

1.1 **2017 OMNIBUS RETIREMENT BILL**

1.2 **AS OF APRIL 25, 2017**

1.3 moves to amend S.F. No. 545; H.F. No. 565, as follows:

1.4 Delete everything after the enacting clause and insert:

1.5 **"ARTICLE 1**

1.6 **MINNESOTA STATE RETIREMENT SYSTEM**
1.7 **ADMINISTRATIVE PROVISIONS**

1.8 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

1.9 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
1.10 1 and who is no longer a member of the legislature is entitled to receive, upon written
1.11 application to the executive director on a form prescribed by the executive director, a refund
1.12 from the general fund of all contributions credited to the member's account with interest
1.13 computed as provided in section 352.22, subdivision 2.

1.14 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
1.15 former member of the legislature and the survivors of the former member under this chapter.

1.16 (c) If the former member of the legislature again becomes a member of the legislature
1.17 after having taken a refund as provided in paragraph (a), the member is a member of the
1.18 unclassified employees retirement program of the Minnesota State Retirement System.

1.19 (d) However, the member may reinstate the rights and credit for service previously
1.20 forfeited under this chapter if the member repays all refunds taken, plus interest at the rate
1.21 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from
1.22 the date on which the refund was taken to the date on which the refund is repaid. Repayment
1.23 must be made as provided in section 352.23, paragraph (d).

1.24 (e) No person may be required to apply for or to accept a refund.

1.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

1.26 Sec. 2. Minnesota Statutes 2016, section 3A.03, subdivision 3, is amended to read:

1.27 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
1.28 retirement fund, is created within the state treasury. The legislators retirement fund must
1.29 be credited with any investment proceeds on the assets of the retirement fund.

1.30 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated from
1.31 the legislators retirement fund.

2.1 (c) The legislators retirement fund may receive transfers of general fund proceeds.

2.2 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.3 Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

2.4 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

2.5 (1) appropriations for the courts or the legislature;

2.6 (2) payment of unemployment benefits; and

2.7 (3) transactions within the defined contribution funds administered by the Minnesota
2.8 State Retirement System.

2.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.10 Sec. 4. Minnesota Statutes 2016, section 352.01, subdivision 2a, is amended to read:

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

2.12 (1) employees of the Minnesota Historical Society;

2.13 (2) employees of the State Horticultural Society;

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

2.15 (4) employees of the adjutant general whose salaries are paid from federal funds and
2.16 who are not covered by any federal civilian employees retirement system;

2.17 (5) employees of the Minnesota State Colleges and Universities who are employed under
2.18 the university or college activities program;

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

2.22 (7) employees of the legislature who are appointed without a limit on the duration of
2.23 their employment;

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

2.27 (9) employees of the Minnesota Safety Council;

2.28 (10) any employees who are on authorized leave of absence from the Transit Operating
2.29 Division of the former Metropolitan Transit Commission and who are employed by the

- 3.1 labor organization which is the exclusive bargaining agent representing employees of the
3.2 Transit Operating Division;
- 3.3 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
3.4 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control
3.5 Commission unless excluded under subdivision 2b or are covered by another public pension
3.6 fund or plan under section 473.415, subdivision 3;
- 3.7 (12) judges of the Tax Court;
- 3.8 (13) personnel who were employed on June 30, 1992, by the University of Minnesota
3.9 in the management, operation, or maintenance of its heating plant facilities, whose
3.10 employment transfers to an employer assuming operation of the heating plant facilities, so
3.11 long as the person is employed at the University of Minnesota heating plant by that employer
3.12 or by its successor organization;
- 3.13 (14) personnel who are employed as seasonal employees in the classified or unclassified
3.14 service;
- 3.15 (15) persons who are employed by the Department of Commerce as a peace officer in
3.16 the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
3.17 retirement age specified in section 43A.34, subdivision 4;
- 3.18 (16) employees of the University of Minnesota unless excluded under subdivision 2b,
3.19 clause (3);
- 3.20 (17) employees of the Middle Management Association whose employment began after
3.21 July 1, 2007, and to whom section 352.029 does not apply;
- 3.22 (18) employees of the Minnesota Government Engineers Council to whom section
3.23 352.029 does not apply;
- 3.24 (19) employees of the Minnesota Sports Facilities Authority;
- 3.25 (20) employees of the Minnesota Association of Professional Employees;
- 3.26 (21) employees of the Minnesota State Retirement System;
- 3.27 (22) employees of the State Agricultural Society;
- 3.28 (23) employees of the Gillette Children's Hospital Board who were employed in the
3.29 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; ~~and~~
- 3.30 (24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota,
3.31 employees of Conservation Corps Minnesota so employed on June 30, 2003-; and

