may appropriate money for those payments. The
42.28 amount of service credit obtainable under this section may not exceed five years unless a
42.29 longer purchase period is required under United States Code, title 38, section 4312. The
42.30 employing unit shall pay interest on all equivalent member and employer contribution
42.31 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
42.32 compounded annually from the end of each fiscal year of the leave or the break in service
42.33 to the end of the month in which the payment is received. Upon payment, the employee
42.34 must be granted allowable service credit for the purchased period; or
42.35 (9) a period specified under subdivision 40.

43.1 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
43.2 state officers and employees displaced by the Community Corrections Act, chapter 401,
43.3 and transferred into county service under section 401.04, "allowable service" means the
43.4 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
43.5 section 352.01, subdivision 11.

43.6 (c) For a public employee who has prior service covered by a local police or
43.7 firefighters relief association that has consolidated with the Public Employees Retirement
43.8 Association or to which section 353.665 applies, and who has elected the type of benefit
43.9 coverage provided by the public employees police and fire fund either under section
43.10 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
43.11 service" is a period of service credited by the local police or firefighters relief association
43.12 as of the effective date of the consolidation based on law and on bylaw provisions
43.13 governing the relief association on the date of the initiation of the consolidation procedure.

43.14 (d) No member may receive more than 12 months of allowable service credit in a
43.15 year either for vesting purposes or for benefit calculation purposes.

43.16 (e) MS 2002 [Expired]

43.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

43.18 Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

43.19 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
43.20 subdivision 1 may purchase credit for allowable service in that plan for a period specified
43.21 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
43.22 whichever applies. The employing unit, at its option, may pay the employer portion of the
43.23 amount specified in paragraph (b) on behalf of its employees.

43.24 (b) If payment is received by the executive director within one year from the date the
43.25 member returned to work following the authorized leave, or within 30 days after the date
43.26 of termination of public service if the member did not return to work, the payment amount
43.27 is equal to the employee and employer contribution rates specified in law for the applicable
43.28 plan at the end of the leave period, or at termination of public service, whichever is earlier,
43.29 multiplied by the employee's average monthly salary, excluding overtime, upon which
43.30 deductions were paid during the six months, or portion thereof, before the commencement
43.31 of the leave of absence and by the number of months of the leave of absence for which
43.32 the employee wants allowable service credit. Payments made under this paragraph must
43.33 include compound interest at a monthly rate of 0.71 percent from the last day of the leave
43.34 period until the last day of the month in which payment is received.

44.1 (c) If payment is received by the executive director after one year, the payment
44.2 amount is the amount determined under section 356.551. Payment under this paragraph
44.3 must be made before the date the person terminates public service under section 353.01,
44.4 subdivision 11a.

44.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

44.6 Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT**
44.7 **PURCHASE.**

44.8 (a) A member may purchase additional salary credit for a period specified in this
44.9 section.

44.10 (b) The applicable period is a period during which the member is receiving a reduced
44.11 salary from the employer while:

44.12 (1) receiving temporary workers' compensation payments related to the member's
44.13 service to the public employer;

44.14 (2) on an authorized medical leave of absence; or

44.15 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
44.16 savings program offered or mandated by a governmental subdivision.

44.17 (c) The differential salary amount is the difference between the average monthly
44.18 salary received by the member during the period of reduced salary under this section and
44.19 the average monthly salary of the member, excluding overtime, on which contributions
44.20 to the applicable plan were made during the period of the last six months of covered
44.21 employment occurring immediately before the period of reduced salary, applied to the
44.22 member's normal employment period, measured in hours or otherwise, as applicable.

44.23 (d) To receive eligible salary credit, the member shall pay an amount equal to
44.24 the applicable employee contribution rate under section 353.27, subdivision 2; 353.65,
44.25 subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential
44.26 salary amount; plus an employer equivalent payment equal to the applicable employer
44.27 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
44.28 subdivision 2, as applicable, multiplied by the differential salary amount; plus, if
44.29 applicable, an equivalent employer additional amount equal to the additional employer
44.30 contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary
44.31 amount.

44.32 (e) The employer may, by appropriate action of its governing body and documented
44.33 in its official records, pay the employer equivalent contributions and, as applicable, the
44.34 equivalent employer additional contributions on behalf of the member.

45.1 (f) Payment under this section must include interest on the contribution amount
45.2 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
45.3 months from the date on which the period of reduced salary specified under this section
45.4 terminates to the date on which the payment or payments are received by the executive
45.5 director. Payment under this section must be completed within the earlier of 30 days from
45.6 termination of public service by the employee under section 353.01, subdivision 11a, or
45.7 one year after the termination of the period specified in paragraph (b), as further restricted
45.8 under this section.

45.9 (g) The period for which additional allowable salary credit may be purchased is
45.10 limited to the period during which the person receives temporary workers' compensation
45.11 payments, or for those business years in which the governmental subdivision offers or
45.12 mandates a budget or salary savings program, as certified to the executive director by a
45.13 resolution of the governing body of the governmental subdivision. For an authorized
45.14 medical leave of absence, the period for which allowable salary credit may be purchased
45.15 must not exceed 12 consecutive months of authorized medical leave.

45.16 (h) To purchase salary credit for a subsequent period of temporary workers'
45.17 compensation benefits or subsequent authorized medical leave of absence, the member
45.18 must return to public service and render a minimum of three months of allowable service.

45.19 **EFFECTIVE DATE.** This section is effective July 1, 2010. Purchase of reduced
45.20 salary credit may be made for a period mandated or offered by a governmental subdivision
45.21 for purposes of budget or salary savings on or after July 1, 2009, upon enactment of
45.22 this section.

45.23 Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

45.24 Subdivision 1. **Management; composition; election.** (a) The management of the
45.25 public employees retirement fund is vested in an 11-member board of trustees consisting
45.26 of ten members and the state auditor. The state auditor may designate a deputy auditor
45.27 with expertise in pension matters as the auditor's representative on the board. The
45.28 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
45.29 represent school boards, one to represent cities, one to represent counties, one who is a
45.30 retired annuitant, and one who is a public member knowledgeable in pension matters. The
45.31 membership of the association, including recipients of retirement annuities and disability
45.32 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
45.33 be a member of the police and fire fund and one of whom must be a former member who
45.34 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at
45.35 least five years prior to terminating membership and who is receiving a retirement annuity

46.1 or a member who receives a disability benefit. Terms expire on January 31 of the fourth
46.2 year, and positions are vacant until newly elected members are seated. Except as provided
46.3 in this subdivision, trustees elected by the membership of the association must be public
46.4 employees and members of the association.

46.5 (b) For seven days beginning October 1 of each year preceding a year in which
46.6 an election is held, the association shall accept ~~at its office filings in person or by mail~~
46.7 of candidates for the board of trustees. A candidate shall submit at the time of filing a
46.8 nominating petition signed by 25 or more members of the association. No name may
46.9 be withdrawn from nomination by the nominee after October 15. At the request of a
46.10 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide
46.11 a statement of up to 300 words prepared by the candidate to all persons eligible to vote
46.12 in the election of the candidate. The board may adopt policies, ~~subject to review and~~
46.13 ~~approval by the secretary of state under paragraph (c), and procedures to govern the form~~
46.14 ~~and length of these statements, and the timing of mailings,~~ and deadlines for submitting
46.15 materials to be mailed. ~~The secretary of state shall resolve disputes between the board and~~
46.16 ~~a candidate concerning application of these policies to a particular statement distributed to~~
46.17 the eligible voters.

46.18 (c) By January 10 of each year in which elections are to be held, the board shall
46.19 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and
46.20 materials necessary to vote for the candidates seeking terms on the board of trustees.
46.21 Eligible voters are the members, retirees, and other benefit recipients. No ~~member voter~~
46.22 may vote for more than one candidate for each board position to be filled. A ~~ballot~~
46.23 ~~indicating a~~ vote for more than one person for any position is void. No special marking
46.24 may be used ~~on the ballot~~ to indicate incumbents. ~~Ballots~~ Votes cast by using paper ballots
46.25 mailed to the association must be postmarked no later than January 31. Votes cast by using
46.26 phone or other electronic means authorized under the board's procedures must be entered
46.27 by the end of the day on January 31. The ballot envelopes must be so designated and the
46.28 ~~ballots must be~~ design of the voting response media must be such that the votes cast are
46.29 counted in a manner that ensures that each voter's vote is secret.

46.30 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
46.31 or has given implicit or explicit consent for any other person to receive contributions or
46.32 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
46.33 election, shall file a report with the campaign finance and public disclosure board
46.34 disclosing the source and amount of all contributions to the candidate's campaign. The
46.35 campaign finance and public disclosure board shall prescribe forms governing these
46.36 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.

47.1 These terms do not include the mailing made by the association board on behalf of the
47.2 candidate. A candidate shall file a report within 30 days from the day that the results of
47.3 the election are announced. The Campaign Finance and Public Disclosure Board shall
47.4 maintain these reports and make them available for public inspection in the same manner
47.5 as the board maintains and makes available other reports filed with it.

47.6 (e) The secretary of state shall review and ~~approve~~ comment on the procedures
47.7 defined by the board of trustees for conducting the elections specified in this subdivision,
47.8 including board policies adopted under paragraph (b).

47.9 (f) The board of trustees and the executive director shall undertake their activities
47.10 consistent with chapter 356A.

47.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

47.12 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

47.13 Subd. 4. **Employer reporting requirements; contributions; member status.**

47.14 (a) A representative authorized by the head of each department shall deduct employee
47.15 contributions from the salary of each public employee who qualifies for membership
47.16 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
47.17 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
47.18 paid. The employer representative must also remit payment in a manner prescribed by
47.19 the executive director for the aggregate amount of the employee contributions; and the
47.20 required employer contributions and the additional employer contributions to be received
47.21 by the association within 14 calendar days after each pay date. If payment is less than
47.22 the amount required, the employer must subsequently pay the shortage amount to the
47.23 association and collect reimbursement of any employee contribution shortage paid on
47.24 behalf of a member through subsequent payroll withholdings from the wages of the
47.25 employee. Payment of shortages in employee contributions and associated employer
47.26 contributions, if applicable, must include interest at the rate under section 353.28,
47.27 subdivision 5, if not received within 30 days following the date the amount was initially
47.28 due under this section.

47.29 (b) The head of each department or the person's designee shall for each pay period
47.30 submit to the association a salary deduction report in the format prescribed by the
47.31 executive director. The report must be received by the association within 14 calendar days
47.32 after each pay date or the employer may be assessed a fine of \$5 per calendar day until
47.33 the association receives the required data. Data required to be submitted as part of salary
47.34 deduction reporting must include, but are not limited to:

47.35 (1) the legal names and Social Security numbers of employees who are members;

48.1 (2) the amount of each employee's salary deduction;

48.2 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
48.3 pay period from which each deduction was made and the salary amount earned by a
48.4 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
48.5 by a disabled member under section 353.33, subdivision 7 or 7a;

48.6 (4) the beginning and ending dates of the payroll period covered and the date of
48.7 actual payment; and

48.8 (5) adjustments or corrections covering past pay periods as authorized by the
48.9 executive director.

48.10 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new
48.11 or reinstating employee who qualifies for membership in the format prescribed by the
48.12 executive director. The required enrollment data on new ~~employees~~ members must be
48.13 submitted to the association prior to or concurrent with the submission of the initial
48.14 employee salary deduction. The employer shall also report to the association all member
48.15 employment status changes, such as leaves of absence, terminations, and death, and shall
48.16 report the effective dates of those changes, on an ongoing basis for the payroll cycle in
48.17 which they occur. If an employer fails to comply with the reporting requirements under
48.18 this paragraph, the executive director may assess a fine of \$25 for each failure if the
48.19 association staff has notified the employer of the noncompliance and attempted to obtain
48.20 the missing data or form from the employer for a period of more than three months.

48.21 (d) The employer shall furnish data, forms, and reports as may be required by
48.22 the executive director for proper administration of the retirement system. Before
48.23 implementing new or different computerized reporting requirements, the executive
48.24 director shall give appropriate advance notice to governmental subdivisions to allow time
48.25 for system modifications.

48.26 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent
48.27 reporting and payments for small employers.

48.28 (f) The executive director may establish reporting procedures and methods as
48.29 required to review compliance by employers with the salary and contribution reporting
48.30 requirements in this chapter. A review of the payroll records of a participating employer
48.31 may be conducted by the association on a periodic basis or as a result of concerns known
48.32 to exist within a governmental subdivision. An employer under review must extract
48.33 requested data and provide records to the association after receiving reasonable advanced
48.34 notice. Failure to provide requested information or materials will result in the employer
48.35 being liable to the association for any expenses associated with a field audit, including
48.36 staff salaries, administrative expenses and travel expenses.

49.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

49.2 Sec. 10. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
49.3 amended to read:

49.4 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
49.5 as provided in paragraph (b), erroneous employee deductions and erroneous employer
49.6 contributions and additional employer contributions for a person, who otherwise does not
49.7 qualify for membership under this chapter, are considered:

49.8 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
49.9 determination of the error by the association, the person may continue membership in the
49.10 association while employed in the same position for which erroneous deductions were
49.11 taken, or file a written election to terminate membership and apply for a refund upon
49.12 termination of public service or defer an annuity under section 353.34; or

49.13 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
49.14 1990. Upon determination of the error, the association shall refund all erroneous employee
49.15 deductions and all erroneous employer contributions as specified in paragraph (e). No
49.16 person may claim a right to continued or past membership in the association based on
49.17 erroneous deductions which began on or after January 1, 1990.

49.18 (b) Erroneous deductions taken from the salary of a person who did not qualify
49.19 for membership in the association by virtue of concurrent employment before July 1,
49.20 1978, which required contributions to another retirement fund or relief association
49.21 established for the benefit of officers and employees of a governmental subdivision, are
49.22 invalid. Upon discovery of the error, the association shall remove all invalid service and,
49.23 upon termination of public service, the association shall refund all erroneous employee
49.24 deductions to the person, with interest as determined under section 353.34, subdivision 2,
49.25 and all erroneous employer contributions without interest to the employer. This paragraph
49.26 has both retroactive and prospective application.

49.27 (c) Adjustments to correct employer contributions and employee deductions taken
49.28 in error from amounts which are not salary under section 353.01, subdivision 10, must
49.29 be made as specified in paragraph (e). The period of adjustment must be limited to the
49.30 fiscal year in which the error is discovered by the association and the immediate two
49.31 preceding fiscal years.

49.32 (d) If there is evidence of fraud or other misconduct on the part of the employee or
49.33 the employer, the board of trustees may authorize adjustments to the account of a member
49.34 or former member to correct erroneous employee deductions and employer contributions

50.1 on invalid salary and the recovery of any overpayments for a period longer than provided
50.2 for under paragraph (c).

50.3 (e) Upon discovery of the receipt of erroneous employee deductions and employer
50.4 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
50.5 the employer to discontinue the erroneous employee deductions and erroneous employer
50.6 contributions reported on behalf of a member. Upon discontinuation, the association must:

50.7 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the
50.8 invalid employee deductions with interest on the invalid employee deductions at the rate
50.9 specified under section 353.34, subdivision 2, from the received date of each invalid salary
50.10 transaction through the date the credit or refund is made; ~~and the employer must pay the~~
50.11 ~~refunded employee deductions plus interest to the member;~~

50.12 (2) for a former member who:

50.13 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
50.14 deductions to the former member through a refund with interest at the rate specified under
50.15 section 353.34, subdivision 2, from the received date of each invalid salary transaction
50.16 through the date the credit or refund is made; or

50.17 (ii) is receiving a retirement annuity or disability benefit, or a person who is
50.18 receiving an optional annuity or survivor benefit, for whom it has been determined an
50.19 overpayment must be recovered, adjust the payment amount and recover the overpayments
50.20 as provided under this section; and

50.21 (3) return the invalid employer contributions reported on behalf of a member or
50.22 former member to the employer by providing a credit against future contributions payable
50.23 by the employer.

50.24 (f) In the event that a salary warrant or check from which a deduction for the
50.25 retirement fund was taken has been canceled or the amount of the warrant or check
50.26 returned to the funds of the department making the payment, a refund of the sum
50.27 deducted, or any portion of it that is required to adjust the deductions, must be made
50.28 to the department or institution.

50.29 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
50.30 is within the limitation period specified in paragraph (c), and an overpayment has resulted
50.31 by using invalid service or salary, or due to any erroneous calculation procedure, the
50.32 association must recalculate the annuity or benefit payable and recover any overpayment
50.33 as provided under subdivision 7b.

50.34 (h) Notwithstanding the provisions of this subdivision, the association may apply
50.35 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
50.36 Compliance Resolution System and not issue a refund of erroneous employee deductions

51.1 and employer contributions or not recover a small overpayment of benefits if the cost to
51.2 correct the error would exceed the amount of the member refund or overpayment.

51.3 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
51.4 failure by an employer to follow the statutory requirements for reporting eligible members
51.5 and salary must be paid by the employer.

51.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.7 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

51.8 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
51.9 furnish the executive director with an exclusion report listing only those employees in
51.10 potentially PERA-eligible positions who were not reported as members of the association
51.11 and who worked during the school year for school employees and calendar year for
51.12 nonschool employees. The department head must certify the accuracy and completeness
51.13 of the exclusion report to the association. The executive director shall prescribe the
51.14 manner and forms, including standardized exclusion codes, to be used by a governmental
51.15 subdivision in preparing and filing exclusion reports. The executive director shall also
51.16 check the exclusion report to ascertain whether any omissions have been made by a
51.17 department head in the reporting of new public employees for membership. The executive
51.18 director may delegate an association employee under section 353.03, subdivision 3a,
51.19 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
51.20 governmental subdivision.

51.21 (b) If an employer fails to comply with the reporting requirements under this
51.22 subdivision, the executive director may assess a fine of \$25 for each failure if the
51.23 association staff has notified the employer of the noncompliance and attempted to obtain
51.24 the missing data or form from the employer for a period of more than three months.

51.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.26 Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
51.27 amended to read:

51.28 Subd. 4. **Duration.** Postretirement option employment shall be for an initial period
51.29 not to exceed one year. At the end of the initial period, the governing body has sole
51.30 discretion to determine if the offer of a postretirement option position will be renewed,
51.31 renewed with modifications, or terminated. Postretirement option employment may be
51.32 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~

52.1 ~~defined in United States Code, title 42, section 416(f) no more than four renewals may~~
52.2 occur.

52.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

52.4 Sec. 13. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

52.5 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan
52.6 is available to:

52.7 (1) elected local government officials of a governmental subdivision who elect to
52.8 participate in the plan under section 353D.02, subdivision 1, and who, for the elected
52.9 service rendered to a governmental subdivision, are not members of the Public Employees
52.10 Retirement Association within the meaning of section 353.01, subdivision 7;

52.11 (2) physicians who, if they did not elect to participate in the plan under section
52.12 353D.02, subdivision 2, would meet the definition of member under section 353.01,
52.13 subdivision 7;

52.14 (3) basic and advanced life-support emergency medical service personnel employed
52.15 by any public ambulance service that elects to participate under section 353D.02,
52.16 subdivision 3;

52.17 (4) members of a municipal rescue squad associated with Litchfield in Meeker
52.18 County, or of a county rescue squad associated with Kandiyohi County, if an independent
52.19 nonprofit rescue squad corporation, incorporated under chapter 317A, performing
52.20 emergency management services, and if not affiliated with a fire department or ambulance
52.21 service and if its members are not eligible for membership in that fire department's or
52.22 ambulance service's relief association or comparable pension plan;

52.23 (5) employees of the Port Authority of the city of St. Paul who elect to participate in
52.24 the plan under section 353D.02, subdivision 5, and who are not members of the Public
52.25 Employees Retirement Association under section 353.01, subdivision 7;

52.26 (6) city managers who elected to be excluded from the general employees retirement
52.27 plan of the Public Employees Retirement Association under section 353.028 and who
52.28 elected to participate in the public employees defined contribution plan under section
52.29 353.028, subdivision 3, paragraph (b); ~~and~~

52.30 (7) volunteer or emergency on-call firefighters serving in a municipal fire department
52.31 or an independent nonprofit firefighting corporation who are not covered by the public
52.32 employees police and fire retirement plan and who are not covered by a volunteer
52.33 firefighters relief association and who elect to participate in the public employees defined
52.34 contribution plan;

53.1 (8) elected county sheriffs who are former members of the police and fire plan and
 53.2 who are receiving a retirement annuity as provided under section 353.651; and

53.3 (9) persons who are excluded from membership under section 353.01, subdivision
 53.4 2b, paragraph (a), clause (25).

53.5 (b) For purposes of this chapter, an elected local government official includes
 53.6 a person appointed to fill a vacancy in an elective office. Service as an elected local
 53.7 government official only includes service for the governmental subdivision for which the
 53.8 official was elected by the public at large. Service as an elected local government official
 53.9 ceases and eligibility to participate terminates when the person ceases to be an elected
 53.10 official. An elected local government official does not include an elected county sheriff
 53.11 who must be a member of the police and fire plan as provided under chapter 353.

53.12 (c) Individuals otherwise eligible to participate in the plan under this subdivision
 53.13 who are currently covered by a public or private pension plan because of their employment
 53.14 or provision of services are not eligible to participate in the public employees defined
 53.15 contribution plan.

53.16 (d) A former participant is a person who has terminated eligible employment or
 53.17 service and has not withdrawn the value of the person's individual account.

53.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.

53.19 Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

53.20 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**
 53.21 **participants.** ~~An~~ (a) The following classes of eligible elected local government official
 53.22 participants who elects elect to participate in the public employees defined contribution
 53.23 plan under section 353D.02 shall contribute an amount equal to five percent of salary as
 53.24 defined in section 353.01, subdivision 10:

53.25 (1) ~~A participating~~ elected local government official's officials;

53.26 (2) physicians; and

53.27 (3) persons who are excluded from membership under section 353.01, subdivision
 53.28 2b, clause (25).

53.29 (b) A participant's governmental subdivision shall contribute a matching amount.

53.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.

53.31 Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

53.32 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)
 53.33 Contributions made by or on behalf of a ~~participating elected local government official or~~

54.1 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must
 54.2 be remitted to the Public Employees Retirement Association and credited to the individual
 54.3 account established for the participant

54.4 (b). ~~Ambulance service~~ Contributions as provided under section 353D.03,
 54.5 subdivision 3, and subdivision 6, paragraph (b), must be remitted on a regular basis to the
 54.6 association together with any member contributions paid or withheld. Those contributions
 54.7 must be credited to the individual account of each participating member.

54.8 **EFFECTIVE DATE.** This section is effective July 1, 2010.

54.9 Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

54.10 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
 54.11 executive director may adopt policies and procedures regarding deductions taken totally
 54.12 or partially in error by the employer from the salary of an elected official.

54.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

54.14 Sec. 17. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
 54.15 amended to read:

54.16 Subd. 4. **Medical facility.** "Medical facility" means:

54.17 (1) Bridges Medical Services;

54.18 (2) the City of Cannon Falls Hospital;

54.19 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

54.20 (4) Clearwater County Memorial Hospital doing business as Clearwater Health

54.21 Services in Bagley;

54.22 ~~(4)~~ (5) the Dassel Lakeside Community Home;

54.23 (6) the Douglas County Hospital, with respect to the Mental Health Unit;

54.24 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;

54.25 ~~(6)~~ (8) the Glencoe Area Health Center;

54.26 ~~(7)~~ (9) Hutchinson Area Health Care;

54.27 ~~(8)~~ (10) the Lakefield Nursing Home;

54.28 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;

54.29 ~~(10)~~ (12) the Luverne Public Hospital;

54.30 ~~(11)~~ (13) the Oakland Park Nursing Home;

54.31 ~~(12)~~ (14) the RenVilla Nursing Home;

54.32 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department

54.33 of Radiology and the Department of Radiation/Oncology;

- 55.1 ~~(14)~~ (16) the St. Peter Community Health Care Center;
- 55.2 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;
- 55.3 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~
- 55.4 (19) the Wheaton Community Hospital; and
- 55.5 ~~(17)~~ (20) the Worthington Regional Hospital.

55.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

55.7 Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

55.8 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a
 55.9 governmental subdivision may submit a resolution from the governing body to the
 55.10 executive director of the Public Employees Retirement Association which supports
 55.11 providing coverage under this chapter for employees of that governmental subdivision
 55.12 who are privatized, and which states that the governing body will pay for actuarial
 55.13 calculations, as further specified in paragraph (c).

55.14 (b) The governing body must also provide a copy of any applicable purchase or
 55.15 lease agreement and any other information requested by the executive director to allow the
 55.16 executive director to verify that under the proposed employer change, the new employer
 55.17 does not qualify as a governmental subdivision under section 353.01, subdivision 6,
 55.18 making the employees ineligible for continued coverage as active members of the general
 55.19 employees retirement plan of the Public Employees Retirement Association.

55.20 (c) Following receipt of a resolution and a determination by the executive director
 55.21 that the new employer is not a governmental subdivision, the executive director shall
 55.22 direct the consulting actuary retained under section 356.214 to determine whether the
 55.23 general employees retirement plan of the Public Employees Retirement Association, if
 55.24 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
 55.25 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial
 55.26 liability of the special benefit coverage provided under this chapter, if extended to the
 55.27 applicable employees under the privatization, is less than the actuarial gain otherwise to
 55.28 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
 55.29 benefit coverage provided under this chapter, if extended to the applicable employees
 55.30 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
 55.31 date of the actuarial calculations used to make this determination must be within one year
 55.32 of the effective date, as defined in section 353F.02, subdivision 3.

55.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

56.1 Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

56.2 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
56.3 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
56.4 plan of the Public Employees Retirement Association is expected due to the privatization,
56.5 or if paragraph (c) applies, the executive director shall forward a recommendation and
56.6 supporting documentation to the chair of the Legislative Commission on Pensions and
56.7 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections
56.8 Committee of the house of representatives, the chair of the State and Local Government
56.9 Operations and Oversight Committee of the senate, and the executive director of the
56.10 Legislative Commission on Pensions and Retirement. The recommendation must be in
56.11 the form of an addition to the definition of "medical facility" under section 353F.02,
56.12 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,
56.13 whichever is applicable. The recommendation must be forwarded to the legislature before
56.14 January 15 for the recommendation to be considered in that year's legislative session. The
56.15 recommendation may be included as part of public pension administrative legislation
56.16 under section 356B.05.

56.17 (b) If a medical facility or other public employing unit listed under section 353F.02,
56.18 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the
56.19 legislation adding the entity to the applicable definition, its inclusion under this chapter
56.20 is voided, and the executive director shall include in the proposed legislation under
56.21 paragraph (a) a recommendation that the applicable entity be stricken from the definition.

56.22 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
56.23 executive director shall forward a recommendation that the privatization be included as an
56.24 addition under paragraph (a) if the chief clerical officer of the applicable governmental
56.25 subdivision submits a resolution from the governing body specifying that a lump sum
56.26 payment will be made to the executive director equal to the net loss, plus interest. The
56.27 interest must be computed using the preretirement interest rate assumption under section
56.28 356.215, expressed as a monthly rate, from the date of the actuarial valuation from which
56.29 the actuarial accrued liability data was used to determine the net loss in the actuarial study
56.30 under subdivision 1, to the date of payment, with annual compounding. Payment must be
56.31 made on or after the effective date under section 353F.02.

56.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

56.33 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

56.34 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief
56.35 administrative officer of a covered pension plan regarding a person's eligibility, benefits,

57.1 or other rights under the plan with which the person does not agree is subject to review
57.2 under this section.

57.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

57.4 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

57.5 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
57.6 denies an application or a written request, modifies a benefit, or terminates a benefit
57.7 of a person claiming a right or potential rights under a covered pension plan, the chief
57.8 administrative officer shall notify that person through a written notice containing:

57.9 (1) a statement of the reasons for the determination;

57.10 (2) a notice that the person may petition the governing board of the covered pension
57.11 plan for a review of the determination and that a person's petition for review must be filed
57.12 in the administrative office of the covered pension plan within 60 days of the receipt
57.13 of the written notice of the determination;

57.14 (3) a statement indicating that a failure to petition for review within 60 days
57.15 precludes the person from contesting in any other administrative review or court procedure
57.16 the issues determined by the chief administrative officer; and

57.17 (4) a statement indicating that all relevant materials, documents, affidavits, and other
57.18 records that the person wishes to be reviewed in support of the petition must be filed with
57.19 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
57.20 before the date of the hearing under subdivision 10; and

57.21 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

57.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

57.23 Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
57.24 amended to read:

57.25 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
57.26 may petition for a review of that decision by the governing board of the covered pension
57.27 plan.

57.28 (b) A petition under this section must be sent to the chief administrative officer by
57.29 mail and must be postmarked no later than 60 days after the person received the notice
57.30 required by subdivision 3. The petition must include the person's statement of the reason
57.31 or reasons that the person believes the decision of the chief administrative officer should
57.32 be reversed or modified. The petition may include all documentation and written materials
57.33 that the petitioner deems to be relevant. In developing a record for review by the board

58.1 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
58.2 that the applicant participate in a fact-finding session conducted by an administrative law
58.3 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
58.4 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
58.5 the applicable retirement system.

58.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

58.7 Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

58.8 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
58.9 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
58.10 officer must schedule a timely review of the petition before the governing board of the
58.11 covered pension plan. The review must be scheduled to take into consideration any
58.12 necessary accommodations to allow the petitioner to participate in the governing board's
58.13 review.

58.14 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
58.15 administrative officer must provide by mail to the petitioner an acknowledgment of the
58.16 receipt of the person's petition and a follow-up notice of the time and place of the meeting
58.17 at which the governing board is scheduled to consider the petition and must provide a copy
58.18 of all relevant documents, evidence, summaries, and recommendations assembled by or
58.19 on behalf of the plan administration to be considered by the governing board.

58.20 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
58.21 that the petitioner wishes to be part of the record for review must be filed with the chief
58.22 administrative officer and must be received in the offices of the covered pension plan
58.23 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
58.24 be heard.

58.25 (d) A petitioner; may request a continuance of a scheduled hearing if the request
58.26 is received by the chief administrative officer within ten calendar days of the scheduled
58.27 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~
58.28 The chief administrative officer must reschedule the review within ~~60 days of the date~~
58.29 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
58.30 any petitioner.

58.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

58.32 Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

59.1 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 59.2 affidavits in the possession of the covered pension plan of which the covered pension plan
 59.3 desires to avail itself and be considered by the governing board, and all evidence which the
 59.4 petitioner wishes to present to the governing board, including any evidence which would
 59.5 otherwise be classified by law as "private," must be made part of the hearing record.

59.6 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record
 59.7 to each member of the governing board at least seven days before the scheduled hearing
 59.8 ~~date, the chief administrative officer must provide a copy of the record to each member~~
 59.9 ~~of the governing board.~~

59.10 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~
 59.11 ~~administrative officer, for submission to the governing board, Any additional document,~~
 59.12 ~~affidavit, or other relevant information that was not initially submitted with the petition~~
 59.13 the petitioner requests be part of the record may be admitted with the consent of the
 59.14 governing board.

59.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

59.16 Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

59.17 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**
 59.18 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**
 59.19 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

59.20 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
 59.21 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and
 59.22 356, to the contrary, this section establishes the procedures by which the executive
 59.23 director of the Public Employees Retirement Association shall adjust erroneous employee
 59.24 deductions and employer contributions paid on behalf of active employees and former
 59.25 members by the city of Duluth ~~and~~₂ by the Duluth Airport Authority, and by the city
 59.26 of Virginia on amounts determined by the executive director to be invalid salary under
 59.27 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,
 59.28 and October 23, 2008, and for adjusting benefits that were paid to former members and
 59.29 their beneficiaries based upon invalid salary amounts.

59.30 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
 59.31 to active employees or former members who are not receiving retirement annuities or
 59.32 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~₂ by the
 59.33 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts
 59.34 determined to be invalid salary. The refunds must include interest at the rate specified in

60.1 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
60.2 deduction was received through the date each refund is paid.

60.3 (b) The refund payment for active employees must be sent to the ~~applicable~~
60.4 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
60.5 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
60.6 ~~or~~₂ who are employees of the Duluth Airport Authority, or who are employees of the city
60.7 of Virginia, as applicable.

60.8 (c) Refunds to former members must be mailed by the executive director of the
60.9 Public Employees Retirement Association to the former member's last known address.

60.10 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
60.11 retirement annuity or disability benefit, or for a person receiving an optional annuity or
60.12 survivor benefit, the executive director must:

60.13 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
60.14 payable by reducing the average salary under Minnesota Statutes, section 353.01,
60.15 subdivision 17a, by the invalid salary amounts;

60.16 (2) determine the amount of the overpaid benefits paid from the effective date of
60.17 the annuity or benefit payment to the first of the month in which the monthly benefit
60.18 amount is corrected;

60.19 (3) calculate the amount of employee deductions taken in error on invalid salary,
60.20 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
60.21 from the date each invalid employee deduction was received through the date the annuity
60.22 or benefit is adjusted as provided under clause (1); and

60.23 (4) determine the net amount of overpaid benefits by reducing the amount of the
60.24 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
60.25 employee deductions with interest determined in clause (3).

60.26 (b) If a former member's erroneous employee deductions plus interest determined
60.27 under this section exceeds the amount of the person's overpaid benefits, the balance must
60.28 be refunded to the person to whom the annuity or benefit is being paid.

60.29 (c) The executive director shall recover the net amount of all overpaid annuities or
60.30 benefits as provided under subdivision 4.

60.31 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
60.32 provide a credit without interest to the city of Duluth ~~and~~₂ to the Duluth Airport Authority,
60.33 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
60.34 erroneous employer contributions. The credit must first be used to offset the net amount of
60.35 the overpaid retirement annuities and the disability and survivor benefits that remains after
60.36 applying the amount of erroneous employee deductions with interest as provided under

61.1 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
 61.2 if any, must be credited against future employer contributions required to be paid by
 61.3 the applicable governmental subdivision. If the overpaid benefits exceed the employer
 61.4 contribution credit, the balance of the overpaid benefits is the obligation of the city of
 61.5 Duluth ~~or~~, the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

61.6 (b) The Public Employees Retirement Association board of trustees shall determine
 61.7 the period of time and manner for the collection of overpaid retirement annuities and
 61.8 benefits, if any, from the city of Duluth ~~and~~, the Duluth Airport Authority, and the city of
 61.9 Virginia.

61.10 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
 61.11 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
 61.12 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
 61.13 members who are, and former members who were, employees of the city of Duluth.

61.14 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
 61.15 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely
 61.16 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
 61.17 and 3, for members who are, and former members who were, employees of the Duluth
 61.18 Airport Authority.

61.19 (c) This section is effective for the city of Virginia the day after the Virginia
 61.20 city council and the chief clerical officer of the city of Virginia timely complete their
 61.21 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members
 61.22 who are, and former members who were, employees of the city of Virginia. If this section
 61.23 becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

61.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

61.25 Sec. 26. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to
 61.26 read:

61.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
 61.28 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement
 61.29 option position after that date.

61.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

61.31 Sec. 27. **REPEALER.**

62.1 (a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective
 62.2 July 1, 2010.

62.3 (b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,
 62.4 subdivision 2, are repealed the day following final enactment.

62.5 (c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

62.6 **ARTICLE 5**

62.7 **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER** 62.8 **RETIREMENT PLAN**

62.9 Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

62.10 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
 62.11 an organized fire department but which does not have a firefighters' relief association
 62.12 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
 62.13 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
 62.14 disbursements by the municipality for fire protection service during the preceding calendar
 62.15 year, on a form prescribed by the state auditor. The financial report ~~shall~~ must contain any
 62.16 information which the state auditor deems necessary to disclose the sources of receipts
 62.17 and the purpose of disbursements for fire protection service. The financial report ~~shall~~
 62.18 must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
 62.19 report ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
 62.20 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
 62.21 the county wherein the municipality is located. The municipality shall not qualify initially
 62.22 to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if
 62.23 the financial reporting requirement or the applicable requirements of this chapter or any
 62.24 other statute or special law have not been complied with or are not fulfilled.

62.25 (b) Each municipality which has an organized fire department and which provides
 62.26 retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer
 62.27 firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted
 62.28 to and retained in the statewide lump-sum volunteer firefighter retirement fund without
 62.29 filing a detailed financial report if the executive director of the Public Employees
 62.30 Retirement Association certifies compliance by the municipality with the requirements of
 62.31 sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the
 62.32 requirements of section 353G.07.

62.33 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

63.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, as added
63.2 by Laws 2009, chapter 169, article 9, section 14, is amended to read:

63.3 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
63.4 firefighters by the retirement plan is initiated by a request to the executive director for a
63.5 cost analysis of the prospective retirement coverage.

63.6 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
63.7 association governed by chapter 424A, the cost analysis of the prospective retirement
63.8 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
63.9 association, following approval of the request by the board of the volunteer firefighters'
63.10 relief association, and the chief administrative officer of the entity associated with the
63.11 relief association, following approval of the request by the governing body of the entity
63.12 associated with the relief association. If the relief association is associated with more than
63.13 one entity, the chief administrative officer of each associated entity must execute the
63.14 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
63.15 relief association, the cost analysis of the prospective retirement coverage must be
63.16 requested by the chief administrative officer of the entity operating the fire department.
63.17 The request must be made in writing and must be made on a form prescribed by the
63.18 executive director.

63.19 (c) The cost analysis of the prospective retirement coverage by the statewide
63.20 retirement plan must be based on the service pension amount under section 353G.11
63.21 closest to the service pension amount provided by the volunteer firefighters' relief
63.22 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
63.23 the amount equal to 95 percent of the most current average account balance per relief
63.24 association member if the relief association is a defined contribution plan, or to the
63.25 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
63.26 relief association, rounded up, and any other service pension amount designated by
63.27 the requester or requesters. The cost analysis must be prepared using a mathematical
63.28 procedure certified as accurate by an approved actuary retained by the Public Employees
63.29 Retirement Association.

63.30 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
63.31 that has filed the information required under section 69.051 in a timely fashion, upon
63.32 request by the executive director, the state auditor shall provide the most recent data
63.33 available on the financial condition of the volunteer firefighters' relief association, the most
63.34 recent firefighter demographic data available, and a copy of the current relief association
63.35 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
63.36 exists, the chief administrative officer of the entity operating the fire department shall

64.1 provide the demographic information on the volunteer firefighters serving as members
64.2 of the fire department requested by the executive director.

64.3 (e) If a cost analysis is requested, the executive director of the State Board of
64.4 Investment shall review the investment portfolio of the relief association, if applicable,
64.5 for compliance with the applicable provisions of chapter 11A and for appropriateness
64.6 for retention under the established investment objectives and investment policies of the
64.7 State Board of Investment. If the prospective retirement coverage change is approved
64.8 under paragraph (f), the State Board of Investment may require that the relief association
64.9 liquidate any investment security or other asset which the executive director of the State
64.10 Board of Investment has determined to be an ineligible or inappropriate investment for
64.11 retention by the State Board of Investment. The security or asset liquidation must occur
64.12 before the effective date of the transfer of retirement plan coverage. If requested to do
64.13 so by the chief administrative officer of the relief association, the executive director of
64.14 the State Board of Investment shall provide advice about the best means to conduct the
64.15 liquidation.

64.16 (f) Upon receipt of the cost analysis, the governing body of the municipality or
64.17 independent nonprofit firefighting corporation associated with the fire department shall
64.18 approve or disapprove the retirement coverage change within 90 days. If the retirement
64.19 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the
64.20 retirement coverage change is approved by the applicable governing body, coverage by
64.21 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the
64.22 next following January 1.

64.23 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

64.24 Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is
64.25 amended to read:

64.26 Subdivision 1. **Special fund disestablishment.** ~~(a)~~ On the date immediately prior
64.27 to the effective date of the coverage change, the special fund of the applicable volunteer
64.28 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
64.29 association and legal title to the assets of the special fund transfers to the State Board of
64.30 Investment, with the beneficial title to the assets of the special fund remaining in the
64.31 applicable volunteer firefighters.

64.32 ~~(b) If the market value of the special fund of the volunteer firefighters' relief~~
64.33 ~~association for which retirement coverage changed under this chapter declines in the~~
64.34 ~~interval between the date of the most recent financial report or statement, and the special~~
64.35 ~~fund disestablishment date, the applicable municipality shall transfer an additional amount~~

65.1 ~~to the State Board of Investment equal to that decline. If more than one municipality is~~
65.2 ~~responsible for the direct management of the fire department, the municipalities shall~~
65.3 ~~allocate the additional transfer amount among the various applicable municipalities~~
65.4 ~~one-half in proportion to the population of each municipality and one-half in proportion~~
65.5 ~~to the market value of each municipality.~~

65.6 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

65.7 Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

65.8 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

65.9 Subdivision 1. Annual funding requirements. (a) Annually, the executive director
65.10 shall determine the funding requirements of each account in the voluntary statewide
65.11 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
65.12 requirements as directed under this section, must be determined using a mathematical
65.13 procedure developed and certified as accurate by an approved actuary retained by the
65.14 Public Employees Retirement Association and based on present value factors using a six
65.15 percent interest rate, without any decrement assumptions. The funding requirements
65.16 must be certified to the entity or entities associated with the fire department whose active
65.17 firefighters are covered by the retirement plan.

65.18 (b) The overall funding balance of each account for the current calendar year must
65.19 be determined in the following manner:

65.20 (1) The total accrued liability for all active and deferred members of the account as
65.21 of December 31 of the current year must be calculated based on the good time service
65.22 credit of active and deferred members as of that date.

65.23 (2) The total present assets of the account projected to December 31 of the current
65.24 year, including receipts by and disbursements from the account anticipated to occur on or
65.25 before December 31, must be calculated. To the extent possible, the market value of assets
65.26 must be utilized in making this calculation.

65.27 (3) The amount of the total present assets calculated under clause (2) must be
65.28 subtracted from the amount of the total accrued liability calculated under clause (1). If the
65.29 amount of total present assets exceeds the amount of the total accrued liability, then the
65.30 account is considered to have a surplus over full funding. If the amount of the total present
65.31 assets is less than the amount of the total accrued liability, then the account is considered
65.32 to have a deficit from full funding. If the amount of total present assets is equal to the
65.33 amount of the total accrued liability, then the special fund is considered to be fully funded.

66.1 (c) The financial requirements of each account for the following calendar year must
66.2 be determined in the following manner:

66.3 (1) The total accrued liability for all active and deferred members of the account
66.4 as of December 31 of the calendar year next following the current calendar year must be
66.5 calculated based on the good time service used in the calculation under paragraph (b),
66.6 clause (1), increased by one year.

66.7 (2) The increase in the total accrued liability of the account for the following calendar
66.8 year over the total accrued liability of the account for the current year must be calculated.

66.9 (3) The amount of anticipated future administrative expenses of the account must be
66.10 calculated by multiplying the dollar amount of the administrative expenses for the most
66.11 recent prior calendar year by the factor of 1.035.

66.12 (4) If the account is fully funded, the financial requirement of the account for the
66.13 following calendar year is the total of the amounts calculated under clauses (2) and (3).

66.14 (5) If the account has a deficit from full funding, the financial requirement of the
66.15 account for the following calendar year is the total of the amounts calculated under clauses
66.16 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
66.17 funding of the account.

66.18 (6) If the account has a surplus over full funding, the financial requirement of
66.19 the account for the following calendar year is the financial requirement of the account
66.20 calculated as though the account was fully funded under clause (4) and, if the account has
66.21 also had a surplus over full funding during the prior two years, additionally reduced by an
66.22 amount equal to one-tenth of the amount of the surplus over full funding of the account.

66.23 (d) The required contribution of the entity or entities associated with the fire
66.24 department whose active firefighters are covered by the retirement plan is the annual
66.25 financial requirements of the account of the retirement plan under paragraph (c) reduced
66.26 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
66.27 anticipated to be received by the retirement plan attributable to the entity or entities during
66.28 the following calendar year, and an amount of interest on the assets projected to be
66.29 received during the following calendar year calculated at the rate of six percent per annum.
66.30 The required contribution must be allocated between the entities if more than one entity
66.31 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
66.32 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

66.33 (e) The required contribution calculated in paragraph (d) must be paid to the
66.34 retirement plan on or before December 31 of the year for which it was calculated. If
66.35 the contribution is not received by the retirement plan by December 31, it is payable
66.36 with interest at an annual compound rate of six percent from the date due until the date

67.1 payment is received by the retirement plan. If the entity does not pay the full amount of
 67.2 the required contribution, the executive director shall collect the unpaid amount under
 67.3 section 353.28, subdivision 6.

67.4 ~~(f)~~

67.5 Subd. 2. Cash flow funding requirement. If the executive director determines that
 67.6 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
 67.7 insufficient assets to meet the service pensions determined payable from the account,
 67.8 the executive director shall certify the amount of the potential service pension shortfall
 67.9 to the municipality or municipalities and the municipality or municipalities shall make
 67.10 an additional employer contribution to the account within ten days of the certification.
 67.11 If more than one municipality is associated with the account, unless the municipalities
 67.12 agree to a different allocation, the municipalities shall allocate the additional employer
 67.13 contribution one-half in proportion to the population of each municipality and one-half in
 67.14 proportion to the market value of the property of each municipality.

67.15 Subd. 3. Authorized Account Disbursements. The assets of the retirement fund
 67.16 may only be disbursed for:

- 67.17 (1) the administrative expenses of the retirement plan;
 67.18 (2) the investment expenses of the retirement fund;
 67.19 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
 67.20 353G.15; ~~and~~
 67.21 (4) the survivor benefits payable under section 353G.12; and
 67.22 (5) the disability benefit coverage insurance premiums under section 353G.115.

67.23 EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

67.24 Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, as added
 67.25 by Laws 2009, chapter 169, article 9, section 18, is amended to read:

67.26 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member
 67.27 of the retirement plan is entitled to an alternative lump-sum service pension from the
 67.28 retirement plan if the person:

- 67.29 (1) has separated from active service with the fire department for at least 30 days;
 67.30 (2) has attained the age of at least 50 years or the age for receipt of a service pension
 67.31 under the benefit plan of the applicable former volunteer firefighters' relief association
 67.32 as of the date immediately prior to the election of the retirement coverage change,
 67.33 whichever is later;
 67.34 (3) has completed at least five years of active service with the fire department and at
 67.35 least five years in total as a member of the applicable former volunteer firefighters' relief

68.1 association or of the retirement plan, but has not rendered at least five years of good time
68.2 service credit as a member of the retirement plan; and

68.3 (4) applies in a manner prescribed by the executive director for the service pension.

68.4 (b) If retirement coverage prior to statewide retirement plan coverage was provided
68.5 by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum
68.6 service pension is the service pension amount specified in the bylaws of the applicable
68.7 former volunteer firefighters' relief association either as of the date immediately prior to
68.8 the election of the retirement coverage change or as of the date immediately before the
68.9 termination of firefighting services, whichever is earlier, multiplied by the total number
68.10 of years of service as a member of that volunteer firefighters' relief association and as
68.11 a member of the retirement plan. If retirement coverage prior to statewide retirement
68.12 plan coverage was provided by a defined contribution plan volunteer firefighters relief
68.13 association, the alternative lump-sum service pension is an amount equal to the person's
68.14 account balance as of the date immediately prior to the date on which statewide retirement
68.15 plan coverage was first provided to the person plus six percent annual compound interest
68.16 from that date until the date immediately prior to the date of retirement.

68.17 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

68.18 Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is
68.19 amended to read:

68.20 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
68.21 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

68.22	Level A	\$500 per year of good time service credit
68.23	Level B	\$750 \$600 per year of good time service credit
68.24	<u>Level C</u>	<u>\$700 per year of good time service credit</u>
68.25	<u>Level D</u>	<u>\$800 per year of good time service credit</u>
68.26	<u>Level E</u>	<u>\$900 per year of good time service credit</u>
68.27	Level E F	\$1,000 per year of good time service credit
68.28	<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
68.29	Level D H	\$1,500 per year of good time service credit
68.30	Level E I	\$2,000 per year of good time service credit
68.31	Level F J	\$2,500 per year of good time service credit
68.32	Level G K	\$3,000 per year of good time service credit
68.33	Level H L	\$3,500 per year of good time service credit
68.34	Level I M	\$4,000 per year of good time service credit
68.35	Level J N	\$4,500 per year of good time service credit
68.36	Level K O	\$5,000 per year of good time service credit
68.37	Level L P	\$5,500 per year of good time service credit

69.1	Level M <u>Q</u>	\$6,000 per year of good time service credit
69.2	Level N <u>R</u>	\$6,500 per year of good time service credit
69.3	Level O <u>S</u>	\$7,000 per year of good time service credit
69.4	Level P <u>T</u>	\$7,500 per year of good time service credit

69.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

69.6 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
69.7 subdivision to read:

69.8 Subd. 1a. **Continuation of prior service pension levels.** If a municipality or
69.9 independent nonprofit firefighting corporation elects to be covered by the retirement
69.10 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit
69.11 service pension amount effective for January 1, 2010, that level continues for the volunteer
69.12 firefighters of that municipality or independent nonprofit firefighting corporation until a
69.13 different service pension amount is selected under subdivision 2 after January 1, 2010.

69.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

69.15 Sec. 8. **[353G.11] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
69.16 **CASUALTY INSURANCE.**

69.17 (a) Except as provided in paragraph (b), no disability benefit is payable from the
69.18 statewide retirement plan.

69.19 (b) If the board approves the arrangement, disability coverage for statewide
69.20 retirement plan members may be provided through a group disability insurance policy
69.21 obtained from an insurance company licensed to do business in this state. The voluntary
69.22 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
69.23 disability insurance authorized by this paragraph. The proportional amount of the total
69.24 annual disability insurance premium must be added to the required contribution amount
69.25 determined under section 353G.08.

69.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

69.27 Sec. 9. Minnesota Statutes 2008, section 424A.08, as amended by Laws 2009, chapter
69.28 169, article 10, section 45, is amended to read:

69.29 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
69.30 **AUTHORIZED DISBURSEMENTS.**

69.31 (a) Any qualified municipality which is entitled to receive fire state aid but which
69.32 has no volunteer firefighters' relief association directly associated with its fire department

70.1 and which has no full-time firefighters with retirement coverage by the public employees
 70.2 police and fire retirement plan shall deposit the fire state aid in a special account
 70.3 established for that purpose in the municipal treasury. Disbursement from the special
 70.4 account may not be made for any purpose except:

70.5 (1) payment of the fees, dues and assessments to the Minnesota State Fire
 70.6 Department Association and to the state Volunteer Firefighters' Benefit Association in
 70.7 order to entitle its firefighters to membership in and the benefits of these state associations;

70.8 (2) payment of the cost of purchasing and maintaining needed equipment for the
 70.9 fire department; and

70.10 (3) payment of the cost of construction, acquisition, repair, or maintenance of
 70.11 buildings or other premises to house the equipment of the fire department.

70.12 (b) A qualified municipality which is entitled to receive fire state aid, which has no
 70.13 volunteer firefighters' relief association directly associated with its fire department, which
 70.14 does not participate in the voluntary lump-sum volunteer firefighter retirement plan under
 70.15 chapter 353G, and which has full-time firefighters with retirement coverage by the public
 70.16 employees police and fire retirement plan may disburse the fire state aid as provided in
 70.17 paragraph (a), for the payment of the employer contribution requirement with respect to
 70.18 firefighters covered by the public employees police and fire retirement plan under section
 70.19 353.65, subdivision 3, or for a combination of the two types of disbursements.

70.20 (c) A municipality which has no volunteer firefighters' relief association directly
 70.21 associated with it and which participates in the voluntary lump-sum volunteer firefighter
 70.22 retirement plan under chapter 353G shall transmit any fire state aid that it receives to the
 70.23 voluntary lump-sum volunteer firefighter retirement fund.

70.24 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

70.25 **ARTICLE 6**

70.26 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT** 70.27 **PROCEDURE REVISIONS**

70.28 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
 70.29 subdivision to read:

70.30 **Subd. 41. Annual base salary.** (a) "Annual base salary" means:

70.31 (1) for an independent school district or educational cooperative, the lowest full-time
 70.32 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing
 70.33 unit;

71.1 (2) for a charter school, the lowest starting annual salary for a full-time licensed
 71.2 teacher employed during the previous fiscal year for that employing unit; and

71.3 (3) for a state agency or professional organization, the lowest starting annual salary
 71.4 for a full-time Teachers Retirement Association covered position for the previous fiscal
 71.5 year for that employing unit.

71.6 (b) If there is no previous fiscal year data because an employer unit is new and
 71.7 paragraph (c) does not apply, the annual base salary for the first year of operation will be
 71.8 as stated in paragraph (a), except that the base contract salary for the current fiscal year,
 71.9 rather than the previous fiscal year, must be used.

71.10 (c) For a new employer unit created as a result of a merger or consolidation, the
 71.11 annual base salary will be the lowest annual base salary as specified in paragraph (a) for
 71.12 any of the employer units involved in the merger or consolidation.

71.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

71.14 Sec. 2. Minnesota Statutes 2008, section 354.091, is amended to read:

71.15 **354.091 SERVICE CREDIT.**

71.16 Subdivision 1. **Definition; monthly base salary.** For purposes of this section,
 71.17 "monthly base salary" means the annual base salary, as defined in section 354.05,
 71.18 subdivision 41, divided by 12.

71.19 Subd. 2. **Service credit annual limit.** (a) ~~In computing service credit,~~ No teacher
 71.20 may receive credit for more than one year of teaching service for any fiscal year.

71.21 ~~Additionally, in crediting allowable service:~~

71.22 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~
 71.23 ~~the fractional part of the day as the term of service performed bears to five hours;~~

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

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

71.28 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~
 71.29 ~~given for such fractional part of the year in the same relationship as the period of service~~
 71.30 ~~performed bears to 170 days.~~

71.31 ~~(b) A teacher must receive a full year of service credit based on the number of days~~
 71.32 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~
 71.33 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~
 71.34 ~~time it was performed.~~

72.1 ~~(e) A teacher must not lose or gain retirement service credit as a result of the~~
 72.2 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~
 72.3 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~
 72.4 ~~procedures for determining service credit must be determined by the executive director~~
 72.5 ~~with the approval of the board of trustees.~~

72.6 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and
 72.7 5, service credit will be calculated monthly by dividing the teacher's monthly salary by
 72.8 the monthly base salary for the teacher's employing unit and multiplying the result by
 72.9 11.1 percent.

72.10 (b) For purposes of computing service credit, salary will be allocated to each
 72.11 calendar month based on the pay period begin and end dates. If the pay period covers
 72.12 more than one calendar month, the salary must be allocated based on the number of days
 72.13 in each calendar month.

72.14 (c) A teacher may not receive more than 11.1 percent of a year's service credit in
 72.15 a calendar month.

72.16 (d) Annual service credit is calculated by adding the allowable monthly service
 72.17 credit for all 12 months of the fiscal year with the result rounded to two decimal places,
 72.18 subject to the annual limit specified in subdivision 2.

72.19 Subd. 4. Service credit determination for Minnesota State Colleges and
 72.20 Universities system teachers. ~~(d)~~ For all services rendered on or after July 1, 2003,
 72.21 service credit for all members employed by the Minnesota State Colleges and Universities
 72.22 system must be determined:

72.23 (1) for full-time employees, by the definition of full-time employment contained in
 72.24 the collective bargaining agreement for those units listed in section 179A.10, subdivision
 72.25 2, or contained in the applicable personnel or salary plan for those positions designated in
 72.26 section 179A.10, subdivision 1; and

72.27 (2) for part-time employees, by the appropriate proration of full-time equivalency
 72.28 based on the provisions contained in the collective bargaining agreement for those units
 72.29 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary
 72.30 plan for those positions designated in section 179A.10, subdivision 1, and the applicable
 72.31 procedures of the Minnesota State Colleges and Universities system; and.