(25) employees of the Perpich Center for Arts Education who are covered by the general state employees retirement plan of the Minnesota State Retirement System as of July 1, 2016.

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

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 352.01, subdivision 2b, is amended to read:

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

(1) persons who are:

(i) students employed by the University of Minnesota, or within the Minnesota State Colleges and Universities system, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, whichever applies;

(ii) employed as interns for a period not to exceed six months unless included under subdivision 2a, paragraph (a), clause (8);

(iii) employed as trainee employees unless included under subdivision 2a, paragraph (a), clause (8); or

(iv) employed in the student worker classification as designated by Minnesota Management and Budget;

(2) employees who are:

(i) eligible for membership in the state Teachers Retirement Association, unless the person is an employee of the Department of Education who elected to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(ii) employees of the state who, in any year, were credited with 12 months of allowable service as a public school teacher and, as such, are members of a retirement plan governed by chapter 354 or 354A unless the employment is incidental employment as a state employee that is not covered by a retirement plan governed by chapter 354 or 354A;

(iii) employees of the state who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in an unclassified position that is listed in section 43A.08, subdivision 1, clause (9);

(iv) persons employed by the Board of Trustees of the Minnesota State Colleges and Universities who elected retirement coverage other than by the general state employees retirement plan of the Minnesota State Retirement System under Minnesota Statutes 1994, section 136C.75;

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

(vi) persons employed by the Department of Military Affairs as full-time firefighters and who, as such, are members of the public employees police and fire retirement plan;

(vii) members of the State Patrol retirement plan under section 352B.011, subdivision 10;

(viii) off-duty police officers while employed by the Metropolitan Council and persons employed as full-time police officers by the Metropolitan Council and who, as such, are members of the public employees police and fire retirement plan; and

(ix) employees of the state who have elected to transfer account balances derived from state service to the unclassified state employees retirement program under section 352D.02, subdivision 1d;

(3) employees of the University of Minnesota who are:

(i) excluded from coverage by action of the Board of Regents;

(ii) employed in a part-time position and whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal workweek in the employee's appropriate unit as defined in section 179A.03, subdivision 2; or

(iii) employed in a position that is temporary or seasonal in character and:

(A) for a period not to exceed 67 working days in any calendar year; or

(B) for a period not to exceed 100 working days in any calendar year and the employee is under age 22, was a full-time student enrolled in a nonprofit or public educational institution before being hired by the employer, and has indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as a student during or after the temporary employment;

6.1 (4) election judges and persons who are employed solely to administer elections;

6.2 (5) persons who are:

6.3 (i) engaged in public work for the state but who are employed by contractors when the
6.4 performance of the contract is authorized by the legislature or other competent authority;

6.5 (ii) employed to perform professional services where the service is incidental to the
6.6 person's regular professional duties and where compensation is paid on a per diem basis;
6.7 or

6.8 (iii) compensated on a fee payment basis or as an independent contractor;

6.9 (6) persons who are employed:

6.10 (i) on a temporary basis by the house of representatives, the senate, or a legislative
6.11 commission or agency under the jurisdiction of the Legislative Coordinating Commission;

6.12 (ii) as a temporary employee on or after July 1 for a period ending on or before October
6.13 15 of that calendar year for the Minnesota State Agricultural Society or the Minnesota State
6.14 Fair, or as an employee at any time for a special event held on the fairgrounds;

6.15 (iii) by the executive branch as a temporary employee in the classified service or as an
6.16 executive branch temporary employee in the unclassified service if appointed for a definite
6.17 period not to exceed six months, and if employment is less than six months, then in any
6.18 12-month period;