72.32 ~~(3) in no case may a member receive more than one year of service credit for any~~
 72.33 ~~fiscal year.~~

72.34 Subd. 5. Service credit procedure, nontraditional schedules. For employer units
 72.35 that have nontraditional work schedules or pay schedules, the procedure for determining

73.1 service credit must be specified by the executive director with the approval of the board of
 73.2 trustees.

73.3 **EFFECTIVE DATE.** This section is effective for teaching service performed after
 73.4 June 30, 2010.

73.5 Sec. 3. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is
 73.6 amended to read:

73.7 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
 73.8 the following data to the association for payroll warrants on an ongoing basis within 14
 73.9 calendar days after the date of the payroll warrant in a format prescribed by the executive
 73.10 director:

73.11 (1) association member number;

73.12 (2) employer-assigned employee number;

73.13 (3) Social Security number;

73.14 (4) amount of each salary deduction;

73.15 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
 73.16 deduction was made;

73.17 (6) reason for payment;

73.18 ~~(7) service credit;~~

73.19 ~~(8) (7) the beginning and ending dates of the payroll period covered and the date~~
 73.20 ~~of actual payment;~~

73.21 ~~(9) (8) fiscal year of salary earnings;~~

73.22 ~~(10) (9) total remittance amount including employee, employer, and additional~~
 73.23 ~~employer contributions;~~

73.24 ~~(11) (10) reemployed annuitant salary under section 354.44, subdivision 5; and~~

73.25 ~~(12) (11) other information as may be required by the executive director.~~

73.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

73.27 Sec. 4. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision
 73.28 to read:

73.29 Subd. 4d. **Annual base salary reporting.** An employing unit must provide the
 73.30 following data to the association on or before June 30 of each fiscal year:

73.31 (1) annual base salary, as defined in section 354.05, subdivision 41; and

73.32 (2) beginning and ending dates for the regular school work year.

73.33 **EFFECTIVE DATE.** This section is effective July 1, 2009.

74.1 Sec. 5. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

74.2 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
74.3 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a
74.4 fine of \$5 per calendar day until the association receives the required data.

74.5 (b) If the annual base salary required to be reported under subdivision 4d has not
74.6 been settled or determined as of June 16, the fine must commence if the annual base salary
74.7 has not been reported to the association within 14 days following the settlement date.

74.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

74.9 Sec. 6. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

74.10 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,
74.11 the term "part-time teaching position" means a teaching position within the district in
74.12 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~
74.13 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount
74.14 of at least 30 percent, but not exceeding 80 percent of the compensation established by the
74.15 board for a full-time teacher with identical education and experience with the employing
74.16 unit.

74.17 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time
74.18 teaching position" means a teaching position within the district in which the teacher is
74.19 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~
74.20 ~~354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent,
74.21 but not exceeding 40 percent of the compensation established by the board for a full-time
74.22 teacher, with identical education and experience with the employing unit.

74.23 **EFFECTIVE DATE.** This section is effective for service provided after June 30,
74.24 2010.

74.25 ARTICLE 7

74.26 MnSCU IRAP ADMINISTRATIVE PROVISIONS

74.27 Section 1. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

74.28 Subdivision 1. **General governance.** The individual retirement account plan is the
74.29 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
74.30 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
74.31 may administer the plan directly or may contract out for administrative services with a
74.32 qualified third-party plan administrative entity and may contract out for investment review
74.33 and selection service.

75.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.2 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

75.3 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
75.4 under subdivision 2 must be selected by the board. The board may contract with the State
75.5 Board of Investment or with a third party to provide the investment review and selection
75.6 services. The board must not contract with a third party to provide the investment option
75.7 review and selection services if the third party markets, offers, or has other material
75.8 interest in investment products. The board must require any third party contracted to
75.9 provide investment review and selection services to disclose to the board any contracts
75.10 for services and any financial relationships it has with vendors under consideration to
75.11 provide investment products under the plan.

75.12 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
75.13 the following:

75.14 (1) the experience and ability of the financial institution to provide benefits and
75.15 products that are suited to meet the needs of plan participants;

75.16 (2) the relationship of those benefits and products provided by the financial
75.17 institution to their cost;

75.18 (3) the financial strength and stability of the financial institution; and

75.19 (4) the fees and expenses associated with the investment products in comparison to
75.20 other products of similar risk and rates of return.

75.21 (b) After selecting a financial institution, the ~~State board of Investment~~ must
75.22 periodically review each financial institution and the offered products. The periodic
75.23 review must occur at least every three years. In making its review, the ~~State board of~~
75.24 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
75.25 establish a budget for the cost of the periodic review process, and charge a proportional
75.26 share of these costs to the reviewed financial institution.

75.27 (c) Contracts with financial institutions under this section must be executed by the
75.28 board ~~and must be approved by the State Board of Investment before execution.~~

75.29 ~~(d) The State Board of Investment shall also establish policies and procedures under~~
75.30 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

75.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.32 Sec. 3. Minnesota Statutes 2008, section 354C.14, is amended to read:

75.33 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

76.1 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
 76.2 invest the deductions and contributions under section 354C.12, after deduction of
 76.3 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
 76.4 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
 76.5 under section 354B.25, subdivision 3.

76.6 (b) The retirement contributions and death benefits provided by annuity contracts or
 76.7 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
 76.8 and Universities are owned by the supplemental retirement plan and must be paid in
 76.9 accordance with those annuity contracts or custodial account agreements.

76.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

76.11 Sec. 4. **REPEALER.**

76.12 Minnesota Statutes 2008, section 354C.15, is repealed.

76.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

76.14 **ARTICLE 8**

76.15 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

76.16 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

76.17 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of
 76.18 the beginning of each fiscal year.

76.19 (b) Two copies of the completed valuation must be delivered to the executive
 76.20 director of the Legislative Commission on Pensions and Retirement, to the commissioner
 76.21 of management and budget, and to the Legislative Reference Library. The copies of the
 76.22 actuarial valuation must be filed with the executive director of the Legislative Commission
 76.23 on Pensions and Retirement, the commissioner of management and budget, and the
 76.24 Legislative Reference Library no later than the last day of the sixth month occurring
 76.25 after the end of the previous fiscal year.

76.26 (c) Two copies of a quadrennial experience study must be filed with the
 76.27 executive director of the Legislative Commission on Pensions and Retirement, with the
 76.28 commissioner of management and budget, and with the Legislative Reference Library, not
 76.29 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal
 76.30 year of the four-year period which the experience study covers.

76.31 (d) For actuarial valuations and experience studies prepared at the direction of
 76.32 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the

77.1 document must be delivered to the governing or managing board or administrative officials
77.2 of the applicable public pension and retirement fund or plan.

77.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

77.4 **ARTICLE 9**

77.5 **EARLY RETIREMENT INCENTIVE MODIFICATIONS**

77.6 Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

77.7 Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early
77.8 retirement incentive in this section to an employee who:

77.9 (1) has at least 15 years of ~~allowable service in one or more of the funds listed~~
77.10 ~~in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual~~
77.11 ~~retirement account plan governed by chapter 354B~~ employment as indicated in the
77.12 personnel records of the applicable employing unit and upon retirement is immediately
77.13 eligible for a retirement annuity or benefit from one or more ~~of these funds~~ retirement plan
77.14 governed by Minnesota Statutes, chapter 354B, or Minnesota Statutes, section 356.30;

77.15 (2) terminates service after the effective date of this section, and before ~~July 15,~~
77.16 ~~2009~~ October 1, 2012; and

77.17 (3) is not in receipt of a public retirement plan retirement annuity, retirement
77.18 allowance, or service pension during the month preceding the termination of qualified
77.19 employment; and

77.20 (4) has not been eligible to receive a retirement annuity for a period longer than
77.21 10 years.

77.22 (b) An eligible appointing authority is any Minnesota governmental employing unit
77.23 which employs one or more employees with retirement coverage by a retirement plan
77.24 listed in section 356.30 by virtue of that employment.

77.25 (c) An elected official is not eligible to receive an incentive under this section.

77.26 (d) Employees of the Minnesota State Colleges and Universities System who
77.27 participate in the incentive program under section 136F.481 are not eligible for the
77.28 incentive under this section.

77.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

77.30 Sec. 2. Minnesota Statutes 2008, section 356.351, subdivision 2, as amended by Laws
77.31 2009, chapter 169, article 1, section 72, is amended to read:

77.32 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, if for
77.33 whom an early retirement incentive is approved under paragraph (b), and who terminates

78.1 employment as provided for in the agreement, the employer may provide an amount up to
 78.2 \$17,000, to an employee who terminates service, :

78.3 (1) a severance amount in lieu of and not to exceed the maximum amount of regular
 78.4 state-provided unemployment compensation for that particular person if the person had
 78.5 been laid off; and

78.6 (2) an additional severance amount not to exceed the amount of the employer's
 78.7 contribution for health insurance, dental insurance, and basic life insurance that would
 78.8 have been payable to the particular person under the applicable collective bargaining
 78.9 agreement or personnel policy at the time of termination,

78.10 to be used:

78.11 ~~(1)~~ (i) unless the appointing authority has designated the use under clause ~~(2)~~
 78.12 (ii) or the use under clause ~~(3)~~ (iii) for the initial retirement incentive applicable to that
 78.13 employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the
 78.14 employee's account in the health care savings plan established by section 352.98;

78.15 ~~(2)~~ (ii) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
 78.16 whichever applies, if the appointing authority has designated the use under this clause
 78.17 for the initial retirement incentive applicable to that employing entity under Laws 2007,
 78.18 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
 78.19 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
 78.20 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
 78.21 (b), whichever applies; or

78.22 ~~(3)~~ (iii) if the appointing authority has designated the use under this clause for the
 78.23 initial retirement incentive applicable to the employing entity under Laws 2007, chapter
 78.24 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific
 78.25 number of years from the applicable retirement plan to provide additional benefits, as
 78.26 provided in paragraph (d).

78.27 (b) Approval to provide the incentive must be obtained from the commissioner
 78.28 of finance if the eligible employee is a state employee and must be obtained from the
 78.29 applicable governing board with respect to any other employing entity. An employee is
 78.30 eligible for the payment under paragraph (a), clause ~~(2)~~ (ii), if the employee uses money
 78.31 from a deferred compensation account that, combined with the payment under paragraph
 78.32 (a), clause ~~(2)~~ (ii), would be sufficient to purchase enough service credit to qualify for
 78.33 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;
 78.34 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever
 78.35 applies.

79.1 (c) The cost to purchase service credit under paragraph (a), clause ~~(2)~~ (ii), must be
79.2 made in accordance with section 356.551.

79.3 (d) ~~The~~ An annuity purchase under paragraph (a), clause ~~(3)~~ (iii), must be made using
79.4 annuity factors, as determined by the actuary retained under section 356.214, derived from
79.5 the applicable factors used by the applicable retirement plan to calculate optional annuity
79.6 forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

79.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

79.8 **ARTICLE 10**

79.9 **OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN**
79.10 **MARRIAGE DISSOLUTIONS**

79.11 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**
79.12 **MARRIAGE DISSOLUTION OR ANNULMENT.**

79.13 Subdivision 1. **Covered plans.** This section applies to the following retirement
79.14 plans:

79.15 (1) the general state employees retirement plan of the Minnesota State Retirement
79.16 System established under chapter 352;

79.17 (2) the correctional state employees retirement plan of the Minnesota State
79.18 Retirement System established under chapter 352;

79.19 (3) the state patrol retirement plan established under chapter 352B;

79.20 (4) the unclassified state employees retirement program of the Minnesota State
79.21 Retirement System established under chapter 352D;

79.22 (5) the general employee retirement plan of the Public Employees Retirement
79.23 Association established under chapter 353;

79.24 (6) the public employees police and fire retirement plan established under chapter
79.25 353;

79.26 (7) the local government correctional employees retirement plan of the Public
79.27 Employees Retirement Association established under chapter 353E;

79.28 (8) the Teachers Retirement Association established under chapter 354; and

79.29 (9) the uniform judicial retirement plan established under chapter 490.

79.30 Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after
79.31 the accrual date of an annuity or benefit from an applicable plan or plans, a marriage
79.32 dissolution decree or annulment decree specifies that the designation of an optional annuity
79.33 must be revoked and if the other requirements specified in this section are satisfied.

80.1 (b) Notwithstanding any law to the contrary, if the applicable pension plan or plans
80.2 have provisions of law that revise the monthly benefit amount payable to the primary
80.3 annuitant upon the death of the individual named as the optional joint annuitant, the
80.4 monthly benefit amount must be recomputed as though the individual that had been named
80.5 as the optional joint annuitant died on the date a certified copy of the marriage dissolution
80.6 or annulment decree is received by the chief administrative officer. Payment of any benefit
80.7 adjustment is prospective only.

80.8 Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution
80.9 decree or annulment decree is not consistent with the requirements under section 518.58.

80.10 (b) The pension plan benefit recipient must not designate, and the court may not
80.11 require that the member designate, a subsequent optional annuity beneficiary.

80.12 (c) This section does not apply if more than one surviving individual was named as
80.13 an optional joint annuitant.

80.14 Subd. 4. **Submission of documentation.** To receive the treatment provided in
80.15 this section, an eligible retiree or disabilitant must provide, to the chief administrative
80.16 officer of the applicable pension plan, a certified copy of the marriage dissolution or
80.17 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a
80.18 form, prescribed by the chief administrative officer of the applicable pension plan and
80.19 signed by both individuals, requesting the annuity bounce back as provided in subdivision
80.20 2. The individuals must also provide any other documentation the chief administrative
80.21 officer may request.

80.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and
80.23 applies retroactively to any marriage dissolution decree or annulment decree requiring the
80.24 revocation of an optional annuity form granted at any time prior to the date of enactment.

80.25 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

80.26 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds
80.27 that it is necessary to preserve the marital assets of the parties, the court may order the
80.28 sale of the homestead of the parties or the sale of other marital assets, as the individual
80.29 circumstances may require, during the pendency of a proceeding for a dissolution of
80.30 marriage or an annulment. If the court orders a sale, it may further provide for the
80.31 disposition of the funds received from the sale during the pendency of the proceeding.
80.32 ~~If liquid or readily liquidated marital property other than property representing vested~~
80.33 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~
80.34 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~
80.35 ~~of the liquid or readily liquidated property.~~

81.1 (b) The court may order a partial distribution of marital assets during the pendency
81.2 of a proceeding for a dissolution of marriage or an annulment for good cause shown or
81.3 upon the request of both parties, provided that the court shall fully protect the interests
81.4 of the other party.

81.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

81.6 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

81.7 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension
81.8 plan benefits or rights in the form of future pension plan payments:

81.9 (1) is payable only to the extent of the amount of the pension plan benefit payable
81.10 under the terms of the plan;

81.11 (2) is not payable for a period that exceeds the time that pension plan benefits are
81.12 payable to the pension plan benefit recipient;

81.13 (3) is not payable in a lump-sum amount from defined benefit pension plan assets
81.14 attributable in any fashion to a spouse with the status of an active member, deferred
81.15 retiree, or benefit recipient of a pension plan;

81.16 (4) if the former spouse to whom the payments are to be made dies prior to the end
81.17 of the specified payment period with the right to any remaining payments accruing to an
81.18 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or
81.19 the group of survivors for subsequent apportionment by the trustee; and

81.20 (5) in the case of defined benefit public pension plan benefits or rights, may not
81.21 commence until the public plan member submits a valid application for a public pension
81.22 plan benefit and the benefit becomes payable.

81.23 (b) The individual retirement account plans established under chapter 354B may
81.24 provide in its plan document, if published and made generally available, for an alternative
81.25 marital property division or distribution of individual retirement account plan assets. If an
81.26 alternative division or distribution procedure is provided, it applies in place of paragraph
81.27 (a), clause (5).

81.28 (c) If liquid or readily liquidated marital property other than property representing
81.29 vested pension benefits or rights is available, the court, so far as possible, shall divide the
81.30 property representing vested pension benefits or rights by the disposition of an equivalent
81.31 amount of the liquid or readily liquidated property.

81.32 (d) If sufficient liquid or readily liquidated marital property other than property
81.33 representing vested pension benefits or rights is not available, the court may order the
81.34 revocation of the designation of an optional annuity beneficiary in pension plans specified
81.35 in section 356.48 or in any other pension plan in which plan-governing law or governing

82.1 documents allow revocation of an optional annuity in marital dissolution or annulment
 82.2 situations.

82.3 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.
 82.4 (b) This section applies retroactively, for plans specified in section 1, to any marriage
 82.5 dissolution decree or annulment decree requiring the revocation of an optional annuity
 82.6 form granted at any time prior to the date of enactment.

82.7 **ARTICLE 11**

82.8 **ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS**
 82.9 **EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES**
 82.10 **RETIREMENT ASSOCIATION**

82.11 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a,
 82.12 is amended to read:

82.13 Subd. 2a. **Included employees.** (a) Public employees whose salary from
 82.14 employment in one or more positions within one governmental subdivision exceeds \$425
 82.15 in any month shall participate as members of the association. If the salary is less than
 82.16 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
 82.17 employees shall participate as members of the association with retirement coverage by
 82.18 the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees
 82.19 police and fire retirement plan under this chapter, or the local government correctional
 82.20 employees retirement plan under chapter 353E, whichever applies, as a condition of their
 82.21 employment on the first day of employment unless they:

- 82.22 (1) are specifically excluded under subdivision 2b;
 82.23 (2) do not exercise their option to elect retirement coverage in the association as
 82.24 provided in subdivision 2d, paragraph (a); or
 82.25 (3) are employees of the governmental subdivisions listed in subdivision 2d,
 82.26 paragraph (b), where the governmental subdivision has not elected to participate as a
 82.27 governmental subdivision covered by the association.

82.28 (b) A public employee who was a member of the association on June 30, 2002,
 82.29 based on employment that qualified for membership coverage by the public employees
 82.30 retirement plan or the public employees police and fire plan under this chapter, or the
 82.31 local government correctional employees retirement plan under chapter 353E as of June
 82.32 30, 2002, retains that membership for the duration of the person's employment in that
 82.33 position or incumbency in elected office. Except as provided in subdivision 28, the person
 82.34 shall participate as a member until the employee or elected official terminates public
 82.35 employment under subdivision 11a or terminates membership under subdivision 11b.

83.1 (c) Public employees under paragraph (a) include:

83.2 (1) physicians under section 353D.01, subdivision 2, who do not elect public
83.3 employees defined contribution plan coverage under section 353D.02, subdivision 2;

83.4 (2) full-time employees of the Dakota County Agricultural Society; ~~and~~

83.5 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
83.6 Police Relief Association who are not excluded employees under subdivision 2b due to
83.7 coverage by the relief association pension plan and who elect Public Employee Retirement
83.8 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

83.9 (d) For the purpose of participation in the MERF division of the general employees
83.10 retirement plan, public employees include employees who were members of the former
83.11 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
83.12 members of the MERF division of the association.

83.13 Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

83.14 Subd. 2b. **Excluded employees.** The following public employees are not eligible to
83.15 participate as members of the association with retirement coverage by the ~~public~~ general
83.16 employees retirement plan, the local government correctional employees retirement plan
83.17 under chapter 353E, or the public employees police and fire retirement plan:

83.18 (1) public officers, other than county sheriffs, who are elected to a governing body,
83.19 or persons who are appointed to fill a vacancy in an elective office of a governing body,
83.20 whose term of office commences on or after July 1, 2002, for the service to be rendered
83.21 in that elective position;

83.22 (2) election officers or election judges;

83.23 (3) patient and inmate personnel who perform services for a governmental
83.24 subdivision;

83.25 (4) except as otherwise specified in subdivision 12a, employees who are hired for
83.26 a temporary position as defined under subdivision 12a, and employees who resign from
83.27 a nontemporary position and accept a temporary position within 30 days in the same
83.28 governmental subdivision;

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

83.31 (6) employees who by virtue of their employment in one governmental subdivision
83.32 are required by law to be a member of and to contribute to any of the plans or funds
83.33 administered by the Minnesota State Retirement System, the Teachers Retirement
83.34 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
83.35 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund,~~ or any police

84.1 or firefighters relief association governed by section 69.77 that has not consolidated
84.2 with the Public Employees Retirement Association, or any local police or firefighters
84.3 consolidation account who have not elected the type of benefit coverage provided by the
84.4 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
84.5 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
84.6 police and fire plan benefit coverage. This clause must not be construed to prevent a person
84.7 from being a member of and contributing to the Public Employees Retirement Association
84.8 and also belonging to and contributing to another public pension plan or fund for other
84.9 service occurring during the same period of time. A person who meets the definition of
84.10 "public employee" in subdivision 2 by virtue of other service occurring during the same
84.11 period of time becomes a member of the association unless contributions are made to
84.12 another public retirement fund on the salary based on the other service or to the Teachers
84.13 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

84.19 (8) employees of a governmental subdivision who have not reached the age of
84.20 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
84.21 basis at an accredited school, college, or university in an undergraduate, graduate, or
84.22 professional-technical program, or a public or charter high school;

84.23 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
84.24 interns who are serving in a degree or residency program in public hospitals or clinics;

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

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

84.29 (12) except for employees of Hennepin County or Hennepin Healthcare System,
84.30 Inc., foreign citizens working for a governmental subdivision with a work permit of less
84.31 than three years, or an H-1b visa valid for less than three years of employment. Upon
84.32 notice to the association that the work permit or visa extends beyond the three-year period,
84.33 the foreign citizens must be reported for membership from the date of the extension;

84.34 (13) public hospital employees who elected not to participate as members of the
84.35 association before 1972 and who did not elect to participate from July 1, 1988, to October
84.36 1, 1988;

85.1 (14) except as provided in section 353.86, volunteer ambulance service personnel,
85.2 as defined in subdivision 35, but persons who serve as volunteer ambulance service
85.3 personnel may still qualify as public employees under subdivision 2 and may be members
85.4 of the Public Employees Retirement Association and participants in the public general
85.5 employees retirement fund or the public employees police and fire fund, whichever
85.6 applies, on the basis of compensation received from public employment service other than
85.7 service as volunteer ambulance service personnel;

85.8 (15) except as provided in section 353.87, volunteer firefighters, as defined in
85.9 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
85.10 provided that a person who is a volunteer firefighter may still qualify as a public
85.11 employee under subdivision 2 and may be a member of the Public Employees Retirement
85.12 Association and a participant in the public general employees retirement fund or the public
85.13 employees police and fire fund, whichever applies, on the basis of compensation received
85.14 from public employment activities other than those as a volunteer firefighter;

85.15 (16) pipefitters and associated trades personnel employed by Independent School
85.16 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
85.17 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
85.18 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
85.19 241, article 2, section 12;

85.20 (17) electrical workers, plumbers, carpenters, and associated trades personnel
85.21 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
85.22 who have retirement coverage under a collective bargaining agreement by the Electrical
85.23 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
85.24 or the Carpenters Local 87 pension plan who were either first employed after May 1,
85.25 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
85.26 chapter 461, article 7, section 5;

85.27 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
85.28 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
85.29 Independent School District No. 625, St. Paul, with coverage under a collective
85.30 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
85.31 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
85.32 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
85.33 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
85.34 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
85.35 Session chapter 10, article 10, section 6;

86.1 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
86.2 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
86.3 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
86.4 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

86.8 (21) persons who are provided supported employment or work-study positions
86.9 by a governmental subdivision and who participate in an employment or industries
86.10 program maintained for the benefit of these persons where the governmental subdivision
86.11 limits the position's duration to three years or less, including persons participating in a
86.12 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
86.13 unemployment relief program where the training or work experience is not provided as a
86.14 part of, or for, future permanent public employment;

86.15 (22) independent contractors and the employees of independent contractors; and

86.16 (23) reemployed annuitants of the association during the course of that
86.17 reemployment.

86.18 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
86.19 to read:

86.20 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
86.21 within the general employees retirement plan of the Public Employees Retirement
86.22 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
86.23 422A.

86.24 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
86.25 to read:

86.26 Subd. 48. **MERF division account.** "MERF division account" means the separate
86.27 account within the retirement fund of the general employees retirement fund of the
86.28 Public Employees Retirement Association in which the actuarial liabilities of the former
86.29 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
86.30 Minneapolis Employees Retirement Fund are credited.

86.31 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

86.32 **353.05 CUSTODIAN OF FUNDS.**

87.1 The commissioner of management and budget shall be ex officio treasurer of the
 87.2 retirement funds of the association, including the MERF division, and the general bond of
 87.3 the commissioner of management and budget to the state shall be so conditioned as to
 87.4 cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the association
 87.5 received by the commissioner of management and budget shall be set aside in the state
 87.6 treasury to the credit of the proper fund or account. The commissioner of management and
 87.7 budget shall transmit monthly to the executive director a detailed statement of all amounts
 87.8 so received and credited to the ~~fund~~ funds, including the MERF division. Payments out
 87.9 ~~of the fund shall~~ funds, including the MERF division, may only be made ~~only~~ on warrants
 87.10 issued by the commissioner of management and budget, upon abstracts signed by the
 87.11 executive director; provided that abstracts for investment may be signed by the ~~secretary~~
 87.12 executive director of the State Board of Investment.

87.13 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

87.14 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

87.15 The executive director shall from time to time certify to the State Board of
 87.16 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
 87.17 including the MERF division, as in ~~its~~ the director's judgment may not be required for
 87.18 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum
 87.19 so certified, or transferred, in such securities as are duly authorized as legal investments
 87.20 ~~for state employees retirement fund~~ under section 11A.24 and ~~shall have~~ has authority to
 87.21 sell, convey, and exchange such securities and invest and reinvest the securities when it
 87.22 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
 87.23 executive director when such funds are needed for its purposes. All of the provisions
 87.24 regarding accounting procedures and restrictions and conditions for the purchase and
 87.25 sale of securities under chapter 11A must apply to the accounting, purchase and sale of
 87.26 securities for the funds of the Public Employees Retirement fund Association, including
 87.27 the MERF division.

87.28 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
 87.29 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

87.30 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

87.31 Subdivision 1. **Income; disbursements.** There is a special fund known as the
 87.32 "public general employees retirement fund," the "retirement fund," or the "fund," which
 87.33 must include all the assets of the general employees retirement plan of the association.
 87.34 This fund must be credited with all contributions, all interest and all other income of the

88.1 general employees retirement plan of the Public Employees Retirement Association that
88.2 are authorized by law. From this fund there is appropriated the payments authorized by
88.3 ~~this chapter~~ sections 353.01 to 353.46 in the amounts and at such time provided herein,
88.4 including the expenses of administering the general employees retirement plan and fund.

88.5 Subd. 1a. **MERF division account established; revenue and disbursements.** The
88.6 MERF division account is established as a special account. The MERF division account
88.7 includes all of the assets of the former Minneapolis Employees Retirement Fund that
88.8 were transferred to the administration of the Public Employees Retirement Association
88.9 under section 353.50. The special account is credited with the contributions under section
88.10 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision 3,
88.11 investment performance on the special account assets, and all other income of the MERF
88.12 division authorized by law. The payments of annuities and benefits authorized by chapter
88.13 422A in the amounts and at the times provided in that chapter, and the administrative
88.14 expenses of the MERF division are appropriated from the special account.

88.15 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
88.16 a basic member of the general employees retirement plan of the Public Employees
88.17 Retirement Association, the employee contribution is 9.10 percent of salary. For a
88.18 coordinated member of the general employees retirement plan of the Public Employees
88.19 Retirement Association, the employee contribution is six percent of salary plus any
88.20 contribution rate adjustment under subdivision 3b.

88.21 (b) These contributions must be made by deduction from salary as defined in section
88.22 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
88.23 member's salary is paid from other than public funds, the member's employee contribution
88.24 must be based on the total salary received by the member from all sources.

88.25 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
88.26 a basic member of the general employees retirement plan of the Public Employees
88.27 Retirement Association, the employer contribution is 9.10 percent of salary. For a
88.28 coordinated member of the general employees retirement plan of the Public Employees
88.29 Retirement Association, the employer contribution is six percent of salary plus any
88.30 contribution rate adjustment under subdivision 3b.

88.31 (b) This contribution must be made from funds available to the employing
88.32 subdivision by the means and in the manner provided in section 353.28.

88.33 Subd. 3a. **Additional employer contribution.** (a) An additional employer
88.34 contribution to the general employees retirement fund of the Public Employees Retirement
88.35 Association must be made equal to the following applicable percentage of the total salary
88.36 amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
89.1		
89.2	Effective before January 1, 2006	2.68 .43
89.3	Effective January 1, 2006	2.68 .50
89.4	Effective January 1, 2009	2.68 .75
89.5	Effective January 1, 2010	2.68 1.00

89.6 These contributions must be made from funds available to the employing subdivision
89.7 by the means and in the manner provided in section 353.28.

89.8 (b) The coordinated program contribution rates set forth in paragraph (a) effective
89.9 for ~~January 1, 2009~~, or January 1, 2010, must not be implemented if, following receipt of
89.10 the ~~July 1, 2008~~, or July 1, 2009, annual actuarial valuation ~~reports~~ report under section
89.11 356.215, respectively, the actuarially required contributions are equal to or less than the
89.12 total rates under this section in effect as of January 1, 2008.

89.13 (c) This subdivision is repealed once the actuarial value of the assets of the general
89.14 employees retirement plan of the Public Employees Retirement Association equal or
89.15 exceed the actuarial accrued liability of the plan as determined by the actuary retained
89.16 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
89.17 pay period occurring after March 31 of the calendar year following the issuance of the
89.18 actuarial valuation upon which the repeal is based.

89.19 Subd. 3b. **Change in employee and employer contributions in certain instances.**

89.20 (a) For purposes of this section, a contribution sufficiency exists if the total of the
89.21 employee contribution under subdivision 2, the employer contribution under subdivision
89.22 3, the additional employer contribution under subdivision 3a, and any additional
89.23 contribution previously imposed under this subdivision exceeds the total of the normal
89.24 cost, the administrative expenses, and the amortization contribution of the general
89.25 employees retirement plan as reported in the most recent actuarial valuation of the
89.26 retirement plan prepared by the actuary retained under section 356.214 and prepared under
89.27 section 356.215 and the standards for actuarial work of the Legislative Commission on
89.28 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
89.29 the total of the employee contributions under subdivision 2, the employer contributions
89.30 under subdivision 3, the additional employer contribution under subdivision 3a, and any
89.31 additional contribution previously imposed under this subdivision is less than the total
89.32 of the normal cost, the administrative expenses, and the amortization contribution of the
89.33 general employees retirement plan as reported in the most recent actuarial valuation of the
89.34 retirement plan prepared by the actuary retained under section 356.214 and prepared under
89.35 section 356.215 and the standards for actuarial work of the Legislative Commission on
89.36 Pensions and Retirement.

90.1 (b) Employee and employer contributions to the general employees retirement plan
90.2 under subdivisions 2 and 3 must be adjusted:

90.3 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
90.4 retirement plan of the Public Employees Retirement Association under section 356.215
90.5 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
90.6 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
90.7 employee and employer contribution rates must be decreased as determined under
90.8 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
90.9 covered payroll based on the most recent actuarial valuation; or

90.10 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
90.11 retirement plan of the Public Employees Retirement Association under section 356.215
90.12 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
90.13 two consecutive years, the coordinated program employee and employer contribution rates
90.14 must be increased as determined under paragraph (c) to a level such that no deficiency
90.15 exists based on the most recent actuarial valuation.

90.16 (c) The general employees retirement plan contribution rate increase or decrease
90.17 must be determined by the executive director of the Public Employees Retirement
90.18 Association, must be reported to the chair and the executive director of the Legislative
90.19 Commission on Pensions and Retirement on or before the next February 1, and, if the
90.20 Legislative Commission on Pensions and Retirement does not recommend against the rate
90.21 change or does not recommend a modification in the rate change, is effective on the
90.22 next July 1 following the determination by the executive director that a contribution
90.23 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
90.24 recent actuarial valuations under section 356.215. If the actuarially required contribution
90.25 of the general employees retirement plan exceeds or is less than the total support provided
90.26 by the combined employee and employer contribution rates by more than 0.5 percent of
90.27 covered payroll, the general employees retirement plan coordinated program employee
90.28 and employer contribution rates must be adjusted incrementally over one or more years to
90.29 a level such that there remains a contribution sufficiency of no more than 0.25 percent
90.30 of covered payroll.

90.31 (d) No incremental adjustment may exceed 0.25 percent for either the general
90.32 employees retirement plan coordinated program employee and employer contribution rates
90.33 per year in which any adjustment is implemented. A general employees retirement plan
90.34 contribution rate adjustment under this subdivision must not be made until at least two
90.35 years have passed since fully implementing a previous adjustment under this subdivision.

91.1 (e) The general employees retirement plan contribution sufficiency or deficiency
91.2 determination under paragraphs (a) through (d) must be made without the inclusion of
91.3 the contributions to, the funded condition of, or the actuarial funding requirements of
91.4 the MERF division.

91.5 Subd. 4. **Employer reporting requirements; contributions; member status.**

91.6 (a) A representative authorized by the head of each department shall deduct employee
91.7 contributions from the salary of each employee who qualifies for membership in the
91.8 general employees retirement plan of the Public Employees Retirement Association or in
91.9 the public employees police and fire retirement plan under this chapter and remit payment
91.10 in a manner prescribed by the executive director for the aggregate amount of the employee
91.11 contributions, the employer contributions and the additional employer contributions to be
91.12 received within 14 calendar days. The head of each department or the person's designee
91.13 shall for each pay period submit to the association a salary deduction report in the format
91.14 prescribed by the executive director. Data required to be submitted as part of salary
91.15 deduction reporting must include, but are not limited to:

91.16 (1) the legal names and Social Security numbers of employees who are members;

91.17 (2) the amount of each employee's salary deduction;

91.18 (3) the amount of salary from which each deduction was made;

91.19 (4) the beginning and ending dates of the payroll period covered and the date of
91.20 actual payment; and

91.21 (5) adjustments or corrections covering past pay periods.

91.22 (b) Employers must furnish the data required for enrollment for each new employee
91.23 who qualifies for membership in the general employees retirement plan of the Public
91.24 Employees Retirement Association or in the public employees police and fire retirement
91.25 plan in the format prescribed by the executive director. The required enrollment data
91.26 on new employees must be submitted to the association prior to or concurrent with the
91.27 submission of the initial employee salary deduction. The employer shall also report
91.28 to the association all member employment status changes, such as leaves of absence,
91.29 terminations, and death, and shall report the effective dates of those changes, on an
91.30 ongoing basis for the payroll cycle in which they occur. The employer shall furnish data,
91.31 forms, and reports as may be required by the executive director for proper administration
91.32 of the retirement system. Before implementing new or different computerized reporting
91.33 requirements, the executive director shall give appropriate advance notice to governmental
91.34 subdivisions to allow time for system modifications.

91.35 (c) Notwithstanding paragraph (a), the ~~association~~ executive director may provide
91.36 for less frequent reporting and payments for small employers.

92.1 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
92.2 as provided in paragraph (b), erroneous employee deductions and erroneous employer
92.3 contributions and additional employer contributions to the general employees retirement
92.4 plan of the Public Employees Retirement Association or to the public employees police
92.5 and fire retirement plan for a person, who otherwise does not qualify for membership
92.6 under this chapter, are considered:

92.7 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
92.8 determination of the error by the association, the person may continue membership in the
92.9 association while employed in the same position for which erroneous deductions were
92.10 taken, or file a written election to terminate membership and apply for a refund upon
92.11 termination of public service or defer an annuity under section 353.34; or

92.12 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
92.13 1990. Upon determination of the error, the association shall refund all erroneous employee
92.14 deductions and all erroneous employer contributions as specified in paragraph (e). No
92.15 person may claim a right to continued or past membership in the association based on
92.16 erroneous deductions which began on or after January 1, 1990.

92.17 (b) Erroneous deductions taken from the salary of a person who did not qualify for
92.18 membership in the general employees retirement plan of the Public Employees Retirement
92.19 Association or in the public employees police and fire retirement plan by virtue of
92.20 concurrent employment before July 1, 1978, which required contributions to another
92.21 retirement fund or relief association established for the benefit of officers and employees
92.22 of a governmental subdivision, are invalid. Upon discovery of the error, the association
92.23 shall remove all invalid service and, upon termination of public service, the association
92.24 shall refund all erroneous employee deductions to the person, with interest as determined
92.25 under section 353.34, subdivision 2, and all erroneous employer contributions without
92.26 interest to the employer. This paragraph has both retroactive and prospective application.

92.27 (c) Adjustments to correct employer contributions and employee deductions taken
92.28 in error from amounts which are not salary under section 353.01, subdivision 10, must
92.29 be made as specified in paragraph (e). The period of adjustment must be limited to the
92.30 fiscal year in which the error is discovered by the association and the immediate two
92.31 preceding fiscal years.

92.32 (d) If there is evidence of fraud or other misconduct on the part of the employee or
92.33 the employer, the board of trustees may authorize adjustments to the account of a member
92.34 or former member to correct erroneous employee deductions and employer contributions
92.35 on invalid salary and the recovery of any overpayments for a period longer than provided
92.36 for under paragraph (c).

93.1 (e) Upon discovery of the receipt of erroneous employee deductions and employer
93.2 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
93.3 the employer to discontinue the erroneous employee deductions and erroneous employer
93.4 contributions reported on behalf of a member. Upon discontinuation, the association must:

93.5 (1) for a member, provide a refund or credit to the employer in the amount of the
93.6 invalid employee deductions with interest on the invalid employee deductions at the rate
93.7 specified under section 353.34, subdivision 2, from the received date of each invalid salary
93.8 transaction through the date the credit or refund is made; and the employer must pay the
93.9 refunded employee deductions plus interest to the member;

93.10 (2) for a former member who:

93.11 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
93.12 deductions to the former member through a refund with interest at the rate specified under
93.13 section 353.34, subdivision 2, from the received date of each invalid salary transaction
93.14 through the date the credit or refund is made; or

93.15 (ii) is receiving a retirement annuity or disability benefit, or a person who is
93.16 receiving an optional annuity or survivor benefit, for whom it has been determined an
93.17 overpayment must be recovered, adjust the payment amount and recover the overpayments
93.18 as provided under this section; and

93.19 (3) return the invalid employer contributions reported on behalf of a member or
93.20 former member to the employer by providing a credit against future contributions payable
93.21 by the employer.

93.22 (f) In the event that a salary warrant or check from which a deduction for the
93.23 retirement fund was taken has been canceled or the amount of the warrant or check
93.24 returned to the funds of the department making the payment, a refund of the sum
93.25 deducted, or any portion of it that is required to adjust the deductions, must be made
93.26 to the department or institution.

93.27 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
93.28 is within the limitation period specified in paragraph (c), and an overpayment has resulted
93.29 by using invalid service or salary, or due to any erroneous calculation procedure, the
93.30 association must recalculate the annuity or benefit payable and recover any overpayment
93.31 as provided under subdivision 7b.

93.32 (h) Notwithstanding the provisions of this subdivision, the association may apply
93.33 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
93.34 Compliance Resolution System and not issue a refund of erroneous employee deductions
93.35 and employer contributions or not recover a small overpayment of benefits if the cost to
93.36 correct the error would exceed the amount of the member refund or overpayment.

94.1 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
94.2 failure by an employer to follow the statutory requirements for reporting eligible members
94.3 and salary must be paid by the employer.

94.4 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
94.5 deductions and employer contributions under this section, section 353.50, 353.65, or
94.6 353E.03 were erroneously transmitted to the association, but should have been transmitted
94.7 to another Minnesota public pension plan, the executive director shall transfer the
94.8 erroneous employee deductions and employer contributions to the appropriate retirement
94.9 fund or individual account, as applicable, without interest. The time limitations specified
94.10 in subdivisions 7 and 12 do not apply.

94.11 (b) For purposes of this subdivision, a Minnesota public pension plan means a
94.12 plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D
94.13 and 354B.

94.14 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
94.15 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
94.16 Code, as amended, must not be made by the executive director of the association. Within
94.17 30 days after being notified by the Public Employees Retirement Association of an
94.18 unmade potential transfer under this paragraph, the employer of the affected person
94.19 must transmit an amount representing the applicable salary deductions and employer
94.20 contributions, without interest, to the retirement fund of the appropriate Minnesota public
94.21 pension plan, or to the applicable individual account if the proper coverage is by a defined
94.22 contribution plan. The association must provide the employing unit a credit for the amount
94.23 of the erroneous salary deductions and employer contributions against future contributions
94.24 from the employer. If the employing unit receives a credit under this paragraph, the
94.25 employing unit is responsible for refunding to the applicable employee any amount that
94.26 had been erroneously deducted from the person's salary.

94.27 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director
94.28 determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement
94.29 plan of the Public Employees Retirement Association, the public employees police and
94.30 fire retirement plan, or the local government correctional employees retirement plan is
94.31 the result of invalid salary included in the average salary used to calculate the payment
94.32 amount must be recovered, the association must determine the amount of the employee
94.33 deductions taken in error on the invalid salary, with interest determined in the manner
94.34 provided for a former member under subdivision 7, paragraph (e), clause (2), item (i),
94.35 and must subtract that amount from the total annuity or benefit overpayment, and the
94.36 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

95.1 (b) If the invalid employee deductions plus interest exceed the amount of the
95.2 overpaid benefits, the balance must be refunded to the person to whom the benefit or
95.3 annuity is being paid.

95.4 (c) Any invalid employer contributions reported on the invalid salary must be
95.5 credited to the employer as provided in subdivision 7, paragraph (e).

95.6 (d) If a member or former member, who is receiving a retirement annuity or
95.7 disability benefit for which an overpayment is being recovered, dies before recovery of
95.8 the overpayment is completed and a joint and survivor optional annuity is payable, the
95.9 remaining balance of the overpaid annuity or benefit must continue to be recovered from
95.10 the payment to the optional annuity beneficiary.

95.11 (e) If the association finds that a refund has been overpaid to a former member,
95.12 beneficiary or other person, the amount of the overpayment must be recovered for the
95.13 benefit of the respective retirement fund or account.

95.14 (f) The board of trustees shall adopt policies directing the period of time and manner
95.15 for the collection of any overpaid retirement or optional annuity, and survivor or disability
95.16 benefit, or a refund that the executive director determines must be recovered as provided
95.17 under this section.

95.18 Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan
95.19 under this chapter or chapter 353E may be taken from the salary of a person who is
95.20 employed by a governmental subdivision under section 353.01, subdivision 6, and who is
95.21 receiving disability benefit payments from any plan under this chapter or chapter 353E
95.22 unless the person waives the right to further disability benefit payments.

95.23 Subd. 8. **District court reporters; salary deductions.** Deductions from the salary
95.24 of a district court reporter in a judicial district consisting of two or more counties shall be
95.25 made by the auditor of the county in which the bond and official oath of such district court
95.26 reporter are filed, from the portion of salary paid by such county.

95.27 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
95.28 elected officer of a governmental subdivision who was or is a "public employee" within
95.29 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
95.30 retirement plan of the Public Employees Retirement Association and whose salary
95.31 was or is paid in whole or in part from revenue derived by fees and assessments, shall
95.32 pay employee contribution in the amount, at the time, and in the manner provided in
95.33 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
95.34 The employer contribution as provided in subdivision 3, and the additional employer
95.35 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
95.36 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive

96.1 and prospective application as to all such members; and every employing governmental
96.2 subdivision is deemed liable, retroactively and prospectively, for all employer and
96.3 additional employer contributions for every such member of the general employees
96.4 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
96.5 in all respects by section 353.28.

96.6 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
96.7 furnish the executive director with an exclusion report listing only those employees in
96.8 potentially PERA general employees retirement plan-eligible positions who were not
96.9 reported as members of the ~~association~~ general employees retirement plan and who worked
96.10 during the school year for school employees and calendar year for nonschool employees.
96.11 The department head must certify the accuracy and completeness of the exclusion report
96.12 to the association. The executive director shall prescribe the manner and forms, including
96.13 standardized exclusion codes, to be used by a governmental subdivision in preparing and
96.14 filing exclusion reports. The executive director shall also check the exclusion report to
96.15 ascertain whether any omissions have been made by a department head in the reporting
96.16 of new public employees for membership. The executive director may delegate an
96.17 association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to
96.18 conduct a field audit to review the payroll records of a governmental subdivision.

96.19 Subd. 11. **Employers; required to furnish requested information.** (a) All
96.20 governmental subdivisions shall furnish promptly such other information relative to the
96.21 employment status of all employees or former employees, including, but not limited to,
96.22 payroll abstracts pertaining to all past and present employees, as may be requested by the
96.23 executive director, including schedules of salaries applicable to various categories of
96.24 employment.

96.25 (b) In the event payroll abstract records have been lost or destroyed, for whatever
96.26 reason or in whatever manner, so that such schedules of salaries cannot be furnished
96.27 therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the
96.28 association an estimate of the earnings of any employee or former employee for any
96.29 period as may be requested by the executive director. If the association is provided a
96.30 schedule of estimated earnings, the executive director is authorized to use the same as a
96.31 basis for making whatever computations might be necessary for determining obligations
96.32 of the employee and employer to the general employees retirement fund plan, the public
96.33 employees police and fire retirement plan, or the local government correctional employees
96.34 retirement plan. If estimates are not furnished by the employer at the request of the
96.35 executive director, the executive director may estimate the obligations of the employee
96.36 and employer to the general employees retirement fund, the public employees police and

97.1 fire retirement plan, or the local government correctional employees retirement plan based
97.2 upon those records that are in its possession.

97.3 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
97.4 of required deductions for the general employees retirement plan, the public employees
97.5 police and fire retirement plan, or the local government correctional employees retirement
97.6 plan from the salary of an employee, the department head or designee shall immediately,
97.7 upon discovery, report the employee for membership and deduct the employee deductions
97.8 under subdivision 4 during the current pay period or during the pay period immediately
97.9 following the discovery of the omission. Payment for the omitted obligations may only be
97.10 made in accordance with reporting procedures and methods established by the executive
97.11 director.

97.12 (b) When the entire omission period of an employee does not exceed 60 days, the
97.13 governmental subdivision may report and submit payment of the omitted employee
97.14 deductions and the omitted employer contributions through the reporting processes under
97.15 subdivision 4.

97.16 (c) When the omission period of an employee exceeds 60 days, the governmental
97.17 subdivision shall furnish to the association sufficient data and documentation upon which
97.18 the obligation for omitted employee and employer contributions can be calculated.
97.19 The omitted employee deductions must be deducted from the employee's subsequent
97.20 salary payment or payments and remitted to the association for deposit in the applicable
97.21 retirement fund. The employee shall pay omitted employee deductions due for the 60
97.22 days prior to the end of the last pay period in the omission period during which salary
97.23 was earned. The employer shall pay any remaining omitted employee deductions and any
97.24 omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent
97.25 compounded annually, from the date or dates each omitted employee contribution was
97.26 first payable.

97.27 (d) An employer shall not hold an employee liable for omitted employee deductions
97.28 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
97.29 those employee deductions paid by the employer on behalf of the employee. Omitted
97.30 deductions due under paragraph (c) which are not paid by the employee constitute a
97.31 liability of the employer that failed to deduct the omitted deductions from the employee's
97.32 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
97.33 compounded annually. Omitted employee deductions are no longer due if an employee
97.34 terminates public service before making payment of omitted employee deductions to
97.35 the association, but the employer remains liable to pay omitted employer contributions

98.1 plus interest at an annual rate of 8.5 percent compounded annually from the date the
98.2 contributions were first payable.

98.3 (e) The association may not commence action for the recovery of omitted employee
98.4 deductions and employer contributions after the expiration of three calendar years after
98.5 the calendar year in which the contributions and deductions were omitted. Except as
98.6 provided under paragraph (b), no payment may be made or accepted unless the association
98.7 has already commenced action for recovery of omitted deductions. An action for recovery
98.8 commences on the date of the mailing of any written correspondence from the association
98.9 requesting information from the governmental subdivision upon which to determine
98.10 whether or not omitted deductions occurred.

98.11 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
98.12 who was a member of the general employees retirement plan of the Public Employees
98.13 Retirement Association, the public employees police and fire retirement plan, or the local
98.14 government correctional employees retirement plan and who has a period of employment
98.15 in which previously omitted employer contributions were made under subdivision 12
98.16 but for whom no, or only partial, omitted employee contributions have been made, or
98.17 a member who had prior coverage in the association for which previously omitted
98.18 employer contributions were made under subdivision 12 but who terminated service
98.19 before required omitted employee deductions could be withheld from salary, may pay the
98.20 omitted employee deductions for the period on which omitted employer contributions
98.21 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
98.22 A terminated employee may pay the omitted employee deductions plus interest within six
98.23 months of an initial notification from the association of eligibility to pay those omitted
98.24 deductions. If a terminated employee is reemployed in a position covered under a public
98.25 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee
98.26 deductions, payment must be made no later than six months after a subsequent termination
98.27 of public service.

98.28 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
98.29 omitted from salary adjustments or final salary of a terminated employee who was a
98.30 member of the general employees retirement plan, the public employees police and fire
98.31 retirement plan, or the local government correctional employees retirement plan and who
98.32 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
98.33 employer and employer additional contributions plus interest on both the employer and
98.34 employee amounts due at an annual rate of 8.5 percent compounded annually. The
98.35 employee shall pay the employee deductions within six months of an initial notification

99.1 from the association of eligibility to pay omitted deductions or the employee forfeits
99.2 the right to make the payment.

99.3 Subd. 13. **Certain warrants canceled.** A warrant payable from the general
99.4 employees retirement fund, the public employees police and fire retirement fund, or the
99.5 local government correctional retirement fund remaining unpaid for a period of six
99.6 months must be canceled into the applicable retirement fund and not canceled into the
99.7 state's general fund.

99.8 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
99.9 be a governmental subdivision due to receipt of a written notice of eligibility from the
99.10 association with respect to the general employees retirement plan, the public employees
99.11 police and fire retirement plan, or the local government correctional retirement plan, that
99.12 employer and its employees are subject to the requirements of subdivision 12, effective
99.13 retroactively to the date that the executive director of the association determines that
99.14 the entity first met the definition of a governmental subdivision, if that date predates
99.15 the notice of eligibility.

99.16 (b) If the retroactive time period under paragraph (a) exceeds three years, an
99.17 employee is authorized to purchase service credit in the applicable Public Employees
99.18 Retirement Association plan for the portion of the period in excess of three years, by
99.19 making payment under section 356.551. Notwithstanding any provision of section
99.20 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
99.21 service credit purchase amount may be made anytime before the termination of public
99.22 service.

99.23 (c) This subdivision does not apply if the applicable employment under paragraph
99.24 (a) included coverage by any public or private defined benefit or defined contribution
99.25 retirement plan, other than a volunteer firefighters relief association. If this paragraph
99.26 applies, an individual is prohibited from purchasing service credit from a Public Employees
99.27 Retirement Association plan for any period or periods specified in paragraph (a).

99.28 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

99.29 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled
99.30 to a refund of accumulated employee deductions under subdivision 2, or to a deferred
99.31 annuity under subdivision 3. Application for a refund may not be made before the date of
99.32 termination of public service. Except as specified in paragraph (b), a refund must be paid
99.33 within 120 days following receipt of the application unless the applicant has again become
99.34 a public employee required to be covered by the association.

100.1 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
100.2 a refund is not payable before termination of service under section 353.01, subdivision 11a.

100.3 (c) An individual who terminates public service covered by the Public Employees
100.4 Retirement Association general employees retirement plan, the MERF division, the
100.5 Public Employees Retirement Association police and fire retirement plan, or the public
100.6 employees local government corrections service retirement plan, and who is employed
100.7 by a different employer and who becomes an active member covered by one of the other
100.8 two plans, may receive a refund of employee contributions plus six percent interest
100.9 compounded annually from the plan from which the member terminated service.

100.10 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

100.11 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
100.12 employees retirement fund any ~~moneys~~ money received in the form of contributions,
100.13 donations, gifts, appropriations, bequests, or otherwise.

100.14 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

100.15 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
100.16 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public
100.17 Employees Retirement Association, the public employees police and fire retirement plan,
100.18 or the local government correctional employees retirement plan must be suspended under
100.19 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
100.20 annuity amount, if the person reenters public service as a nonelective employee of a
100.21 governmental subdivision in a position covered by this chapter or returns to work as an
100.22 employee of a labor organization that represents public employees who are association
100.23 members under this chapter and salary for the reemployment service exceeds the annual
100.24 maximum earnings allowable for that age for the continued receipt of full benefit amounts
100.25 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
100.26 the secretary of health and human services under United States Code, title 42, section 403,
100.27 in any calendar year. If the person has not yet reached the minimum age for the receipt
100.28 of Social Security benefits, the maximum salary for the person is equal to the annual
100.29 maximum earnings allowable for the minimum age for the receipt of Social Security
100.30 benefits.

100.31 (b) The provisions of paragraph (a) do not apply to the members of the MERF
100.32 division.

100.33 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

101.1 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
101.2 the first of the month after the month in which the salary of the reemployed annuitant
101.3 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
101.4 paragraph (a), based only on those months in which the annuitant is actually employed
101.5 in nonelective public service in a position covered under this chapter or employment
101.6 with a labor organization that represents public employees who are ~~association~~ members
101.7 of a retirement plan under this chapter or chapter 353E.

101.8 (b) An annuitant who is elected to public office after retirement may hold that office
101.9 and receive an annuity otherwise payable from a retirement plan administered by the
101.10 association.

101.11 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3, is amended to read:

101.12 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
101.13 of the annuity of a person who has not reached the retirement age by one-half of the
101.14 amount in excess of the applicable reemployment income maximum under subdivision
101.15 1, paragraph (a).

101.16 (b) There is no reduction upon reemployment, regardless of income, for a person
101.17 who has reached the retirement age.

101.18 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

101.19 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
101.20 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
101.21 start of each calendar year until the salary exceeds the maximums under subdivision 1,
101.22 paragraph (a), or on the first of the month following the termination of the employment
101.23 which resulted in the suspension of the annuity. The executive director may adopt policies
101.24 regarding the suspension and reduction of annuities under this section.

101.25 Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

101.26 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
101.27 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to
101.28 retirement ~~under this chapter~~ from the general employees retirement plan, the public
101.29 employees police and fire retirement plan, or the local government correctional employees
101.30 retirement plan does not increase or decrease the amount of an annuity. The annuitant shall
101.31 not make any further contributions to ~~the association's~~ a defined benefit plan administered
101.32 by the association by reason of this subsequent public service.

102.1 Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

102.2 Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred
 102.3 annuitant or other former member of the general employees retirement plan of the
 102.4 Public Employees Retirement Association, the Minneapolis Employees Retirement Fund
 102.5 division, the public employees police and fire retirement plan, or the local government
 102.6 correctional employees retirement plan to receive an annuity under the law in effect at the
 102.7 time ~~such~~ the person terminated public service is herein preserved; ~~provided, however,~~
 102.8 The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753
 102.9 ~~shall~~, apply to a deferred annuitant or other former member who first begins receiving an
 102.10 annuity after July 1, 1973.

102.11 Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

102.12 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 102.13 coordinated member of the general employees retirement plan of the Public Employees
 102.14 Retirement Association who ~~prior to,~~ before July 1, 1979₂ was a member of the former
 102.15 coordinated program of the former Minneapolis Municipal Employees Retirement
 102.16 Fund and who ~~prior to,~~ before July 1, 1978₂ was a member of the basic program of the
 102.17 Minneapolis Municipal Employees Retirement Fund ~~shall~~:

102.18 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
 102.19 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
 102.20 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
 102.21 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
 102.22 3, for the remainder of credited service, both applied to the average salary as specified
 102.23 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
 102.24 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
 102.25 1, 1978 as a member of the former coordinated program of the former Minneapolis
 102.26 Municipal Employees Retirement Fund and after July 1, 1979 as a member of the
 102.27 general employees retirement plan of the Public Employees Retirement Association as
 102.28 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
 102.29 attributable to service as a member of the basic program of the former Minneapolis
 102.30 Municipal Employees Retirement Fund ~~shall be~~ is payable ~~by~~ from the ~~Minneapolis~~
 102.31 ~~Employees Retirement Fund~~ MERF division and the annuity amount attributable to all
 102.32 other service ~~shall be~~ is payable ~~by~~ from the general employees retirement fund of the
 102.33 Public Employees Retirement Association; ~~;~~

102.34 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 102.35 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~

103.1 ~~by the Public Employees Retirement Association, if the member has or would, without~~
103.2 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
103.3 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
103.4 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
103.5 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
103.6 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
103.7 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
103.8 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
103.9 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
103.10 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
103.11 ~~payable by the Public Employees Retirement Association.~~

103.12 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
103.13 **AND OPERATION.**

103.14 Subdivision 1. **Administrative consolidation.** (a) Notwithstanding any provision
103.15 of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
103.16 Employees Retirement Fund as the MERF division is transferred to the Public Employees
103.17 Retirement Association board of trustees. The assets, service credit, and benefit liabilities
103.18 of the Minneapolis Employees Retirement Fund transfer to the MERF division account
103.19 within the general employees retirement plan of the Public Employees Retirement
103.20 Association established by section 353.27, subdivision 1a, on July 1, 2010.

103.21 (b) The creation of the MERF division must not be construed to alter the Social
103.22 Security or Medicare coverage of any member of the former Minneapolis Employees
103.23 Retirement Fund on June 29, 2010, while employed in a position covered under the MERF
103.24 division of the Public Employees Retirement Association.

103.25 Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and
103.26 retired members of the Minneapolis Employees Retirement Fund are transferred to the
103.27 MERF division administered by the Public Employees Retirement Association and are no
103.28 longer members of the Minneapolis Employees Retirement Fund.

103.29 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
103.30 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
103.31 as specified in the records of the Minneapolis Employees Retirement Fund through June
103.32 30, 2010, are transferred to the MERF division of the Public Employees Retirement
103.33 Association and are credited by the MERF division. Annuities or benefits of persons
103.34 who are active members of the former Minneapolis Employees Retirement Fund on
103.35 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;

104.1 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
104.2 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
104.3 postretirement adjustments after December 31, 2010, under section 356.415.

104.4 (b) The liability for the payment of annuities and benefits of the Minneapolis
104.5 Employees Retirement Fund retirees and benefit recipients as specified in the records
104.6 of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
104.7 MERF division of the Public Employees Retirement Association on June 30, 2010.

104.8 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
104.9 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
104.10 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
104.11 director of the Public Employees Retirement Association. To the extent possible, original
104.12 copies of all records and documents must be transferred.

104.13 Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of
104.14 the Minneapolis Employees Retirement Fund transfers to the State Board of Investment
104.15 and the assets must be invested under section 11A.14, as assets of the MERF division of
104.16 the Public Employees Retirement Association. The MERF division is the successor in
104.17 interest to all claims that the former Minneapolis Employees Retirement Fund may have
104.18 or may assert against any person and is the successor in interest to all claims which could
104.19 have been asserted against the former Minneapolis Employees Retirement Fund, but the
104.20 MERF division is not liable for any claim against the former Minneapolis Employees
104.21 Retirement Fund, its former governing board, or its former administrative staff acting in a
104.22 fiduciary capacity under chapter 356A or under common law, which is founded upon a
104.23 claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach
104.24 were not undertaken in good faith, the Public Employees Retirement Association may
104.25 assert any applicable defense to any claim in any judicial or administrative proceeding
104.26 that the former Minneapolis Employees Retirement Fund, its former board, or its
104.27 former administrative staff would otherwise have been entitled to assert, and the Public
104.28 Employees Retirement Association may assert any applicable defense that it has in its
104.29 capacity as a statewide agency.

104.30 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
104.31 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
104.32 with that status as of June 30, 2010, with the exception of post-December 31, 2010,
104.33 postretirement adjustments, which are governed by paragraph (b), as calculated under
104.34 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
104.35 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
104.36 422A.23, continue in force after the administrative consolidation under this article.

105.1 (b) After December 31, 2010, annuities and benefits from the MERF division are
105.2 eligible for annual automatic postretirement adjustments solely under section 356.415.

105.3 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
105.4 member and employer contributions to the MERF division account are governed by this
105.5 subdivision.

105.6 (b) An active member covered by the MERF division must make an employee
105.7 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
105.8 subdivision 10. The employee contribution must be made by payroll deduction by the
105.9 member's employing unit under section 353.27, subdivision 4, and is subject to the
105.10 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

105.11 (c) The employer regular contribution to the MERF division account with respect
105.12 to an active MERF division member is 9.75 percent of the total salary of the member as
105.13 defined in section 353.01, subdivision 10.

105.14 (d) The employer additional contribution to the MERF division account with respect
105.15 to an active member of the MERF division is 2.68 percent of the total salary of the member
105.16 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
105.17 that the employing unit paid or is payable to the former Minneapolis Employees
105.18 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
105.19 or 2a, during calendar year 2009, as was certified by the former executive director of the
105.20 former Minneapolis Employees Retirement Fund.

105.21 (e) Annually after June 30, 2012, The employer supplemental contribution to
105.22 the MERF division account by the city of Minneapolis, Special School District No. 1,
105.23 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
105.24 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission,
105.25 and the Minnesota State Colleges and Universities system is the amount by which the
105.26 total actuarial required contribution determined under section 356.215 by the approved
105.27 actuary retained by the Public Employees Retirement Association in the most recent
105.28 actuarial valuation of the MERF division and based on a June 30, 2031, amortization
105.29 date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds
105.30 \$36,500,000. Unless the various employing units agree to a different allocation and file
105.31 that agreement with the executive director by August 15 for the following calendar year,
105.32 each employing unit's share of the total employer supplemental contribution amount
105.33 is equal to its percentage share of the total amount allocated under Minnesota Statutes
105.34 2008, section 422A.101, subdivision 3, payable for calendar year 2009. The initial total
105.35 actuarial required contribution after June 30, 2012, must be calculated using the mortality
105.36 assumption change recommended on September 30, 2009, for the Minneapolis Employees

106.1 Retirement Fund by the approved consulting actuary retained by the Minneapolis
106.2 Employees Retirement Fund board.

106.3 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
106.4 August 1 annually, if the amount of the retirement annuities and benefits paid from the
106.5 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
106.6 exceeds the market value of the assets of the MERF division account on the preceding June
106.7 30, plus state aid of \$9,000,000 or \$36,500,000, whichever applies, and plus the amounts
106.8 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied
106.9 by the factor of 1.035, the balance calculated is a special additional employer contribution.
106.10 The special additional employer contribution under this paragraph is payable in addition
106.11 to any employer contribution required under paragraphs (c), (d), and (e), and is payable on
106.12 or before the next following June 30. The special additional employer contribution under
106.13 this paragraph must be allocated between the city of Minneapolis, Special School District
106.14 No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal
106.15 activity, the Minnesota State Colleges and Universities system, Hennepin County, the
106.16 Metropolitan Council, and the Metropolitan Airports Commission in proportion to their
106.17 share of the actuarial accrued liability of the former Minneapolis Employees Retirement
106.18 Fund as of July 1, 2009, as calculated by the approved actuary retained under section
106.19 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section
106.20 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on
106.21 Pensions and Retirement.

106.22 (g) The employer contributions under paragraphs (c), (d), and (e) must be paid as
106.23 provided in section 353.28.

106.24 (h) Contributions under this subdivision are subject to the provisions of section
106.25 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

106.26 Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized
106.27 by an annuitant or retirement benefit recipient in writing on a form prescribed by the
106.28 executive director of the Public Employees Retirement Association, the executive director
106.29 shall deduct the dues for the Minneapolis Municipal Retirement Association from the
106.30 person's annuity or retirement benefit. This dues deduction authority expires upon the
106.31 eventual full consolidation of the MERF account under subdivision 8.

106.32 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
106.33 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
106.34 accrued liability of the MERF division as calculated by the approved actuary retained by
106.35 the Public Employees Retirement Association under section 356.215 and the Standards
106.36 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,

107.1 the MERF division must be merged with the general employees retirement plan of the
107.2 Public Employees Retirement Association and the MERF division account ceases as a
107.3 separate account within the general employees retirement fund of the Public Employees
107.4 Retirement Association.

107.5 (b) If the market value of the MERF division account is less than 100 percent of the
107.6 actuarial accrued liability of the MERF division under paragraph (a), the total employer
107.7 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
107.8 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
107.9 the remaining unfunded actuarial accrued liability of the former MERF division account
107.10 on the full consolidation date by June 30, 2031, shall be calculated by the consulting
107.11 actuary retained under section 356.214 using the applicable postretirement interest rate
107.12 actuarial assumption for the general employees retirement plan under section 356.215.
107.13 The actuarial accrued liability of the MERF division must be calculated using the healthy
107.14 retired life mortality assumption applicable to the general employees retirement plan.

107.15 (c) The merger shall occur as of the first day of the first month after the date on
107.16 which the triggering actuarial valuation report is filed with the executive director of the
107.17 Legislative Commission on Pensions and Retirement.

107.18 (d) The executive director of the Public Employees Retirement Association shall
107.19 prepare proposed legislation fully implementing the merger and updating the applicable
107.20 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
107.21 director of the Legislative Commission on Pensions and Retirement by the following
107.22 February 15.

107.23 **Subd. 9. Merger of former MERF membership groups into PERA-general.**
107.24 If provided for in an agreement between the board of trustees of the Public Employees
107.25 Retirement Association and the governing board of an employing unit formerly with
107.26 retirement coverage provided for its employees by the former Minneapolis Employees
107.27 Retirement Fund, an employing unit may transfer sufficient assets to the general
107.28 employees retirement fund to cover the anticipated actuarial accrued liability for its
107.29 current or former employees that is in excess of MERF division account assets attributable
107.30 to those employees, have those employees be considered full members of the general
107.31 employees retirement plan, and be relieved of any further contribution obligation to the
107.32 general employees retirement plan for those employees under this section. Any agreement
107.33 under this subdivision and any actuarial valuation report related to a merger under this
107.34 subdivision must be submitted to the executive director of the Legislative Commission on
107.35 Pensions and Retirement for comment prior to the final execution.

108.1 Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

108.2 Subd. 7. **Pension coverage for certain public safety employees of the**
 108.3 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 108.4 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 108.5 ~~30, 1978,~~ who is not eligible for coverage under the agreement signed between the state
 108.6 and the secretary of the federal Department of Health and Human Services making the
 108.7 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 108.8 municipal employees because that position is excluded from application ~~pursuant to~~ under
 108.9 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 108.10 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 108.11 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 108.12 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 108.13 Commission shall make the employer contribution required ~~pursuant to~~ under section
 108.14 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 108.15 by the public employees police and fire fund and shall meet the employers recording and
 108.16 reporting requirements set forth in section 353.65, subdivision 4.

108.17 Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

108.21		preretirement	postretirement
108.22		interest rate	interest rate
108.23	plan	assumption	assumption
108.24	general state employees retirement plan	8.5%	6.0%
108.25	correctional state employees retirement plan	8.5	6.0
108.26	State Patrol retirement plan	8.5	6.0
108.27	legislators retirement plan	8.5	6.0
108.28	elective state officers retirement plan	8.5	6.0
108.29	judges retirement plan	8.5	6.0
108.30	general public employees retirement plan	8.5	6.0
108.31	public employees police and fire retirement plan	8.5	6.0
108.32	local government correctional service retirement		
108.33	plan	8.5	6.0
108.34	teachers retirement plan	8.5	6.0
108.35	Minneapolis employees retirement plan	6.0	5.0
108.36	Duluth teachers retirement plan	8.5	8.5
108.37	St. Paul teachers retirement plan	8.5	8.5
108.38	Minneapolis Police Relief Association	6.0	6.0
108.39	Fairmont Police Relief Association	5.0	5.0

109.1	Minneapolis Fire Department Relief Association	6.0	6.0
109.2	Virginia Fire Department Relief Association	5.0	5.0
109.3	Bloomington Fire Department Relief Association	6.0	6.0
109.4	local monthly benefit volunteer firefighters relief		
109.5	associations	5.0	5.0

109.6 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 109.7 single rate future salary increase assumption, the applicable following modified single
 109.8 rate future salary increase assumption, or the applicable following graded rate future
 109.9 salary increase assumption:

109.10 (1) single rate future salary increase assumption

109.11		future salary
109.12	plan	increase assumption
109.13	legislators retirement plan	5.0%
109.14	judges retirement plan	4.0
109.15	Minneapolis Police Relief Association	4.0
109.16	Fairmont Police Relief Association	3.5
109.17	Minneapolis Fire Department Relief	
109.18	Association	4.0
109.19	Virginia Fire Department Relief Association	3.5
109.20	Bloomington Fire Department Relief	
109.21	Association	4.0

109.22 ~~(2) modified single rate future salary increase assumption~~

109.23		future salary
109.24	plan	increase assumption
109.25	Minneapolis employees	the prior calendar year amount increased
109.26	retirement plan	first by 1.0198 percent to prior fiscal year
109.27		date and then increased by 4.0 percent
109.28		annually for each future year

109.29 ~~(3)~~ (2) select and ultimate future salary increase assumption or graded rate future
 109.30 salary increase assumption

109.31		future salary
109.32	plan	increase assumption
109.33	general state employees retirement plan	select calculation and
109.34		assumption A
109.35	correctional state employees retirement plan	assumption H
109.36	State Patrol retirement plan	assumption G
109.37	general public employees retirement plan	select calculation and
109.38		assumption B
109.39	public employees police and fire fund retirement plan	assumption C
109.40	local government correctional service retirement plan	assumption G
109.41	teachers retirement plan	assumption D
109.42	Duluth teachers retirement plan	assumption E
109.43	St. Paul teachers retirement plan	assumption F

110.1 The select calculation is: during the
 110.2 designated select period, a designated
 110.3 percentage rate is multiplied by the result of
 110.4 the designated integer minus T, where T is the
 110.5 number of completed years of service, and is
 110.6 added to the applicable future salary increase
 110.7 assumption. The designated select period is
 110.8 five years and the designated integer is five
 110.9 for the general state employees retirement
 110.10 plan and the general public employees
 110.11 retirement plan. The designated select period
 110.12 is ten years and the designated integer is ten
 110.13 for all other retirement plans covered by
 110.14 this clause. The designated percentage rate
 110.15 is: (1) 0.2 percent for the correctional state
 110.16 employees retirement plan, the State Patrol
 110.17 retirement plan, the public employees police
 110.18 and fire plan, and the local government
 110.19 correctional service plan; (2) 0.6 percent
 110.20 for the general state employees retirement
 110.21 plan and the general public employees
 110.22 retirement plan; and (3) 0.3 percent for the
 110.23 teachers retirement plan, the Duluth Teachers
 110.24 Retirement Fund Association, and the St.
 110.25 Paul Teachers Retirement Fund Association.
 110.26 The select calculation for the Duluth Teachers
 110.27 Retirement Fund Association is 8.00 percent
 110.28 per year for service years one through seven,
 110.29 7.25 percent per year for service years seven
 110.30 and eight, and 6.50 percent per year for
 110.31 service years eight and nine.

110.32 The ultimate future salary increase assumption is:

110.33	age	A	B	C	D	E	F	G	H
110.34	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
110.35	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
110.36	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
110.37	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500

111.1	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
111.2	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
111.3	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
111.4	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
111.5	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
111.6	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
111.7	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
111.8	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
111.9	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
111.10	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
111.11	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
111.12	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
111.13	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
111.14	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
111.15	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
111.16	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
111.17	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
111.18	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
111.19	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
111.20	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
111.21	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
111.22	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
111.23	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
111.24	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
111.25	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
111.26	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
111.27	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
111.28	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
111.29	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
111.30	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
111.31	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
111.32	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
111.33	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
111.34	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
111.35	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
111.36	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
111.37	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
111.38	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
111.39	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
111.40	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
111.41	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
111.42	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
111.43	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500

112.1	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
112.2	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
112.3	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.4	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.5	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.6	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.7	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.8	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
112.9	71	4.25	4.00		5.20				

112.10 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 112.11 payroll growth assumption for calculating the amortization requirement for the unfunded
 112.12 actuarial accrued liability where the amortization retirement is calculated as a level
 112.13 percentage of an increasing payroll:

112.14		payroll growth
112.15	plan	assumption
112.16	general state employees retirement plan	4.50%
112.17	correctional state employees retirement plan	4.50
112.18	State Patrol retirement plan	4.50
112.19	legislators retirement plan	4.50
112.20	judges retirement plan	4.00
112.21	general public employees retirement plan	4.50
112.22	public employees police and fire retirement plan	4.50
112.23	local government correctional service retirement	
112.24	plan	4.50
112.25	teachers retirement plan	4.50
112.26	Duluth teachers retirement plan	4.50
112.27	St. Paul teachers retirement plan	5.00

112.28 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 112.29 apply, unless a different salary assumption or a different payroll increase assumption:

- 112.30 (1) has been proposed by the governing board of the applicable retirement plan;
 112.31 (2) is accompanied by the concurring recommendation of the actuary retained under
 112.32 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 112.33 most recent actuarial valuation report if section 356.214 does not apply; and
 112.34 (3) has been approved or deemed approved under subdivision 18.

112.35 Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
 112.36 is amended to read:

112.37 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
 112.38 the level normal cost, the actuarial valuation of the retirement plan must contain an
 112.39 exhibit for financial reporting purposes indicating the additional annual contribution

113.1 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
113.2 for contribution determination purposes indicating the additional contribution sufficient
113.3 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
113.4 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
113.5 Retirement Association, the additional contribution must be calculated on a level
113.6 percentage of covered payroll basis by the established date for full funding in effect when
113.7 the valuation is prepared, assuming annual payroll growth at the applicable percentage
113.8 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the
113.9 MERF division of the Public Employees Retirement Association, the additional annual
113.10 contribution must be calculated on a level annual dollar amount basis.

113.11 (b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund,~~
113.12 ~~the general employees a retirement plan of the Public Employees Retirement Association,~~
113.13 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),
113.14 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used
113.15 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
113.16 governing annuities and benefits payable from the fund, a change in the actuarial cost
113.17 method used in calculating the actuarial accrued liability of all or a portion of the fund, or
113.18 a combination of the three, which change or changes by itself or by themselves without
113.19 inclusion of any other items of increase or decrease produce a net increase in the unfunded
113.20 actuarial accrued liability of the fund, the established date for full funding is the first
113.21 actuarial valuation date occurring after June 1, 2020.

113.22 (c) For any retirement plan other than ~~the Minneapolis Employees Retirement~~
113.23 ~~Fund and the general employees retirement plan of the Public Employees Retirement~~
113.24 Association, if there has been a change in any or all of the actuarial assumptions used
113.25 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
113.26 governing annuities and benefits payable from the fund, a change in the actuarial cost
113.27 method used in calculating the actuarial accrued liability of all or a portion of the fund,
113.28 or a combination of the three, and the change or changes, by itself or by themselves and
113.29 without inclusion of any other items of increase or decrease, produce a net increase in the
113.30 unfunded actuarial accrued liability in the fund, the established date for full funding must
113.31 be determined using the following procedure:

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

113.35 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
113.36 needed to amortize the unfunded actuarial accrued liability amount determined under item

114.1 (i) by the established date for full funding in effect before the change must be calculated
114.2 using the interest assumption specified in subdivision 8 in effect before the change;

114.3 (iii) the unfunded actuarial accrued liability of the fund must be determined in
114.4 accordance with any new plan provisions governing annuities and benefits payable from
114.5 the fund and any new actuarial assumptions and the remaining plan provisions governing
114.6 annuities and benefits payable from the fund and actuarial assumptions in effect before
114.7 the change;

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

114.14 (v) the level annual dollar or level percentage amortization contribution under item
114.15 (iv) must be added to the level annual dollar amortization contribution or level percentage
114.16 calculated under item (ii);

114.17 (vi) the period in which the unfunded actuarial accrued liability amount determined
114.18 in item (iii) is amortized by the total level annual dollar or level percentage amortization
114.19 contribution computed under item (v) must be calculated using the interest assumption
114.20 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
114.21 integral number of years, but not to exceed 30 years from the end of the plan year in
114.22 which the determination of the established date for full funding using the procedure set
114.23 forth in this clause is made and not to be less than the period of years beginning in the
114.24 plan year in which the determination of the established date for full funding using the
114.25 procedure set forth in this clause is made and ending by the date for full funding in effect
114.26 before the change; and

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

114.30 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
114.31 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
114.32 2031.

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

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

115.1 (g) For the correctional state employees retirement plan of the Minnesota State
115.2 Retirement System, the established date for full funding is June 30, 2038.

115.3 (h) For the judges retirement plan, the established date for full funding is June
115.4 30, 2038.

115.5 (i) For the public employees police and fire retirement plan, the established date
115.6 for full funding is June 30, 2038.

115.7 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
115.8 full funding is June 30 of the 25th year from the valuation date. In addition to other
115.9 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
115.10 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
115.11 comparing liabilities to the market value of the assets of the fund as of the close of the
115.12 most recent fiscal year.

115.13 (k) For the retirement plans for which the annual actuarial valuation indicates an
115.14 excess of valuation assets over the actuarial accrued liability, the valuation assets in
115.15 excess of the actuarial accrued liability must be recognized as a reduction in the current
115.16 contribution requirements by an amount equal to the amortization of the excess expressed
115.17 as a level percentage of pay over a 30-year period beginning anew with each annual
115.18 actuarial valuation of the plan.

115.19 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

115.20 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
115.21 (c), the state shall pay to the MERF division account of the Public Employees Retirement
115.22 Association with respect to the former Minneapolis Employees Retirement Fund annually
115.23 an amount equal to the amount calculated under paragraph (b).

115.24 (b) The payment amount is an amount equal to the financial requirements of the
115.25 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees
115.26 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees
115.27 retirement plan of the Public Employees Retirement Association prepared by the actuary
115.28 retained under section 356.214 consistent with section 356.215 for the most recent year
115.29 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
115.30 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
115.31 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
115.32 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
115.33 and (d). Payments ~~shall~~ must be made September 15 annually.

115.34 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
115.35 plus the cost of the annual supplemental benefit determined under Minnesota Statutes

116.1 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
 116.2 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
 116.3 356.43, plus \$27,500,000 annually annually after June 30, 2012, and until June 30, 2031.

116.4 (d) Annually and after June 30, 2012, If the amount determined under paragraph
 116.5 (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c),
 116.6 the excess must be allocated to and paid to the fund by the employers identified in
 116.7 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, and 2a other than
 116.8 units of metropolitan government. Each employer's share of the excess is proportionate
 116.9 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
 116.10 the annual actuarial valuation prepared by the actuary retained under section 356.214
 116.11 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
 116.12 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
 116.13 1a and 2, other than units of metropolitan government. Payments must be made ~~in equal~~
 116.14 ~~installments~~ as set forth in paragraph (b).

116.15 (e) State contributions under this section end on September 15, 2031, or on
 116.16 September 1 following the first date on which the current assets of the MERF division
 116.17 of the Public Employees Retirement Association equal or exceed the actuarial accrued
 116.18 liability of the MERF division of the Public Employees Retirement Association,
 116.19 whichever occurs earlier.

116.20 Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

116.21 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 116.22 **ASSOCIATION.**

116.23 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
 116.24 whose employment by, or assumption of a position as an appointed or elected officer
 116.25 of, the city of Minneapolis, any of the boards, departments, or commissions operated
 116.26 as a department of the city of Minneapolis or independently if financed in whole or in
 116.27 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
 116.28 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
 116.29 the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association
 116.30 by virtue of that employment or position, initially commences on or after July 1, 1979
 116.31 ~~shall be~~ is a member of the general employees retirement plan of the Public Employees
 116.32 Retirement Association unless excluded from membership ~~pursuant to~~ under section
 116.33 353.01, subdivision 2b. ~~In no event shall there be any new members of the contributing~~
 116.34 ~~class of the Minneapolis employees fund on or after July 1, 1979.~~

117.1 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**

117.2 **ASSUMPTIONS.**

117.3 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
117.4 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
117.5 the general employees retirement plan of the Public Employees Retirement Association
117.6 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
117.7 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
117.8 to the approved actuary retained by the Public Employees Retirement Association and to
117.9 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
117.10 the actuary believes would be appropriate for the MERF division portion of the actuarial
117.11 valuation of the general employees retirement plan of the Public Employees Retirement
117.12 Association. Any actuarial assumption changes related to the MERF division must be
117.13 approved under Minnesota Statutes, section 356.215, subdivision 18.

117.14 Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

117.15 (a) The administrative consolidation of the former Minneapolis Employees
117.16 Retirement Fund into the general employees retirement plan of the Public Employees
117.17 Retirement Association and the merger of the MERF division of the Public Employees
117.18 Retirement Association into the general employees retirement plan of the Public
117.19 Employees Retirement Association does not affect the function of the Minneapolis
117.20 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
117.21 of the retirement coverage for former members of the former Minneapolis Employees
117.22 Retirement Fund.

117.23 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
117.24 to receive any revenue derived from taxes or obligates the Public Employees Retirement
117.25 Association to undertake any special duties with respect to the corporation.

117.26 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

117.27 (a) Unless the employee elects the severance pay option under paragraph (c),
117.28 full-time employees of the Minneapolis Employees Retirement Fund first employed
117.29 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
117.30 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
117.31 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
117.32 official of the city of Minneapolis shall place the transferred employee in an appropriate
117.33 employment position based on the employee's education and employment experience. The
117.34 transferred employee must have their accumulated, but unused, vacation and sick leave

118.1 balances as of June 30, 2010, posted to the individual accounts with the new employer.
118.2 The transferred employees must receive length of service credit for time served with the
118.3 Minneapolis Employees Retirement Fund. The transferred employee must be given the
118.4 opportunity as of the date of transfer to be covered for all health and other insurance
118.5 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
118.6 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
118.7 present value of any accumulated unused vacation or sick leave balances as of the date
118.8 of transfer.

118.9 (b) Unless the employee elects the severance pay option under paragraph (c),
118.10 full-time employees of the Minneapolis Employees Retirement Fund first employed before
118.11 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
118.12 on June 29, 2010, with the employment title of accounting manager or accountant II are
118.13 transferred to employment by the Public Employees Retirement Association on July 1,
118.14 2010. The chief human relations official of the Public Employees Retirement Association
118.15 shall place the transferred employee in an appropriate employment position based on the
118.16 employee's education and employment experience. The transferred employee must have
118.17 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
118.18 posted to the individual accounts with the new employer. The transferred employees
118.19 must receive length of service credit for time served with the Minneapolis Employees
118.20 Retirement Fund. The transferred employee must be given the opportunity as of the
118.21 date of transfer to be covered for all health and other insurance benefits offered by the
118.22 new employer. Upon the transfer of the employee, the executive director of the Public
118.23 Employees Retirement Association shall deduct from any assets transferred under section
118.24 353.50 an amount equal to the present value of any accumulated unused vacation or sick
118.25 leave balances as of the date of transfer.

118.26 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
118.27 new employer unit is granted severance pay in an amount equivalent to one year of salary
118.28 based on the last annual salary rate received by the employee. The election must be
118.29 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
118.30 Minneapolis Employees Retirement Fund on June 30, 2010.

118.31 **Sec. 26. REVISOR'S INSTRUCTION.**

118.32 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
118.33 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
118.34 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota

119.1 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
 119.2 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

119.3 Sec. 27. **REPEALER.**

119.4 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
 119.5 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
 119.6 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
 119.7 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
 119.8 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
 119.9 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
 119.10 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
 119.11 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
 119.12 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

119.13 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
 119.14 422A.08, subdivision 5, are repealed.

119.15 Sec. 28. **EFFECTIVE DATE.**

119.16 Sections 1 to 27 are effective June 30, 2010.

119.17 **ARTICLE 12**

119.18 **CONFORMING CHANGES RELATED TO THE MERF** 119.19 **ADMINISTRATIVE CONSOLIDATION**

119.20 Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

119.21 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

119.22 Whenever a public accountant in the course of auditing the books and affairs of a
 119.23 political subdivision or a local public pension plan governed by section 69.77, sections
 119.24 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
 119.25 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 119.26 employee in the conduct of duties and affairs, the public accountant shall promptly make
 119.27 a report of such discovery to the state auditor and the county attorney of the county in
 119.28 which the governmental unit is situated and the public accountant shall also furnish a
 119.29 copy of the report of audit upon completion to said officers. The county attorney shall
 119.30 act on such report in the same manner as required by law for reports made to the county
 119.31 attorney by the state auditor.

119.32 Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

120.1 Subd. 4. **Covered retirement funds and plans.** The provisions of this section shall
120.2 apply to the following retirement funds and plans:

120.3 (1) Board of Trustees of the Minnesota State Colleges and Universities supplemental
120.4 retirement plan established under chapter 354C;

120.5 (2) state employees retirement fund established pursuant to chapter 352;

120.6 (3) correctional employees retirement plan established pursuant to chapter 352;

120.7 (4) State Patrol retirement fund established pursuant to chapter 352B;

120.8 (5) unclassified employees retirement plan established pursuant to chapter 352D;

120.9 (6) ~~public~~ general employees retirement fund established pursuant to chapter 353;

120.10 (7) public employees police and fire fund established pursuant to chapter 353;

120.11 (8) teachers' retirement fund established pursuant to chapter 354;

120.12 (9) judges' retirement fund established pursuant to chapter 490; and

120.13 (10) any other funds required by law to be invested by the board.

120.14 Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

120.15 Subdivision 1. **In executive branch, local government.** All meetings, including
120.16 executive sessions, must be open to the public

120.17 (a) of a state

120.18 (1) agency,

120.19 (2) board,

120.20 (3) commission, or

120.21 (4) department,

120.22 when required or permitted by law to transact public business in a meeting;

120.23 (b) of the governing body of a

120.24 (1) school district however organized,

120.25 (2) unorganized territory,

120.26 (3) county,

120.27 (4) statutory or home rule charter city,

120.28 (5) town, or

120.29 (6) other public body;

120.30 (c) of any

120.31 (1) committee,

120.32 (2) subcommittee,

120.33 (3) board,

120.34 (4) department, or

120.35 (5) commission,

121.1 of a public body; and

121.2 (d) of the governing body or a committee of:

121.3 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

121.4 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,

121.5 or chapter 354A, ~~422A~~, or 423B.

121.6 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

121.7 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
121.8 all other forms of compensation of a person employed by a political subdivision of this
121.9 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
121.10 percent of the salary of the governor as set under section 15A.082, except as provided
121.11 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
121.12 includes a statutory or home rule charter city, county, town, metropolitan or regional
121.13 agency, or other political subdivision, but does not include a hospital, clinic, or health
121.14 maintenance organization owned by such a governmental unit.

121.15 (b) Beginning in 2006, the limit in paragraph (a) shall be adjusted annually in
121.16 January. The limit shall equal the limit for the prior year increased by the percentage
121.17 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
121.18 second prior year to October of the immediately prior year.

121.19 (c) Deferred compensation and payroll allocations to purchase an individual annuity
121.20 contract for an employee are included in determining the employee's salary. Other forms
121.21 of compensation which shall be included to determine an employee's total compensation
121.22 are all other direct and indirect items of compensation which are not specifically excluded
121.23 by this subdivision. Other forms of compensation which shall not be included in a
121.24 determination of an employee's total compensation for the purposes of this subdivision are:

121.25 (1) employee benefits that are also provided for the majority of all other full-time
121.26 employees of the political subdivision, vacation and sick leave allowances, health and
121.27 dental insurance, disability insurance, term life insurance, and pension benefits or like
121.28 benefits the cost of which is borne by the employee or which is not subject to tax as
121.29 income under the Internal Revenue Code of 1986;

121.30 (2) dues paid to organizations that are of a civic, professional, educational, or
121.31 governmental nature; and

121.32 (3) reimbursement for actual expenses incurred by the employee which the
121.33 governing body determines to be directly related to the performance of job responsibilities,
121.34 including any relocation expenses paid during the initial year of employment.

122.1 The value of other forms of compensation shall be the annual cost to the political
122.2 subdivision for the provision of the compensation.

122.3 (d) The salary of a medical doctor or doctor of osteopathy occupying a position that
122.4 the governing body of the political subdivision has determined requires an M.D. or D.O.
122.5 degree is excluded from the limitation in this subdivision.

122.6 (e) The commissioner may increase the limitation in this subdivision for a position
122.7 that the commissioner has determined requires special expertise necessitating a higher
122.8 salary to attract or retain a qualified person. The commissioner shall review each
122.9 proposed increase giving due consideration to salary rates paid to other persons with
122.10 similar responsibilities in the state and nation. The commissioner may not increase the
122.11 limitation until the commissioner has presented the proposed increase to the Legislative
122.12 Coordinating Commission and received the commission's recommendation on it. The
122.13 recommendation is advisory only. If the commission does not give its recommendation
122.14 on a proposed increase within 30 days from its receipt of the proposal, the commission
122.15 is deemed to have made no recommendation. If the commissioner grants or granted an
122.16 increase under this paragraph, the new limitation shall be adjusted beginning in August
122.17 2005 and in each subsequent calendar year in January by the percentage increase equal to
122.18 the percentage increase, if any, in the Consumer Price Index for all-urban consumers from
122.19 October of the second prior year to October of the immediately prior year.

122.20 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

122.21 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
122.22 participating in the program who is receiving a public pension disability benefit or an
122.23 annuity or has met the age and service requirements necessary to receive an annuity under
122.24 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
122.25 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
122.26 the program. This participation is at the person's expense unless a collective bargaining
122.27 agreement or personnel policy provides otherwise. Premiums for these participants must
122.28 be established by the commissioner.

122.29 The commissioner may provide policy exclusions for preexisting conditions
122.30 only when there is a break in coverage between a participant's coverage under the
122.31 employment-based group insurance program and the participant's coverage under this
122.32 section. An employer shall notify an employee of the option to participate under this
122.33 paragraph no later than the effective date of retirement. The retired employee or the
122.34 employer of a participating group on behalf of a current or retired employee shall notify

123.1 the commissioner within 30 days of the effective date of retirement of intent to participate
123.2 in the program according to the rules established by the commissioner.

123.3 (b) The spouse of a deceased employee or former employee may purchase the
123.4 benefits provided at premiums established by the commissioner if the spouse was a
123.5 dependent under the employee's or former employee's coverage under this section at the
123.6 time of the death. The spouse remains eligible to participate in the program as long as
123.7 the group that included the deceased employee or former employee participates in the
123.8 program. Coverage under this clause must be coordinated with relevant insurance benefits
123.9 provided through the federally sponsored Medicare program.

123.10 (c) The program benefits must continue in the event of strike permitted by section
123.11 179A.18, if the exclusive representative chooses to have coverage continue and the
123.12 employee pays the total monthly premiums when due.

123.13 (d) A participant who discontinues coverage may not reenroll.

123.14 Persons participating under these paragraphs shall make appropriate premium
123.15 payments in the time and manner established by the commissioner.

123.16 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
123.17 amended to read:

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

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

123.22 (b) "Municipality" means:

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

123.24 (2) an organized town;

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

123.26 (4) the University of Minnesota;

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

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

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

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

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

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

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

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

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

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

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

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

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

124.33 (5) who is a member of ~~a local police relief association to which section 69.77~~
124.34 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
124.35 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund.~~

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

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

125.7 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
125.8 who was elected or appointed to the specified position or, in the absence of the person,
125.9 another person who is designated by the applicable governing body. In a park district,
125.10 the clerk is the secretary of the board of park district commissioners. In the case of the
125.11 University of Minnesota, the clerk is that official designated by the Board of Regents.
125.12 For the Metropolitan Airports Commission, the clerk is the person designated by the
125.13 commission. For the Department of Natural Resources or the Department of Public Safety,
125.14 the clerk is the respective commissioner. For a tribal police department which exercises
125.15 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
125.16 designated by the applicable American Indian tribal government.

125.17 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
125.18 retirement plan established by chapter 353G.

125.19 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

125.20 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
125.21 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
125.22 (b), 6, and 7a, for eligible employer units by any excess police state aid.

125.23 (b) "Excess police state aid" is:

125.24 (1) for counties and for municipalities in which police retirement coverage is
125.25 provided wholly by the public employees police and fire fund and all police officers are
125.26 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
125.27 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
125.28 the executive director of the Public Employees Retirement Association;

125.29 (2) for municipalities in which police retirement coverage is provided in part by the
125.30 public employees police and fire fund governed by sections 353.63 to 353.657 and in
125.31 part by a local police consolidation account governed by chapter 353A, and established
125.32 before March 2, 1999, for which the municipality declined merger under section 353.665,
125.33 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
125.34 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
125.35 employer's total prior calendar year obligation under section 353A.09, subdivision 5,

126.1 paragraphs (a) and (b), as certified by the executive director of the Public Employees
126.2 Retirement Association;

126.3 (3) for municipalities in which police retirement coverage is provided by the public
126.4 employees police and fire plan governed by sections 353.63 to 353.657, in which police
126.5 retirement coverage was provided by a police consolidation account under chapter
126.6 353A before July 1, 1999, and for which the municipality has an additional municipal
126.7 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
126.8 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
126.9 amount of any additional municipal contribution under section 353.665, subdivision 8,
126.10 paragraph (b), until the year 2010, as certified by the executive director of the Public
126.11 Employees Retirement Association;

126.12 (4) for municipalities in which police retirement coverage is provided in part by the
126.13 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
126.14 by a local police relief association governed by sections 69.77 and 423A.01, the amount
126.15 in excess of the employer's total prior calendar year obligation as defined in paragraph
126.16 (c), as certified by the executive director of the public employees retirement association,
126.17 plus the amount of the financial requirements of the relief association certified to the
126.18 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
126.19 and 5, reduced by the amount of member contributions deducted from the covered salary
126.20 of the relief association during the prior calendar year under section 69.77, subdivision 3,
126.21 as certified by the chief administrative officer of the applicable municipality;

126.22 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
126.23 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
126.24 ~~Fund remaining,~~ the amount in excess of the commission's total prior calendar year
126.25 obligation as defined in paragraph (c), as certified by the executive director of the Public
126.26 Employees Retirement Association, ~~plus the amount determined by expressing the~~
126.27 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~
126.28 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
126.29 ~~the commission's total prior calendar year covered payroll for commission employees~~
126.30 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
126.31 ~~to the commission's total prior calendar year covered payroll for commission police~~
126.32 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
126.33 ~~administrative officer of the Metropolitan Airports Commission; and~~

126.34 (6) for the Department of Natural Resources and for the Department of Public
126.35 Safety, the amount in excess of the employer's total prior calendar year obligation under
126.36 section 352B.02, subdivision 1c, for plan members who are peace officers under section

127.1 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
127.2 State Retirement System.

127.3 (c) The employer's total prior calendar year obligation with respect to the public
127.4 employees police and fire plan is the total prior calendar year obligation under section
127.5 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
127.6 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
127.7 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
127.8 firefighters the applicable following amounts:

127.9	Municipality	Maximum Amount
127.10	Albert Lea	\$54,157.01
127.11	Anoka	10,399.31
127.12	Apple Valley	5,442.44
127.13	Austin	49,864.73
127.14	Bemidji	27,671.38
127.15	Brooklyn Center	6,605.92
127.16	Brooklyn Park	24,002.26
127.17	Burnsville	15,956.00
127.18	Cloquet	4,260.49
127.19	Coon Rapids	39,920.00
127.20	Cottage Grove	8,588.48
127.21	Crystal	5,855.00
127.22	East Grand Forks	51,009.88
127.23	Edina	32,251.00
127.24	Elk River	5,216.55
127.25	Ely	13,584.16
127.26	Eveleth	16,288.27
127.27	Fergus Falls	6,742.00
127.28	Fridley	33,420.64
127.29	Golden Valley	11,744.61
127.30	Hastings	16,561.00
127.31	Hopkins	4,324.23
127.32	International Falls	14,400.69
127.33	Lakeville	782.35
127.34	Lino Lakes	5,324.00
127.35	Little Falls	7,889.41
127.36	Maple Grove	6,707.54
127.37	Maplewood	8,476.69
127.38	Minnetonka	10,403.00
127.39	Montevideo	1,307.66
127.40	Moorhead	68,069.26
127.41	New Hope	6,739.72

128.1	North St. Paul	4,241.14
128.2	Northfield	770.63
128.3	Owatonna	37,292.67
128.4	Plymouth	6,754.71
128.5	Red Wing	3,504.01
128.6	Richfield	53,757.96
128.7	Rosemont <u>Rosemount</u>	1,712.55
128.8	Roseville	9,854.51
128.9	St. Anthony	33,055.00
128.10	St. Louis Park	53,643.11
128.11	Thief River Falls	28,365.04
128.12	Virginia	31,164.46
128.13	Waseca	11,135.17
128.14	West St. Paul	15,707.20
128.15	White Bear Lake	6,521.04
128.16	Woodbury	3,613.00
128.17	any other municipality	0.00

128.18 (d) The total amount of excess police state aid must be deposited in the excess
 128.19 police state-aid account in the general fund, administered and distributed as provided
 128.20 in subdivision 11.

128.21 Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is
 128.22 amended to read:

128.23 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 128.24 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 128.25 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 128.26 state aid against future municipal contribution requirements under section 353G.08 and
 128.27 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 128.28 state aid so credited at least annually. If the municipality or the independent nonprofit
 128.29 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 128.30 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
 128.31 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 128.32 association if there is one organized and the association has filed a financial report with the
 128.33 municipality. If the relief association has not filed a financial report with the municipality,
 128.34 the municipal treasurer shall delay transmission of the fire state aid to the relief association
 128.35 until the complete financial report is filed. If the municipality or independent nonprofit
 128.36 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 128.37 firefighter retirement plan, if there is no relief association organized, or if the association
 128.38 has dissolved or has been removed as trustees of state aid, then the treasurer of the

129.1 municipality shall deposit the money in the municipal treasury and the money may be
129.2 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
129.3 payment of the employer contribution requirement with respect to firefighters covered by
129.4 the public employees police and fire retirement plan under section 353.65, subdivision 3.

129.5 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
129.6 police state aid in the following manner:

129.7 (1) For a municipality in which a local police relief association exists and all peace
129.8 officers are members of the association, the total state aid must be transmitted to the
129.9 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
129.10 of the relief association shall immediately deposit the total state aid in the special fund
129.11 of the relief association;

129.12 (2) For a municipality in which police retirement coverage is provided by the public
129.13 employees police and fire fund and all peace officers are members of the fund, including
129.14 municipalities covered by section 353.665, the total state aid must be applied toward the
129.15 municipality's employer contribution to the public employees police and fire fund under
129.16 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

129.17 (3) For a municipality other than a city of the first class with a population of more
129.18 than 300,000 in which both a police relief association exists and police retirement
129.19 coverage is provided in part by the public employees police and fire fund, the municipality
129.20 may elect at its option to transmit the total state aid to the treasurer of the relief association
129.21 as provided in clause (1), to use the total state aid to apply toward the municipality's
129.22 employer contribution to the public employees police and fire fund subject to all the
129.23 provisions set forth in clause (2), or to allot the total state aid proportionately to be
129.24 transmitted to the police relief association as provided in this subdivision and to apply
129.25 toward the municipality's employer contribution to the public employees police and fire
129.26 fund subject to the provisions of clause (2) on the basis of the respective number of active
129.27 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

129.28 For a city of the first class with a population of more than 300,000, in addition, the
129.29 city may elect to allot the appropriate portion of the total police state aid to apply toward
129.30 the employer contribution of the city to the public employees police and fire fund based
129.31 on the covered salary of police officers covered by the fund each payroll period and to
129.32 transmit the balance to the police relief association; or

129.33 (4) For a municipality in which police retirement coverage is provided in part by
129.34 the public employees police and fire fund and in part by a local police consolidation
129.35 account governed by chapter 353A and established before March 2, 1999, for which the
129.36 municipality declined merger under section 353.665, subdivision 1, or established after

130.1 March 1, 1999, the total police state aid must be applied towards the municipality's total
130.2 employer contribution to the public employees police and fire fund and to the local police
130.3 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

130.4 (c) The county treasurer, upon receipt of the police state aid for the county, shall
130.5 apply the total state aid toward the county's employer contribution to the public employees
130.6 police and fire fund under section 353.65, subdivision 3.

130.7 (d) The designated Metropolitan Airports Commission official, upon receipt of the
130.8 police state aid for the Metropolitan Airports Commission, shall apply the total police
130.9 state aid ~~first~~ toward the commission's employer contribution for police officers to the
130.10 ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if~~
130.11 ~~there is any amount of police state aid remaining, shall apply that remainder toward the~~
130.12 ~~commission's employer contribution for police officers to the public employees police and~~
130.13 fire plan under section 353.65, subdivision 3.

130.14 (e) The police state aid apportioned to the Departments of Public Safety and Natural
130.15 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
130.16 of management and budget for transfer to the funds and accounts from which the
130.17 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
130.18 The commissioner of revenue shall certify to the commissioners of public safety,
130.19 natural resources, and management and budget the amounts to be transferred from the
130.20 appropriation for police state aid. The commissioners of public safety and natural
130.21 resources shall certify to the commissioner of management and budget the amounts to be
130.22 credited to each of the funds and accounts from which the peace officers employed by their
130.23 respective departments are paid. Each commissioner shall allocate the police state aid first
130.24 for employer contributions for employees funded from the general fund and then for
130.25 employer contributions for employees funded from other funds. For peace officers whose
130.26 salaries are paid from the general fund, the amounts transferred from the appropriation
130.27 for police state aid must be canceled to the general fund.

130.28 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

130.29 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
130.30 this subdivision applies may levy an additional amount required for contributions to the
130.31 general employees retirement plan of the Public Employees Retirement Association as the
130.32 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
130.33 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
130.34 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
130.35 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive

131.1 director of the Public Employees Retirement Association as the district's share of the
 131.2 contribution requirement in excess of the maximum state contribution under section
 131.3 422A.101, subdivision 3.

131.4 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
 131.5 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
 131.6 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
 131.7 section 1.

131.8 (c) If the employer retirement fund contributions under section 354A.12, subdivision
 131.9 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
 131.10 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
 131.11 1994 or later an amount equal to the amount derived by applying the net increase in
 131.12 the employer retirement fund contribution rate of the respective teacher retirement fund
 131.13 association between fiscal year 1993 and the fiscal year beginning in the year after the
 131.14 levy is certified to the total covered payroll of the applicable teacher retirement fund
 131.15 association. If an applicable school district levies under this paragraph, they may not
 131.16 levy under paragraph (b).

131.17 (d) In addition to the levy authorized under paragraph (c), Special School District
 131.18 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
 131.19 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
 131.20 or later an amount equal to the state aid contribution under section 354A.12, subdivision
 131.21 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
 131.22 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

131.23 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

131.24 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
 131.25 **EMPLOYEES.**

131.26 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
 131.27 who is transferred to and employed by the county under the provisions of section 256D.20
 131.28 and who is a contributing member of a retirement system organized under the provisions
 131.29 of Minnesota Statutes 2008, chapter 422A, shall continue to be is a member of ~~that system~~
 131.30 the MERF division of the Public Employees Retirement Association and is entitled to all
 131.31 of the applicable benefits conferred ~~thereby~~ by and subject to all the restrictions of ~~chapter~~
 131.32 ~~422A, unless the member applies to cancel membership within six months after January~~
 131.33 ~~1, 1974~~ section 353.50.

131.34 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
 131.35 allowances or other benefits accrued while any such employee was in the service of the

132.1 city of Minneapolis shall remain an obligation of the city and a tax shall be levied and
132.2 collected by it to discharge its obligation as provided ~~by chapter 422A~~ in section 353.50,
132.3 subdivision 7.

132.4 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
132.5 or other benefits accruing to employees so transferred to and employed by the county
132.6 shall be the obligation of and paid by the county ~~at such time as the retirement board~~
132.7 ~~shall fix and determine in accordance with chapter 422A~~ in section 353.50, subdivision
132.8 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
132.9 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
132.10 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
132.11 the Public Employees Retirement Association those amounts. The cost to the public of
132.12 the retirement allowances ~~as herein provided~~ shall coverage under this section must be
132.13 paid from the county revenue fund by the county auditor upon receipt of certification from
132.14 ~~the retirement board as herein provided,~~ and the county board is authorized to levy and
132.15 collect such taxes as may be necessary to pay such costs.

132.16 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
132.17 amended to read:

132.18 Subd. 2b. **Excluded employees.** "State employee" does not include:

132.19 (1) students employed by the University of Minnesota, or the state colleges and
132.20 universities, unless approved for coverage by the Board of Regents of the University of
132.21 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
132.22 whichever is applicable;

132.23 (2) employees who are eligible for membership in the state Teachers Retirement
132.24 Association, except employees of the Department of Education who have chosen or may
132.25 choose to be covered by the general state employees retirement plan of the Minnesota
132.26 State Retirement System instead of the Teachers Retirement Association;

132.27 (3) employees of the University of Minnesota who are excluded from coverage by
132.28 action of the Board of Regents;

132.29 (4) officers and enlisted personnel in the National Guard and the naval militia who
132.30 are assigned to permanent peacetime duty and who under federal law are or are required to
132.31 be members of a federal retirement system;

132.32 (5) election officers;

132.33 (6) persons who are engaged in public work for the state but who are employed
132.34 by contractors when the performance of the contract is authorized by the legislature or
132.35 other competent authority;

- 133.1 (7) officers and employees of the senate, or of the house of representatives, or of a
133.2 legislative committee or commission who are temporarily employed;
- 133.3 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
133.4 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
133.5 employed by the Department of Labor and Industry;
- 133.6 (9) patient and inmate help in state charitable, penal, and correctional institutions
133.7 including the Minnesota Veterans Home;
- 133.8 (10) persons who are employed for professional services where the service is
133.9 incidental to their regular professional duties and whose compensation is paid on a per
133.10 diem basis;
- 133.11 (11) employees of the Sibley House Association;
- 133.12 (12) the members of any state board or commission who serve the state intermittently
133.13 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
133.14 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
133.15 from serving more than three years; and the board of managers of the State Agricultural
133.16 Society and its treasurer unless the treasurer is also its full-time secretary;
- 133.17 (13) state troopers and persons who are described in section 352B.011, subdivision
133.18 10, clauses (2) to (8);
- 133.19 (14) temporary employees of the Minnesota State Fair who are employed on or
133.20 after July 1 for a period not to extend beyond October 15 of that year; and persons who
133.21 are employed at any time by the state fair administration for special events held on the
133.22 fairgrounds;
- 133.23 (15) emergency employees who are in the classified service; except that if an
133.24 emergency employee, within the same pay period, becomes a provisional or probationary
133.25 employee on other than a temporary basis, the employee must be considered a "state
133.26 employee" retroactively to the beginning of the pay period;
- 133.27 (16) temporary employees in the classified service, and temporary employees in the
133.28 unclassified service who are appointed for a definite period of not more than six months
133.29 and who are employed less than six months in any one-year period;
- 133.30 (17) interns hired for six months or less and trainee employees, except those listed in
133.31 subdivision 2a, clause (8);
- 133.32 (18) persons whose compensation is paid on a fee basis or as an independent
133.33 contractor;
- 133.34 (19) state employees who are employed by the Board of Trustees of the Minnesota
133.35 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
133.36 subdivision 1, clause (9);

134.1 (20) state employees who in any year have credit for 12 months service as teachers
134.2 in the public schools of the state and as teachers are members of the Teachers Retirement
134.3 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
134.4 incidental employment as a state employee that is not covered by one of the teacher
134.5 retirement associations or systems;

134.6 (21) employees of the adjutant general who are employed on an unlimited
134.7 intermittent or temporary basis in the classified or unclassified service for the support of
134.8 Army and Air National Guard training facilities;

134.9 (22) chaplains and nuns who are excluded from coverage under the federal Old
134.10 Age, Survivors, Disability, and Health Insurance Program for the performance of service
134.11 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
134.12 irrevocable election of coverage has been made under section 3121(r) of the Internal
134.13 Revenue Code of 1986, as amended through December 31, 1992;

134.14 (23) examination monitors who are employed by departments, agencies,
134.15 commissions, and boards to conduct examinations required by law;

134.16 (24) persons who are appointed to serve as members of fact-finding commissions or
134.17 adjustment panels, arbitrators, or labor referees under chapter 179;

134.18 (25) temporary employees who are employed for limited periods under any state or
134.19 federal program for training or rehabilitation, including persons who are employed for
134.20 limited periods from areas of economic distress, but not including skilled and supervisory
134.21 personnel and persons having civil service status covered by the system;

134.22 (26) full-time students who are employed by the Minnesota Historical Society
134.23 intermittently during part of the year and full-time during the summer months;

134.24 (27) temporary employees who are appointed for not more than six months, of
134.25 the Metropolitan Council and of any of its statutory boards, if the board members are
134.26 appointed by the Metropolitan Council;

134.27 (28) persons who are employed in positions designated by the Department of
134.28 Management and Budget as student workers;

134.29 (29) members of trades who are employed by the successor to the Metropolitan
134.30 Waste Control Commission, who have trade union pension plan coverage under a
134.31 collective bargaining agreement, and who are first employed after June 1, 1977;

134.32 (30) off-duty peace officers while employed by the Metropolitan Council;

134.33 (31) persons who are employed as full-time police officers by the Metropolitan
134.34 Council and as police officers are members of the public employees police and fire fund;

134.35 (32) persons who are employed as full-time firefighters by the Department of Military
134.36 Affairs and as firefighters are members of the public employees police and fire fund;

135.1 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
135.2 valid for less than three years of employment, unless notice of extension is supplied which
135.3 allows them to work for three or more years as of the date the extension is granted, in
135.4 which case they are eligible for coverage from the date extended; and

135.5 (34) persons who are employed by the Board of Trustees of the Minnesota State
135.6 Colleges and Universities and who elected to remain members of the Public Employees
135.7 Retirement Association or of the MERF division of the Public Employees Retirement
135.8 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
135.9 applies, under Minnesota Statutes 1994, section 136C.75.

135.10 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

135.11 Subdivision 1. **Management; composition; election.** (a) The management of the
135.12 ~~public~~ general employees retirement fund is vested in an 11-member board of trustees
135.13 consisting of ten members and the state auditor. The state auditor may designate a deputy
135.14 auditor with expertise in pension matters as the auditor's representative on the board. The
135.15 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
135.16 represent school boards, one to represent cities, one to represent counties, one who is a
135.17 retired annuitant, and one who is a public member knowledgeable in pension matters. The
135.18 membership of the association, including recipients of retirement annuities and disability
135.19 and survivor benefits, shall elect five trustees for terms of four years, one of whom must be
135.20 a member of the police and fire fund and one of whom must be a former member who met
135.21 the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least
135.22 five years prior to terminating membership or a member who receives a disability benefit.
135.23 Terms expire on January 31 of the fourth year, and positions are vacant until newly elected
135.24 members are seated. Except as provided in this subdivision, trustees elected by the
135.25 membership of the association must be public employees and members of the association.

135.26 (b) For seven days beginning October 1 of each year preceding a year in which
135.27 an election is held, the association shall accept at its office filings in person or by mail
135.28 of candidates for the board of trustees. A candidate shall submit at the time of filing a
135.29 nominating petition signed by 25 or more members of the association. No name may
135.30 be withdrawn from nomination by the nominee after October 15. At the request of a
135.31 candidate for an elected position on the board of trustees, the board shall mail a statement
135.32 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
135.33 of the candidate. The board may adopt policies, subject to review and approval by the
135.34 secretary of state under paragraph (e), to govern the form and length of these statements,
135.35 timing of mailings, and deadlines for submitting materials to be mailed. The secretary

136.1 of state shall resolve disputes between the board and a candidate concerning application
136.2 of these policies to a particular statement.

136.3 (c) By January 10 of each year in which elections are to be held, the board shall
136.4 distribute by mail to the members ballots listing the candidates. No member may vote for
136.5 more than one candidate for each board position to be filled. A ballot indicating a vote for
136.6 more than one person for any position is void. No special marking may be used on the
136.7 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
136.8 later than January 31. The ballot envelopes must be so designated and the ballots must be
136.9 counted in a manner that ensures that each vote is secret.

136.10 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
136.11 or has given implicit or explicit consent for any other person to receive contributions or
136.12 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
136.13 election, shall file a report with the campaign finance and public disclosure board
136.14 disclosing the source and amount of all contributions to the candidate's campaign. The
136.15 campaign finance and public disclosure board shall prescribe forms governing these
136.16 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
136.17 These terms do not include the mailing made by the association board on behalf of the
136.18 candidate. A candidate shall file a report within 30 days from the day that the results of
136.19 the election are announced. The Campaign Finance and Public Disclosure Board shall
136.20 maintain these reports and make them available for public inspection in the same manner
136.21 as the board maintains and makes available other reports filed with it.

136.22 (e) The secretary of state shall review and approve the procedures defined by the
136.23 board of trustees for conducting the elections specified in this subdivision, including
136.24 board policies adopted under paragraph (b).

136.25 (f) The board of trustees and the executive director shall undertake their activities
136.26 consistent with chapter 356A.

136.27 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

136.28 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
136.29 ~~public~~ general employees retirement fund and who is a member of any public retirement
136.30 system referred to in subdivision 1, may repay such refund to the ~~public~~ general employees
136.31 retirement fund as provided in section 353.35.

136.32 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

136.33 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
136.34 in section 353.01, subdivision 35, who are or become members of and participants in

137.1 the public general employees retirement fund or the public employees police and fire
137.2 fund before July 1, 2002, and make contributions to either of those funds based on
137.3 compensation for service other than volunteer ambulance service may elect to participate
137.4 in that same fund with respect to compensation received for volunteer ambulance service,
137.5 provided that the volunteer ambulance service is not credited to another public or private
137.6 pension plan including the public employees retirement plan established by chapter
137.7 353D and provided further that the volunteer ambulance service is rendered for the same
137.8 governmental unit for which the nonvolunteer ambulance service is rendered.

137.9 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

137.10 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
137.11 1 applies may exercise the election authorized under subdivision 1 within the earlier of
137.12 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
137.13 the one-year period commencing on the first day of the first month following the start of
137.14 employment in a position covered by the public general employees retirement fund or the
137.15 public employees police and fire fund. The election must be exercised by filing a written
137.16 notice on a form prescribed by the executive director of the association.

137.17 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

137.18 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
137.19 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
137.20 a member of, and a participant in, the public general employees retirement fund or the
137.21 public employees police and fire fund and was making contributions to either of those
137.22 funds based, at least in part, on compensation for services performed as a volunteer
137.23 firefighter shall continue as a member of, and a participant in, the public general
137.24 employees retirement fund or the public employees police and fire fund and compensation
137.25 for services performed as a volunteer firefighter shall be considered salary.

137.26 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

137.27 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
137.28 option to terminate membership and future participation in the public general employees
137.29 retirement fund or the public employees police and fire fund upon filing of a written notice
137.30 of intention to terminate participation. Notice must be given on a form prescribed by the
137.31 executive director of the association and must be filed in the offices of the association not
137.32 later than June 30, 1990.

138.1 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

138.2 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
138.3 **CERTIFICATION FAILURES.**

138.4 (a) If the board of trustees of the Public Employees Retirement Association,
138.5 upon the recommendation of the executive director, determines that a governmental
138.6 subdivision has certified a public employee for membership in the public employees
138.7 police and fire retirement plan when the public employee was not eligible for that
138.8 retirement plan coverage, the public employee must be covered by the correct retirement
138.9 plan for subsequent service, the public employee retains the coverage for the period of
138.10 the misclassification, and the governmental subdivision shall pay in a lump sum the
138.11 difference in the actuarial present value of the retirement annuities to which the public
138.12 employee would have been entitled if the public employee was properly classified. The
138.13 governmental subdivision payment is payable within 30 days of the board's determination.
138.14 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
138.15 deposited in the ~~public~~ general employees retirement fund.

138.16 (b) If the executive director of the Public Employees Retirement Association
138.17 determines that a governmental subdivision has failed to certify a person for retirement
138.18 plan membership and coverage under this chapter, in addition to the procedures under
138.19 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
138.20 \$25 for each membership certification failure.

138.21 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

138.22 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
138.23 **REDEDICATED.**

138.24 Subdivision 1. **Appropriation.** The positive difference, if any, between the
138.25 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
138.26 Retirement Association with respect to the former Minneapolis Employees Retirement
138.27 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
138.28 from the general fund to the commissioner of management and budget for deposit in
138.29 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
138.30 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
138.31 Fund Association.

138.32 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
138.33 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
138.34 Employees Retirement Association as the successor of the former Minneapolis Employees
138.35 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

139.1 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
139.2 read:

139.3 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
139.4 school district, other than a charter school, located in the corporate limits of Duluth or
139.5 St. Paul, as any of the following:

139.6 (1) a full-time employee in a position for which a valid license from the state
139.7 Department of Education is required;

139.8 (2) an employee of the teachers retirement fund association located in the city of
139.9 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
139.10 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
139.11 ~~Fund established pursuant to chapter 422A;~~

139.12 (3) a part-time employee in a position for which a valid license from the state
139.13 Department of Education is required; or

139.14 (4) a part-time employee in a position for which a valid license from the state
139.15 Department of Education is required who also renders other nonteaching services for the
139.16 school district, unless the board of trustees of the teachers retirement fund association
139.17 determines that the combined employment is on the whole so substantially dissimilar to
139.18 teaching service that the service may not be covered by the association.

139.19 (b) The term does not mean any person who renders service in the school district
139.20 as any of the following:

139.21 (1) an independent contractor or the employee of an independent contractor;

139.22 (2) an employee who is a full-time teacher covered by the Teachers Retirement
139.23 Association or by another teachers retirement fund association established pursuant to this
139.24 chapter or chapter 354;

139.25 (3) an employee exempt from licensure pursuant to section 122A.30;

139.26 (4) an employee who is a teacher in a technical college located in a city of the first
139.27 class unless the person elects coverage by the applicable first class city teacher retirement
139.28 fund association under section 354B.21, subdivision 2;

139.29 (5) a teacher employed by a charter school, irrespective of the location of the
139.30 school; or

139.31 (6) an employee who is a part-time teacher in a technical college in a city of the first
139.32 class and who has elected coverage by the applicable first class city teacher retirement
139.33 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
139.34 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
139.35 college stipulates annually in advance that the part-time teaching service will not exceed

140.1 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
140.2 hours in the fiscal year to which the certification applies.

140.3 Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

140.4 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

140.5 Any person who has been a member of the Minnesota State Retirement System, the
140.6 Public Employees Retirement Association including the Public Employees Retirement
140.7 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
140.8 State Patrol Retirement Association, the legislators retirement plan, the constitutional
140.9 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
140.10 Teachers Retirement Fund Association new law coordinated program, the St. Paul
140.11 Teachers Retirement Fund Association coordinated program, or any other public employee
140.12 retirement system in the state of Minnesota having a like provision but excluding all other
140.13 funds providing retirement benefits for police officers or firefighters shall be entitled
140.14 when qualified to an annuity from each fund if the person's total allowable service in all
140.15 of the funds or in any two or more of the funds totals three or more years, provided that
140.16 no portion of the allowable service upon which the retirement annuity from one fund is
140.17 based is used again in the computation for a retirement annuity from another fund and
140.18 provided further that the person has not taken a refund from any of funds or associations
140.19 since the person's membership in the fund or association has terminated. The annuity
140.20 from each fund or association shall be determined by the appropriate provisions of the
140.21 law governing each fund or association, except that the requirement that a person must
140.22 have at least three years of allowable service in the respective fund or association shall not
140.23 apply for the purposes of this section, provided that the aggregate service in two or more
140.24 of these funds equals three or more years.

140.25 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

140.26 Subdivision 1. **Agreement.** (a) The director, on behalf of the state, its political
140.27 subdivisions, and its other governmental employers, is authorized to enter into an
140.28 agreement with the Secretary of Health and Human Services to extend the provisions of
140.29 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph
140.30 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
140.31 do not have coverage by the federal old age, survivors, and disability insurance program
140.32 for that employment under any previous modification of the agreement or previous
140.33 Medicare referendum.

140.34 (b) The applicable employees are:

141.1 (1) employees who are members of one of the retirement plans in Minnesota Statutes
 141.2 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
 141.3 employment since March 31, 1986; and

141.4 (2) employees of a special authority or district who have been continuously
 141.5 employed by the special authority or district since March 31, 1986.

141.6 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
 141.7 amended to read:

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

141.10 (1) the general state employees retirement plan of the Minnesota State Retirement
 141.11 System;

141.12 (2) the general employees retirement plan of the Public Employees Retirement
 141.13 Association;

141.14 (3) the Teachers Retirement Association;

141.15 (4) the State Patrol retirement plan;

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

141.17 (6) the Duluth Teachers Retirement Fund Association;

141.18 ~~(7) the Minneapolis Employees Retirement Fund;~~

141.19 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;

141.20 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;

141.21 ~~(10)~~ (9) the judges retirement fund;

141.22 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 141.23 69.77, subdivision 1a;

141.24 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 141.25 subdivision 1;

141.26 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 141.27 Retirement Association;

141.28 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 141.29 Retirement System;

141.30 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 141.31 Employees Retirement Association; and

141.32 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

141.33 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

142.1 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
 142.2 administrative official of each public pension plan and retirement fund or plan enumerated
 142.3 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
 142.4 annual actuarial valuations and related services. The principal from the actuarial
 142.5 consulting firm on the contract must be an approved actuary under section 356.215,
 142.6 subdivision 1, paragraph (c).

142.7 (b) Actuarial services must include the preparation of actuarial valuations and
 142.8 related actuarial work for the following retirement plans:

142.9 (1) the teachers retirement plan, Teachers Retirement Association;

142.10 (2) the general state employees retirement plan, Minnesota State Retirement System;

142.11 (3) the correctional employees retirement plan, Minnesota State Retirement System;

142.12 (4) the State Patrol retirement plan, Minnesota State Retirement System;

142.13 (5) the judges retirement plan, Minnesota State Retirement System;

142.14 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
 142.15 ~~Fund;~~

142.16 ~~(7) (6) the public general employees retirement plan, Public Employees Retirement~~
 142.17 ~~Association, including the MERF division;~~

142.18 ~~(8) (7) the public employees police and fire plan, Public Employees Retirement~~
 142.19 ~~Association;~~

142.20 ~~(9) (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~
 142.21 ~~Association;~~

142.22 ~~(10) (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund~~
 142.23 ~~Association;~~

142.24 ~~(11) (10) the legislators retirement plan, Minnesota State Retirement System;~~

142.25 ~~(12) (11) the elective state officers retirement plan, Minnesota State Retirement~~
 142.26 ~~System; and~~

142.27 ~~(13) (12) local government correctional service retirement plan, Public Employees~~
 142.28 ~~Retirement Association.~~

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

142.33 The contracts must require completion of annual experience data collection and
 142.34 processing and a quadrennial published experience study for the plans listed in paragraph
 142.35 (b), clauses (1), (2), and ~~(7) (6)~~, as provided for in the standards for actuarial work

143.1 adopted by the commission. The experience data collection, processing, and analysis
143.2 must evaluate the following:

143.3 (1) individual salary progression;

143.4 (2) the rate of return on investments based on the current asset value;

143.5 (3) payroll growth;

143.6 (4) mortality;

143.7 (5) retirement age;

143.8 (6) withdrawal; and

143.9 (7) disablement.

143.10 (d) The actuary shall annually prepare a report to the governing or managing board
143.11 or administrative official and the legislature, summarizing the results of the actuarial
143.12 valuation calculations. The actuary shall include with the report any recommendations
143.13 concerning the appropriateness of the support rates to achieve proper funding of
143.14 the retirement plans by the required funding dates. The actuary shall, as part of the
143.15 quadrennial experience study, include recommendations on the appropriateness of the
143.16 actuarial valuation assumptions required for evaluation in the study.

143.17 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
143.18 indicates a persistent pattern of sizable gains or losses, the governing or managing board
143.19 or administrative official shall direct the actuary to prepare a special experience study for a
143.20 plan listed in paragraph (b), clause (3), (4), (5), ~~(6), (7)~~, (8), (9), (10), (11), or (12), ~~or (13)~~,
143.21 in the manner provided for in the standards for actuarial work adopted by the commission.

143.22 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

143.23 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

143.24 (1) the general state employees retirement plan of the Minnesota State Retirement
143.25 System, established under chapter 352;

143.26 (2) the correctional state employees retirement plan of the Minnesota State
143.27 Retirement System, established under chapter 352;

143.28 (3) the unclassified employees retirement program, established under chapter 352D;

143.29 (4) the State Patrol retirement plan, established under chapter 352B;

143.30 (5) the legislators retirement plan, established under chapter 3A;

143.31 (6) the elective state officers retirement plan, established under chapter 352C;

143.32 (7) the general employees retirement plan of the Public Employees Retirement

143.33 Association, established under chapter 353, including the MERF division of the Public

143.34 Employees Retirement Association;

- 144.1 (8) the public employees police and fire retirement plan of the Public Employees
 144.2 Retirement Association, established under chapter 353;
- 144.3 (9) the local government correctional service retirement plan of the Public
 144.4 Employees Retirement Association, established under chapter 353E;
- 144.5 (10) the Teachers Retirement Association, established under chapter 354;
- 144.6 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 144.7 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
 144.8 chapter 354A;
- 144.9 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
 144.10 chapter 354A; and
- 144.11 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

144.12 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

144.13 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
 144.14 subdivision.

144.15 (b) "Average salary" means the highest average of covered salary for the appropriate
 144.16 period of credited service that is required for the calculation of a disability benefit by
 144.17 the covered retirement plan and that is drawn from any period of credited service and
 144.18 successive years of covered salary in a covered retirement plan.

144.19 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 144.20 7.

144.21 (d) "Duty-related" means a disabling illness or injury that occurred while the person
 144.22 was actively engaged in employment duties or that arose out of the person's active
 144.23 employment duties.

144.24 (e) "General employee retirement plan" means a covered retirement plan listed in
 144.25 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

144.26 (f) "Occupationally disabled" means the condition of having a medically
 144.27 determinable physical or mental impairment that makes a person unable to satisfactorily
 144.28 perform the minimum requirements of the person's employment position or a substantially
 144.29 similar employment position.

144.30 (g) "Public safety employee retirement plan" means a covered retirement plan listed
 144.31 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

144.32 (h) "Totally and permanently disabled" means the condition of having a medically
 144.33 determinable physical or mental impairment that makes a person unable to engage in any
 144.34 substantial gainful activity and that is expected to continue or has continued for a period
 144.35 of at least one year or that is expected to result directly in the person's death.

145.1 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

145.2 Subd. 7. **Covered retirement plans.** This section applies to the following
145.3 retirement plans:

145.4 (1) the general state employees retirement plan of the Minnesota State Retirement
145.5 System, established by chapter 352;

145.6 (2) the unclassified state employees retirement program of the Minnesota State
145.7 Retirement System, established by chapter 352D;

145.8 (3) the general employees retirement plan of the Public Employees Retirement
145.9 Association, established by chapter 353, including the MERF division of the Public
145.10 Employees Retirement Association;

145.11 (4) the Teachers Retirement Association, established by chapter 354;

145.12 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

145.13 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

145.14 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

145.15 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
145.16 Retirement System, established by chapter 352;

145.17 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

145.18 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
145.19 Retirement Association, established by chapter 353;

145.20 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
145.21 Employees Retirement Association, established by chapter 353E; and

145.22 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

145.23 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

145.24 Subd. 4. **Covered retirement plans.** This section applies to the following
145.25 retirement plans:

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

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

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

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

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

145.33 (6) the unclassified state employees retirement program, established by chapter
145.34 352D;

- 146.1 (7) the general employees retirement plan of the Public Employees Retirement
146.2 Association, established by chapter 353, including the MERF division of the Public
146.3 Employees Retirement Association;
- 146.4 (8) the public employees police and fire plan of the Public Employees Retirement
146.5 Association, established by chapter 353;
- 146.6 (9) the local government correctional service retirement plan of the Public
146.7 Employees Retirement Association, established by chapter 353E;
- 146.8 (10) the Teachers Retirement Association, established by chapter 354;
- 146.9 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 146.10 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
146.11 354A; and
- 146.12 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~
146.13 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

146.14 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
146.15 amended to read:

146.16 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
146.17 following retirement plans:

146.18 (1) the general state employees retirement plan of the Minnesota State Retirement
146.19 System, established under chapter 352;

146.20 (2) the correctional state employees retirement plan of the Minnesota State
146.21 Retirement System, established under chapter 352;

146.22 (3) the State Patrol retirement plan, established under chapter 352B;

146.23 (4) the general employees retirement plan of the Public Employees Retirement
146.24 Association, established under chapter 353, including the MERF division of the Public
146.25 Employees Retirement Association;

146.26 (5) the public employees police and fire plan of the Public Employees Retirement
146.27 Association, established under chapter 353;

146.28 (6) the Teachers Retirement Association, established under chapter 354;

146.29 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

146.30 ~~(8)~~ (7) the Duluth Teachers Retirement Fund Association, established under chapter
146.31 354A; and

146.32 ~~(9)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
146.33 354A.

147.1 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
147.2 amended to read:

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

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

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

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

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

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

147.12 (6) the unclassified state employees retirement program, established by chapter
147.13 352D;

147.14 (7) the general employees retirement plan of the Public Employees Retirement
147.15 Association, established by chapter 353, including the MERF division of the Public
147.16 Employees Retirement Association;

147.17 (8) the public employees police and fire plan of the Public Employees Retirement
147.18 Association, established by chapter 353;

147.19 (9) the public employees defined contribution plan, established by chapter 353D;

147.20 (10) the local government correctional service retirement plan of the Public
147.21 Employees Retirement Association, established by chapter 353E;

147.22 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
147.23 established by chapter 353G;

147.24 (12) the Teachers Retirement Association, established by chapter 354;

147.25 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

147.26 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
147.27 354A;

147.28 (15) the individual retirement account plan, established by chapter 354B;

147.29 (16) the higher education supplemental retirement plan, established by chapter 354C;

147.30 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

147.31 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;

147.32 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
147.33 423C; and

147.34 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

147.35 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

148.1 Subd. 2. **Covered funds.** The provisions of this section apply to the following
148.2 retirement funds:

148.3 (1) the general employees retirement plan of the Public Employees Retirement
148.4 Association established under chapter 353, including the MERF division of the Public
148.5 Employees Retirement Association;

148.6 (2) the public employees police and fire plan of the Public Employees Retirement
148.7 Association established under chapter 353;

148.8 (3) the State Patrol retirement plan established under chapter 352B;

148.9 (4) the legislators retirement plan established under chapter 3A;

148.10 (5) the elective state officers retirement plan established under chapter 352C; and

148.11 (6) the Teachers Retirement Association established under chapter 354; and

148.12 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

148.13 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is
148.14 amended to read:

148.15 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
148.16 following retirement plans:

148.17 (1) the legislators retirement plan established under chapter 3A;

148.18 (2) the correctional state employees retirement plan of the Minnesota State
148.19 Retirement System established under chapter 352;

148.20 (3) the general state employees retirement plan of the Minnesota State Retirement
148.21 System established under chapter 352;

148.22 (4) the State Patrol retirement plan established under chapter 352B;

148.23 (5) the elective state officers retirement plan established under chapter 352C;

148.24 (6) the general employees retirement plan of the Public Employees Retirement
148.25 Association established under chapter 353, including the MERF division of the Public

148.26 Employees Retirement Association;

148.27 (7) the public employees police and fire retirement plan of the Public Employees
148.28 Retirement Association established under chapter 353;

148.29 (8) the local government correctional employees retirement plan of the Public
148.30 Employees Retirement Association established under chapter 353E;

148.31 (9) the teachers retirement plan established under chapter 354; and

148.32 (10) the judges retirement plan established under chapter 490.

148.33 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

149.1 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
 149.2 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 and 356.43,
 149.3 the amount of the most recent lump-sum benefit payable to an eligible recipient under
 149.4 ~~sections~~ section 356.42 and 356.43 must be divided by 12. The result must be added to
 149.5 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
 149.6 permanent part of the benefit recipient's pension, and must be included in any pension
 149.7 benefit subject to future increases.

149.8 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

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

149.11 (1) the general state employees retirement plan of the Minnesota State Retirement
 149.12 System established under chapter 352;

149.13 (2) the correctional state employees retirement plan of the Minnesota State
 149.14 Retirement System established under chapter 352;

149.15 (3) the State Patrol retirement plan established under chapter 352B;

149.16 (4) the legislators retirement plan established under chapter 3A;

149.17 (5) the judges retirement plan established under chapter 490;

149.18 (6) the general employees retirement plan of the Public Employees Retirement
 149.19 Association established under chapter 353, including the MERF division of the Public
 149.20 Employees Retirement Association;

149.21 (7) the public employees police and fire plan of the Public Employees Retirement
 149.22 Association established under chapter 353;

149.23 (8) the teachers retirement plan established under chapter 354;

149.24 (9) the Duluth Teachers Retirement Fund Association established under chapter
 149.25 354A;

149.26 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 149.27 354A;

149.28 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~

149.29 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
 149.30 423C;

149.31 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
 149.32 423B; and

149.33 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
 149.34 Employees Retirement Association established under chapter 353E.

150.1 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

150.2 **356.64 REAL ESTATE INVESTMENTS.**

150.3 (a) Notwithstanding any law to the contrary, any public pension plan whose assets
150.4 are not invested by the State Board of Investment may invest its funds in Minnesota situs
150.5 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if
150.6 the investment is consistent with section 356A.04.

150.7 (b) ~~Except to the extent authorized in the case of the Minneapolis Employees~~
150.8 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a),~~ An investment
150.9 otherwise authorized by this section must also comply with the requirements and
150.10 limitations of section 11A.24, subdivision 6.

150.11 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

150.12 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
150.13 fund amounts existing in any public pension fund are presumed to be abandoned, but are
150.14 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
150.15 the public pension fund specifically provides for a different disposition of unclaimed or
150.16 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
150.17 must be credited to the public pension fund. If the unclaimed public pension fund amount
150.18 exceeds \$25 and the inactive or former member again becomes a member of the applicable
150.19 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
150.20 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8,~~ whichever applies, the
150.21 canceled amount must be restored to the credit of the person.

150.22 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

150.23 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

150.24 (a) Upon written authorization of a person receiving an annuity from a public
150.25 pension fund administered by the Minnesota State Retirement System; or the Public
150.26 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund,~~ the
150.27 executive director of the public pension fund may deduct from the retirement annuity an
150.28 amount requested by the annuitant to be paid as dues to any labor organization that is an
150.29 exclusive bargaining agent representing public employees or an organization representing
150.30 retired public employees of which the annuitant is a member and shall pay the amount to
150.31 the organization so designated by the annuitant.

150.32 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
150.33 of dues payments under paragraph (a) are not liable for failure to properly deduct or

151.1 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
151.2 faith.

151.3 (c) The deductions under paragraph (a) may occur no more frequently than two
151.4 times per year and may not be used for political purposes.

151.5 (d) Any labor organization specified in paragraph (a) shall reimburse the public
151.6 pension fund for the administrative expense of withholding premium amounts.

151.7 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
151.8 amended to read:

151.9 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
151.10 a different meaning is intended, for the purpose of this section, the terms in paragraphs
151.11 (b) to (e) have the meanings given them.

151.12 (b) "Chief administrative officer" means the executive director of a covered pension
151.13 plan or the executive director's designee or representative.

151.14 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
151.15 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
151.16 deferred compensation plan administered under sections 352.965 and 352.97 or to the
151.17 postretirement health care savings plan administered under section 352.98.

151.18 (d) "Governing board" means the Board of Trustees of the Public Employees
151.19 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
151.20 the Board of Directors of the Minnesota State Retirement System.

151.21 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
151.22 a covered pension plan or a beneficiary of a participant, or an individual who has applied
151.23 to be a participant or who is or may be a survivor of a participant, or a state agency or
151.24 other governmental unit that employs active participants in a covered pension plan.

151.25 Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

151.26 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
151.27 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
151.28 Suburban Sanitary Sewer District, and any joint board created by agreement among local
151.29 government units pursuant to section 471.59, to provide interceptors and treatment works
151.30 for such local government units, shall terminate. All persons regularly employed by
151.31 such sanitary districts and joint boards on that date or on any earlier date on which the
151.32 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership
151.33 and control of any interceptors or treatment works owned or operated by such sanitary
151.34 districts and joint boards, and who are employees of the commission on July 1, 1994, shall

152.1 be employees of the council, ~~and may at their option become members of the Minnesota~~
152.2 ~~State Retirement System or may continue as members of a public retirement association~~
152.3 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
152.4 ~~retain all pension rights which they may have under such latter laws, and all other rights~~
152.5 ~~to which they are entitled by contract or law.~~ Members of trades who are employed by
152.6 the former Metropolitan Waste Control Commission, who have trade union pension
152.7 coverage pursuant to a collective bargaining agreement, and who elected exclusion from
152.8 coverage pursuant to section 473.512, or who are first employed after July 1, 1977, shall
152.9 not be covered by the Minnesota State Retirement System. The council shall make the
152.10 employer's contributions to pension funds of its employees. Such employees shall perform
152.11 such duties as may be prescribed by the council. All funds of such sanitary districts and
152.12 joint boards then on hand, and all subsequent collections of taxes, special assessments or
152.13 service charges levied or imposed by or for such sanitary districts or joint boards shall
152.14 be transferred to the council. The local government units otherwise entitled to such
152.15 cash, taxes, assessments or service charges shall be credited with such amounts, and
152.16 such credits shall be offset against any amounts to be paid by them to the council as
152.17 provided in section 473.517. The former Metropolitan Waste Control Commission, and
152.18 on July 1, 1994, the council shall succeed to and become vested by action of law with
152.19 all right, title and interest in and to any property, real or personal, owned or operated
152.20 by such sanitary districts and joint boards. Prior to that date the proper officers of such
152.21 sanitary districts and joint boards, or the former Metropolitan Waste Control Commission,
152.22 shall execute and deliver to the council all deeds, conveyances, bills of sale, and other
152.23 documents or instruments required to vest in the council good and marketable title to all
152.24 such real or personal property; provided that vesting of the title shall occur by operation
152.25 of law and failure to execute and deliver the documents shall not affect the vesting of
152.26 title in the former Metropolitan Waste Control Commission or the council on the dates
152.27 indicated in this subdivision. The council shall become obligated to pay or assume all
152.28 bonded or other debt and contract obligations incurred by the former Metropolitan Waste
152.29 Control Commission, or by such sanitary districts and joint boards, or incurred by local
152.30 government units for the acquisition or betterment of any interceptors or treatment works
152.31 owned or operated by such sanitary districts or joint boards.

152.32 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

152.33 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
152.34 shall have the power to appoint engineers and other consultants, attorneys, and such other
152.35 officers, agents, and employees as it may see fit, who shall perform such duties and receive

153.1 such compensation as the corporation may determine, and be removable at the pleasure of
153.2 the corporation. The corporation shall adopt an affirmative action plan, which shall be
153.3 submitted to the appropriate agency or office of the state for review and approval. The plan
153.4 shall include a yearly progress report to the agency or office. ~~Officers and employees of~~
153.5 ~~the corporation who cannot qualify and participate in the municipal employees retirement~~
153.6 ~~fund under chapter 422A, shall be separated from service at the retirement age applicable~~
153.7 ~~to officers or employees of the state of Minnesota in the classified service of the state civil~~
153.8 ~~service as provided in section 43A.34, or as the same may from time to time be amended,~~
153.9 ~~regardless of the provisions of the Veteran's Preference Act.~~ Whenever the corporation
153.10 performs any work within the limits of a city of the first class, or establishes a minimum
153.11 wage for skilled or unskilled labor in the specifications or any contract for work within
153.12 one of the cities, the rate of pay to such skilled and unskilled labor shall be the prevailing
153.13 rate of wage for such labor in that city.

153.14 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

153.15 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
153.16 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
153.17 for funding actuarial liabilities to pay postemployment benefits to employees or officers
153.18 after their termination of service; or for funding all or part of the municipality's current
153.19 and future unfunded liability for a pension or retirement fund or plan referred to in
153.20 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
153.21 to sections 356.215 and 356.216. The board of trustees or directors of a ~~pension fund or~~
153.22 ~~relief association referred to in section 69.77 or chapter 422A~~ must consent and must
153.23 be a party to any contract made under this section with respect to the fund held by it
153.24 for the benefit of and in trust for its members. For purposes of this section, the term
153.25 "postemployment benefits" means benefits giving rise to a liability under Statement No.
153.26 45 of the Governmental Accounting Standards Board.

153.27 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
153.28 amended to read:

153.29 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
153.30 person is transferred to state employment under this section, the person may elect to do
153.31 either or both of the following:

153.32 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
153.33 sick leave benefits and accumulated time provided by the county instead of receiving
153.34 benefits from the state under the judicial branch personnel rules; or

154.1 (2) remain a member of the general employees retirement plan of the Public
154.2 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
154.3 division of the Public Employees Retirement Association instead of joining the Minnesota
154.4 State Retirement System.

154.5 Employees who make an election under clause (1) remain on the county payroll,
154.6 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
154.7 benefits provided by the county. The state shall make the employer contribution to the
154.8 general employees retirement plan of the Public Employees Retirement Association or the
154.9 employer contribution under section ~~422A.10~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c)
154.10 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
154.11 Employees Retirement Association on behalf of employees who make an election under
154.12 clause (2).

154.13 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
154.14 the election, once, at any time, but if the employee revokes the election, the employee
154.15 cannot make another election. An employee who makes an election under paragraph (a),
154.16 clause (2), may revoke the election at any time within six months after the person becomes
154.17 a state employee. Once an employee revokes this election, the employee cannot make
154.18 another election.

154.19 (c) The Supreme Court, after consultation with the Judicial Council, the
154.20 commissioner of management and budget, and the executive directors of the Public
154.21 Employees Retirement Association and the Minnesota State Retirement Association, shall
154.22 adopt procedures for making elections under this section.

154.23 (d) The Supreme Court shall notify all affected employees of the options available
154.24 under this section. The executive directors of the Public Employees Retirement
154.25 Association and the Minnesota State Retirement System shall provide counseling to
154.26 affected employees on the effect of making an election to remain a member of the Public
154.27 Employees Retirement Association.

154.28 Sec. 43. **EFFECTIVE DATE.**

154.29 Sections 1 to 41 are effective June 30, 2010.

154.30 **ARTICLE 13**

154.31 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

154.32 Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is
154.33 amended to read:

155.1 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
155.2 relief association does not have a surplus over full funding pursuant to subdivision 3,
155.3 clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support
155.4 to the special fund of the relief association pursuant to this section, the adoption of or
155.5 any amendment to the articles of incorporation or bylaws of a relief association which
155.6 increases or otherwise affects the retirement coverage provided by or the service pensions
155.7 or retirement benefits payable from the special fund of any relief association to which this
155.8 section applies is not effective until it is ratified by the governing body of the municipality
155.9 in which the relief association is located and the officers of a relief association shall not
155.10 seek municipal ratification prior to preparing and certifying an estimate of the expected
155.11 increase in the accrued liability and annual accruing liability of the relief association
155.12 attributable to the amendment. If the special fund of the relief association has a
155.13 surplus over full funding pursuant to subdivision 3, clause (2), subclause (e), and if the
155.14 municipality is not required to provide financial support to the special fund of the relief
155.15 association pursuant to this section, the relief association may adopt or amend its articles
155.16 of incorporation or bylaws which increase or otherwise affect the retirement coverage
155.17 provided by or the service pensions or retirement benefits payable from the special fund
155.18 of the relief association which are effective without municipal ratification so long as this
155.19 does not cause the amount of the resulting increase in the accrued liability of the special
155.20 fund of the relief association to exceed 90 percent of the amount of the surplus over full
155.21 funding reported in the prior year and this does not result in the financial requirements of
155.22 the special fund of the relief association exceeding the expected amount of the future fire
155.23 state aid to be received by the relief association as determined by the board of trustees
155.24 following the preparation of an estimate of the expected increase in the accrued liability
155.25 and annual accruing liability of the relief association attributable to the change. If a relief
155.26 association adopts or amends its articles of incorporation or bylaws without municipal
155.27 ratification pursuant to this subdivision, and, subsequent to the amendment or adoption,
155.28 the financial requirements of the special fund of the relief association pursuant to this
155.29 section are such so as to require financial support from the municipality, the provision
155.30 which was implemented without municipal ratification is no longer effective without
155.31 municipal ratification and any service pensions or retirement benefits payable after that
155.32 date may be paid only in accordance with the articles of incorporation or bylaws as
155.33 amended or adopted with municipal ratification.

155.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

156.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
156.2 amended to read:

156.3 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
156.4 relief association does not have a surplus over full funding pursuant to subdivision 4, ~~or~~
156.5 and if the municipality is required to provide financial support to the special fund of
156.6 the relief association pursuant to this section, the adoption of or any amendment to the
156.7 articles of incorporation or bylaws of a relief association which increases or otherwise
156.8 affects the retirement coverage provided by or the service pensions or retirement benefits
156.9 payable from the special fund of any relief association to which this section applies is
156.10 not effective until it is ratified by the governing body of the municipality in which the
156.11 relief association is located. If the special fund of the relief association has a surplus over
156.12 full funding pursuant to subdivision 4, and if the municipality is not required to provide
156.13 financial support to the special fund of the relief association pursuant to this section,
156.14 the relief association may adopt or amend its articles of incorporation or bylaws which
156.15 increase or otherwise affect the retirement coverage provided by or the service pensions
156.16 or retirement benefits payable from the special fund of the relief association which are
156.17 effective without municipal ratification so long as this does not cause the amount of the
156.18 resulting increase in the accrued liability of the special fund of the relief association to
156.19 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
156.20 and this does not result in the financial requirements of the special fund of the relief
156.21 association exceeding the expected amount of the future fire state aid to be received by the
156.22 relief association as determined by the board of trustees following the preparation of an
156.23 updated actuarial valuation including the proposed change or an estimate of the expected
156.24 actuarial impact of the proposed change prepared by the actuary of the relief association.
156.25 If a relief association adopts or amends its articles of incorporation or bylaws without
156.26 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
156.27 adoption, the financial requirements of the special fund of the relief association pursuant
156.28 to this section are such so as to require financial support from the municipality, the
156.29 provision which was implemented without municipal ratification is no longer effective
156.30 without municipal ratification and any service pensions or retirement benefits payable after
156.31 that date may be paid only in accordance with the articles of incorporation or bylaws as
156.32 amended or adopted with municipal ratification.

156.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

156.34 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

157.1 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
157.2 subdivision 6, ~~paragraph (a)~~ or 7, in order to pay benefits as they come due, shall invest
157.3 a portion of its assets in authorized short-term debt obligations that can be immediately
157.4 liquidated without accrual of a substantial determinable penalty or loss and that have an
157.5 average maturity of no more than 90 days. The chief administrative officer of the plan
157.6 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
157.7 documentation of that determination for three years from the date of determination.

157.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

157.9 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
157.10 amended to read:

157.11 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
157.12 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
157.13 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
157.14 ~~civic, or educational organization or program who participate with uninterrupted adult~~
157.15 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~
157.16 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
157.17 ~~degree programs.~~

157.18 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
157.19 independent nonprofit firefighting corporation may include as a relief association member
157.20 a minor serving as a volunteer firefighter.

157.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

157.22 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
157.23 amended to read:

157.24 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
157.25 of this section apply to all breaks in service, except breaks in service mandated by federal
157.26 or state law.

157.27 (b)(1) If a former active firefighter who has ceased to perform or supervise fire
157.28 suppression and fire prevention duties for at least 60 days resumes performing active
157.29 firefighting with the fire department associated with the relief association, if the bylaws of
157.30 the relief association so permit, the person firefighter may again become an active member
157.31 of the relief association. A firefighter who returns to active service and membership is
157.32 subject to the service pension calculation requirements under this section.

158.1 (2) A firefighter who has been granted an approved leave of absence not exceeding
158.2 one year by the fire department or by the relief association is exempt from the minimum
158.3 period of resumption service requirement of this section.

158.4 (3) A person who has a break in service not exceeding one year but has not been
158.5 granted an approved leave of absence and who has not received a service pension or
158.6 disability benefit may be made exempt from the minimum period of resumption service
158.7 requirement of this section by the relief association bylaws.

158.8 (4) If the bylaws so provide, a firefighter who returns to active relief association
158.9 membership under this paragraph may continue to collect a monthly service pension,
158.10 notwithstanding the service pension eligibility requirements under chapter 424A.

158.11 ~~(b)~~ (c) If a former firefighter who has received a service pension or disability benefit
158.12 returns to active relief association membership under paragraph (a) (b), the firefighter may
158.13 qualify for the receipt of a service pension from the relief association for the resumption
158.14 service period if the firefighter meets a minimum period of resumption service specified in
158.15 the relief association bylaws the service requirements of section 424A.016, subdivision 3,
158.16 or section 424A.02, subdivision 2.

158.17 (d) If a former firefighter who has not received a service pension or disability benefit
158.18 returns to active relief association membership under paragraph (b), the firefighter may
158.19 qualify for the receipt of a service pension from the relief association for the resumption
158.20 service period if the firefighter meets the minimum period of resumption service specified
158.21 in the relief association bylaws and the service requirements of section 424A.016,
158.22 subdivision 3, or section 424A.02, subdivision 2.

158.23 ~~(e)~~ (e) A firefighter who returns to active lump-sum relief association membership
158.24 and who qualifies for a service pension under paragraph (b) (c) or (d) must have, upon
158.25 a subsequent cessation of duties, any service pension for the resumption service period
158.26 calculated as a separate benefit. If a lump-sum service pension had been paid to the
158.27 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service
158.28 pension for the resumption service period must be calculated to apply the service pension
158.29 amount in effect on the date of the firefighter's termination of the resumption service for all
158.30 years of the resumption service. No firefighter may be paid a service pension twice for the
158.31 same period of service. If a lump-sum service pension had not been paid to the firefighter
158.32 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
158.33 service requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision
158.34 2, a service pension must be calculated to apply the service pension amount in effect on the
158.35 date of the firefighter's termination of the resumption service for all years of service credit.

159.1 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
159.2 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
159.3 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
159.4 requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision 2,
159.5 based on the firefighter's previous years of active service, must have, upon a subsequent
159.6 cessation of duties, a service pension calculated for the previous years of service based
159.7 on the service pension amount in effect on the date of the firefighter's termination of the
159.8 resumption service, or, if the bylaws so provide, based on the service pension amount in
159.9 effect on the date of the firefighter's previous cessation of duties.

159.10 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
159.11 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
159.12 association bylaws do not allow for the firefighter to continue collecting a monthly service
159.13 pension, any monthly benefit service pension payable to the firefighter is suspended as
159.14 of the first day of the month next following the date on which the firefighter returns to
159.15 active membership. If the firefighter was receiving a monthly benefit service pension,
159.16 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
159.17 an additional monthly benefit service pension upon a subsequent cessation of duties
159.18 calculated based on the resumption service credit and the service pension accrual amount
159.19 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial
159.20 service pension resumes as of the first of the month next following the termination of the
159.21 resumption service. If the firefighter was not receiving a monthly benefit service pension
159.22 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
159.23 pension must be calculated to apply the service pension amount in effect on the date of the
159.24 firefighter's termination of the resumption service for all years of service credit.

159.25 ~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns
159.26 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
159.27 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
159.28 requirement of section 424A.02, subdivision 2, based on the firefighter's previous years
159.29 of active service, must have, upon a subsequent cessation of duties, a service pension
159.30 calculated for the previous years of service based on the service pension amount in effect
159.31 on the date of the firefighter's termination of the resumption service, or, if the bylaws so
159.32 provide, based on the service pension amount in effect on the date of the firefighter's
159.33 previous cessation of duties.

159.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

160.1 Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding
160.2 a subdivision to read:

160.3 Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association
160.4 may directly transfer on an institution-to-institution basis the eligible member's
160.5 lump-sum pension amount to the requesting member's account in the Minnesota deferred
160.6 compensation plan, if:

160.7 (1) the governing articles of incorporation or bylaws so provide;

160.8 (2) the volunteer firefighter participates in the Minnesota deferred compensation
160.9 plan at the time of retirement; and

160.10 (3) the applicable retiring firefighter requests in writing that the relief association
160.11 do so.

160.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

160.13 Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is
160.14 amended to read:

160.15 Subd. 4. **Individual accounts.** (a) An individual account must be established for
160.16 each firefighter who is a member of the relief association.

160.17 (b) To each individual active member account must be credited an equal share of:

160.18 (1) any amounts of fire state aid received by the relief association;

160.19 (2) any amounts of municipal contributions to the relief association raised from
160.20 levies on real estate or from other available municipal revenue sources exclusive of fire
160.21 state aid; and

160.22 (3) any amounts equal to the share of the assets of the special fund to the credit of:

160.23 (i) any former member who terminated active service with the fire department to
160.24 which the relief association is associated before meeting the minimum service requirement
160.25 provided for in subdivision 2, paragraph (b), and has not returned to active service with
160.26 the fire department for a period no shorter than five years; or

160.27 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
160.28 the amounts credited to the individual member account under subdivision 2, paragraph
160.29 (b), and any applicable provision of the bylaws of the relief association. In addition, any
160.30 investment return on the assets of the special fund must be credited in proportion to the
160.31 share of the assets of the special fund to the credit of each individual active member
160.32 account. Administrative expenses of the relief association payable from the special
160.33 fund may be deducted from individual accounts in a manner specified in the bylaws of
160.34 the relief association.

161.1 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
161.2 any investment return on the assets of the special fund to the accounts of inactive members.

161.3 (d) Amounts to be credited to individual accounts must be allocated uniformly for
161.4 all years of active service and allocations must be made for all years of service, except for
161.5 caps on service credit if so provided in the bylaws of the relief association. The allocation
161.6 method may utilize monthly proration for fractional years of service, as the bylaws or
161.7 articles of incorporation of the relief association so provide. The bylaws or articles of
161.8 incorporation may define a "month," but the definition must require a calendar month to
161.9 have at least 16 days of active service. If the bylaws or articles of incorporation do not
161.10 define a "month," a "month" is a completed calendar month of active service measured
161.11 from the member's date of entry to the same date in the subsequent month.

161.12 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
161.13 of the bylaws of the relief association, a retiring member is entitled to that portion of the
161.14 assets of the special fund to the credit of the member in the individual member account
161.15 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
161.16 the relief association based on the number of years of service to the credit of the retiring
161.17 member.

161.18 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
161.19 account allocations to the state auditor at the same time that the annual financial statement
161.20 or financial report and audit of the relief association, whichever applies, is due under
161.21 section 69.051.

161.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

161.23 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
161.24 amended to read:

161.25 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
161.26 association may only pay an ancillary benefit which would constitute an authorized
161.27 disbursement as specified in section 424A.05. The ancillary benefit for active members
161.28 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

161.29 (b) For deferred members, the ancillary benefit must equal the vested amount of
161.30 the individual account of the member. For the recipient of installment payments of a
161.31 service pension, the ancillary benefit must equal the remaining balance in the individual
161.32 account of the recipient.

161.33 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
161.34 bylaws, the benefit must be paid:

161.35 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

162.1 (ii) as a survivor benefit to the surviving child or children of the deceased firefighter
162.2 if no surviving spouse;

162.3 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
162.4 surviving spouse or surviving child or children; or

162.5 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
162.6 surviving spouse, no surviving child or children and no beneficiary designated.

162.7 (2) If there is no surviving child or are no surviving children, the surviving spouse
162.8 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

162.9 (d) For purposes of this section, for a defined contribution volunteer fire relief
162.10 association, a trust created under chapter 501B may be a designated beneficiary. If a
162.11 trust payable to the surviving child or children organized under chapter 501B has been
162.12 established as authorized by this section and there is no surviving spouse, the survivor
162.13 benefit may be paid to the trust, notwithstanding the requirements of this section.

162.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

162.15 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
162.16 amended to read:

162.17 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
162.18 including any volunteer firefighters relief association governed by section 69.77 or any
162.19 volunteer firefighters division of a relief association governed by chapter 424, may only
162.20 pay ancillary benefits which would constitute an authorized disbursement as specified in
162.21 section 424A.05 subject to the following requirements or limitations:

162.22 (1) with respect to a defined benefit relief association in which governing bylaws
162.23 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
162.24 be paid to any former member or paid to any person on behalf of any former member
162.25 after the former member (i) terminates active service with the fire department and active
162.26 membership in the relief association; and (ii) commences receipt of a service pension as
162.27 authorized under this section; and

162.28 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
162.29 payable to any member, to any former member, or to any person on behalf of any member
162.30 or former member, may exceed in amount the total earned service pension of the member
162.31 or former member. The total earned service pension must be calculated by multiplying
162.32 the service pension amount specified in the bylaws of the relief association at the time of
162.33 death or disability, whichever applies, by the years of service credited to the member or
162.34 former member. The years of service must be determined as of (i) the date the member or
162.35 former member became entitled to the ancillary benefit; or (ii) the date the member or

163.1 former member died entitling a survivor or the estate of the member or former member to
163.2 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
163.3 member had attained the minimum amount of service and membership credit specified in
163.4 the governing bylaws. For active members, the amount of a permanent disability benefit
163.5 or a survivor benefit must be equal to the member's total earned service pension except
163.6 that the bylaws of a defined benefit relief association may provide for the payment of a
163.7 survivor benefit in an amount not to exceed five times the yearly service pension amount
163.8 specified in the bylaws on behalf of any member who dies before having performed five
163.9 years of active service in the fire department with which the relief association is affiliated.

163.10 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
163.11 incorporation or bylaws, the benefit must be paid:

163.12 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

163.13 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
163.14 if no surviving spouse;

163.15 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
163.16 surviving spouse or surviving child or children; or

163.17 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
163.18 surviving child or children and no beneficiary designated.

163.19 (ii) If there is no surviving child or are no surviving children, the surviving spouse
163.20 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

163.21 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
163.22 incorporation or bylaws, the benefit must be paid:

163.23 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

163.24 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
163.25 if no surviving spouse;

163.26 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
163.27 surviving spouse or surviving child or children; or

163.28 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
163.29 surviving spouse, no surviving child or children and no beneficiary designated.

163.30 (ii) If there is no surviving child or are no surviving children, the surviving spouse
163.31 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

163.32 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
163.33 survivor benefit payable to a designated beneficiary, the relief association bylaws may
163.34 limit the total survivor benefit amount payable.

163.35 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
163.36 or for a combination lump-sum and monthly benefit volunteer fire relief association where

164.1 a monthly benefit service pension has been elected by or a monthly benefit is payable with
164.2 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
164.3 of this section, for a lump-sum volunteer fire relief association or for a combination
164.4 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
164.5 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
164.6 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable
164.7 to the surviving child or children organized under chapter 501B as authorized by this
164.8 section and there is no surviving spouse, the survivor benefit may be paid to the trust,
164.9 notwithstanding a requirement of this section to the contrary.

164.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

164.11 Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10,
164.12 is amended to read:

164.13 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
164.14 defined benefit relief association to which this section applies must file a revised copy
164.15 of its governing bylaws with the state auditor upon the adoption of any amendment to
164.16 its governing bylaws by the relief association or upon the approval of any amendment
164.17 to its governing bylaws granted by the governing body of each municipality served by
164.18 the fire department to which the relief association is directly associated. Failure of the
164.19 relief association to file a copy of the bylaws or any bylaw amendments with the state
164.20 auditor disqualifies the municipality from the distribution of any future fire state aid until
164.21 this filing requirement has been completed.

164.22 (b) If the special fund of the relief association does not have a surplus over full
164.23 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,
164.24 subdivision 4, and if the municipality is required to provide financial support to the special
164.25 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which
164.26 would affect the amount of, the manner of payment of, or the conditions for qualification
164.27 for service pensions or ancillary benefits or disbursements other than administrative
164.28 expenses authorized under section 69.80 payable from the special fund of the relief
164.29 association is effective until it has been ratified ~~by the governing body or bodies of the~~
164.30 ~~appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773,
164.31 subdivision 6. If the special fund of the relief association has a surplus over full funding
164.32 under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is
164.33 not required to provide financial support to the special fund under this section, the relief
164.34 association may adopt or amend without municipal ratification its articles of incorporation
164.35 or bylaws which increase or otherwise affect the service pensions or ancillary benefits

165.1 payable from the special fund ~~so long as the changes do not cause the amount of the~~
165.2 ~~resulting increase in the accrued liability of the special fund to exceed 90 percent of the~~
165.3 ~~amount of the surplus over full funding reported in the prior year and the changes do not~~
165.4 ~~result in the financial requirements of the special fund exceeding the expected amount~~
165.5 ~~of the subsequent calendar year's fire state aid to be received by the relief association if~~
165.6 authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

165.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
165.8 are to be determined by the board of trustees following the preparation of an estimate
165.9 of the expected increase in the accrued liability and annual accruing liability of the
165.10 relief association attributable to the change. If the relief association pays a monthly
165.11 benefit service pension, the financial requirements are to be determined by the board of
165.12 trustees following either an updated actuarial valuation including the proposed change
165.13 or an estimate of the expected actuarial impact of the proposed change prepared by the
165.14 actuary of the relief association. If a relief association adopts or amends its articles
165.15 of incorporation or bylaws without municipal ratification under this subdivision, and,
165.16 subsequent to the amendment or adoption, the financial requirements of the special fund
165.17 under this section are such so as to require financial support from the municipality, the
165.18 provision which was implemented without municipal ratification is no longer effective
165.19 without municipal ratification, and any service pensions or ancillary benefits payable after
165.20 that date must be paid only in accordance with the articles of incorporation or bylaws as
165.21 amended or adopted with municipal ratification.

165.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

165.23 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
165.24 amended to read:

165.25 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
165.26 from the special fund may not be made for any purpose other than one of the following:

165.27 (1) for the payment of service pensions to retired members of the relief association if
165.28 authorized and paid under law and the bylaws governing the relief association;

165.29 (2) for the purchase of an annuity for the applicable person under section 424A.015,
165.30 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
165.31 person's individual retirement account under section 424A.015, subdivision 4, or to the
165.32 applicable person's account in the Minnesota deferred compensation plan under section
165.33 424A.015, subdivision 5;

166.1 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
 166.2 members of the relief association if authorized and paid under law and specified in amount
 166.3 in the bylaws governing the relief association;

166.4 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
 166.5 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
 166.6 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
 166.7 death benefit to the estate of the deceased active or deferred firefighter, if authorized by
 166.8 and paid under law and specified in amount in the bylaws governing the relief association;

166.9 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
 166.10 Fire Department Association and to the Minnesota Area Relief Association Coalition in
 166.11 order to entitle relief association members to membership in and the benefits of these
 166.12 associations or organizations;

166.13 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
 166.14 Benefit Association, or an insurance company licensed by the state of Minnesota offering
 166.15 casualty insurance, in order to entitle relief association members to membership in and the
 166.16 benefits of the association or organization; and

166.17 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
 166.18 authorized under section 69.80.

166.19 ~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association~~
 166.20 ~~or for a combination lump-sum and monthly benefit volunteer fire relief association where~~
 166.21 ~~a monthly benefit service pension has been elected by or a monthly benefit is payable with~~
 166.22 ~~respect to a firefighter, a designated beneficiary must be a natural person. For purposes of~~
 166.23 ~~this chapter, for a defined contribution volunteer fire relief association, for a lump-sum~~
 166.24 ~~volunteer fire relief association, or for a combination lump-sum and monthly benefit~~
 166.25 ~~volunteer fire relief association where a lump-sum service pension has been elected by~~
 166.26 ~~or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary~~
 166.27 ~~may be a trust created under chapter 501B.~~

166.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

166.29 Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding
 166.30 a subdivision to read:

166.31 **Subd. 3a. Corrections of erroneous special fund deposits.** Upon notification
 166.32 of funds deposited in error in the special fund and after presentation of evidence that
 166.33 the error occurred in good faith, the state auditor may require the relief association to
 166.34 provide a written legal opinion concluding that the transfer of funds from the special
 166.35 fund is consistent with federal and state law. Taking into consideration the evidence of

167.1 good faith presented and the legal opinion, if any, provided, the state auditor may order
167.2 the transfer from the special fund to the appropriate fund or account an amount equal
167.3 to the funds deposited in error.

167.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

167.5 Sec. 13. **REPEALER.**

167.6 (a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is
167.7 repealed.

167.8 (b) Laws 2009, chapter 169, article 10, section 32, is repealed.

167.9 **EFFECTIVE DATE.** Paragraph (a) of this section is effective the day following
167.10 final enactment. Paragraph (b) of this section is effective retroactively from July 1, 2009.

167.11 **ARTICLE 14**

167.12 **ONE PERSON/SMALL GROUP PENSION ISSUES**

167.13 Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE**
167.14 **HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

167.15 (a) Notwithstanding any provision of law to the contrary, an eligible person
167.16 described in paragraph (b) is entitled to purchase from the general employees retirement
167.17 plan of the Public Employees Retirement Association allowable service credit under
167.18 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
167.19 deductions described in paragraph (c).

167.20 (b) An eligible person is a person who:

167.21 (1) was born on (insert applicable date of birth);

167.22 (2) is a current employee of Independent School District No. 199, Inver Grove
167.23 Heights;

167.24 (3) is a current member of the general employees retirement plan of the Public
167.25 Employees Retirement Association;

167.26 (4) was employed by Independent School District No. 199, Inver Grove Heights,
167.27 on August 26, 1985; and

167.28 (5) was not reported by Independent School District No. 199, Inver Grove Heights,
167.29 for retirement coverage by and membership in the general employees retirement plan of
167.30 the Public Employees Retirement Association until September 1, 1986.

167.31 (c) The period of uncredited service authorized for purchase is the period of August
167.32 26, 1985, until August 31, 1986, during which no member contributions for the general
167.33 employees retirement plan of the Public Employees Retirement Association were

168.1 deducted from the eligible person's salary by Independent School District No. 199, Inver
168.2 Grove Heights.

168.3 (d) The purchase payment amount payable by the eligible person is four percent of
168.4 the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision
168.5 10, from Independent School District No. 199, Inver Grove Heights, during the period of
168.6 August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at
168.7 the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to
168.8 the Public Employees Retirement Association. The purchase payment amount payable
168.9 by Independent School District No. 199, Inver Grove Heights, is the balance of the full
168.10 actuarial value prior service credit purchase payment amount determined under Minnesota
168.11 Statutes, section 356.551, as of the first day of the month next following the receipt of the
168.12 eligible person's payment that is remaining after deducting the purchase payment amount
168.13 payable by the eligible person.

168.14 (e) The school district purchase payment amount payable under paragraph (d) must
168.15 be made on or before the 15th of the month next following the receipt of the eligible
168.16 person's payment under paragraph (d). If the school district purchase payment amount is
168.17 not paid in a timely fashion, the amount due accrues compound monthly interest at the
168.18 rate of 0.71 percent per month from the first day of the month next following the receipt
168.19 of the eligible person's payment until the school district purchase payment amount is
168.20 received by the Public Employees Retirement Association. If the school district purchase
168.21 payment amount is not paid to the Public Employees Retirement Association 90 days
168.22 after the receipt of the eligible person's payment, the executive director shall notify the
168.23 commissioner of Minnesota Management and Budget, the commissioner of education, and
168.24 the commissioner of revenue of that unpaid obligation and the unpaid obligation must be
168.25 deducted from any state aid otherwise payable to the school district, plus interest.

168.26 (f) The eligible person must provide the executive director of the Public Employees
168.27 Retirement Association with any relevant requested information pertaining to this service
168.28 credit purchase.

168.29 (g) Authority to make a service credit purchase under this section expires on June
168.30 30, 2011, or upon the termination from public employment under Minnesota Statutes,
168.31 section 353.01, subdivision 11a, whichever occurs earlier.

168.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.