6.19 (iv) by the adjutant general if employed on an unlimited intermittent or temporary basis
6.20 in the classified service or in the unclassified service for the support of Army or Air National
6.21 Guard training facilities;

6.22 (v) by a state or federal program for training or rehabilitation as a temporary employee
6.23 if employed for a limited period from an area of economic distress and if other than a skilled
6.24 or supervisory personnel position or other than a position that has civil service status covered
6.25 by the retirement system; and

6.26 (vi) by the Metropolitan Council or a statutory board of the Metropolitan Council where
6.27 the members of the board are appointed by the Metropolitan Council as a temporary employee
6.28 if the appointment does not exceed six months;

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

(8) patient and inmate help who perform services in state charitable, penal, and correctional institutions, including a Minnesota Veterans Home;

(9) employees of the Sibley House Association;

(10) persons who are:

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

(ii) examination monitors employed by a department, agency, commission, or board of the state to conduct examinations that are required by law; or

(iii) appointees serving as a member of a fact-finding commission or an adjustment panel, an arbitrator, or a labor referee under chapter 179;

(11) emergency employees who are in the classified service, but if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee must be considered a "state employee" retroactively to the beginning of the pay period;

(12) persons who are members of a religious order who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended;

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

(14) foreign citizens who are employed under a work permit of less than three years or under an H-1b visa or a J-1 visa that is initially valid for less than three years of employment, unless notice of a visa extension which allows them to work for three or more years as of the date that the extension is granted and is supplied to the retirement plan, in which case the person is eligible for coverage from the date of the extension; and

(15) reemployed annuitants of the general state employees retirement plan, the military affairs personnel retirement plan, the transportation department pilots retirement plan, the

8.1 state fire marshal employees retirement plan, or the correctional state employees retirement
8.2 plan during the course of that reemployment.

8.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.4 Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

8.5 Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board
8.6 shall appoint an executive director, in this chapter called the director, of the system must
8.7 be appointed by the board on the basis of fitness education, experience in the retirement
8.8 field, and leadership ability to manage and lead system staff, and ability to assist the board
8.9 in setting a vision for the system. The director must have had at least five years' experience
8.10 on the administrative staff of a major retirement system in either an executive level
8.11 management position or in a position with responsibility for the governance, management,
8.12 or administration of a retirement plan.

8.13 (b) The executive director, deputy director, and assistant director must be in the
8.14 unclassified service but appointees may be selected from civil service lists if desired.
8.15 Notwithstanding any law to the contrary, the board must set the salary of the executive
8.16 director. The salary of the executive director must not exceed the limit for a position listed
8.17 in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director
8.18 must be set in accordance with section 43A.18, subdivision 3.

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

8.20 Sec. 7. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

8.21 Subd. 6. **Duties and powers of executive director.** The management of the system is
8.22 vested in the director, who is the executive and administrative head of the system. The
8.23 director may appoint a deputy director and an assistant director with the approval of the
8.24 board. The director shall be advisor to the board on matters pertaining to the system and
8.25 shall also act as the secretary of the board. The director shall:

8.26 (1) attend meetings of the board;

8.27 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

8.28 (3) establish and maintain an adequate system of records and accounts following
8.29 recognized accounting principles and controls;

8.30 ~~(4) designate an assistant director with the approval of the board;~~

9.1 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to
9.2 carry out the provisions of this chapter;

9.3 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the
9.4 functions of the system, and define the duties of its employees and delegate to them any
9.5 powers or duties, subject to the control of the director and under conditions the director may
9.6 prescribe. Appointments to exercise delegated power must be by written order and shall be
9.7 filed with the secretary of state;

9.8 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved
9.9 actuary, professional management services, and any other consulting services as necessary
9.10 and fix the compensation for those services. The contracts are not subject to competitive
9.11 bidding under chapter 16C. Any approved actuary retained by the executive director shall
9.12 function as the actuarial advisor of the board and the executive director, and may perform
9.13 actuarial valuations and experience studies to supplement those performed by the actuary
9.14 retained under section 356.214. Any supplemental actuarial valuations or experience studies
9.15 shall be filed with the executive director of the Legislative Commission on Pensions and
9.16 Retirement. Professional management services may not be contracted for more often than
9.17 once in six years. Copies of professional management survey reports must be transmitted
9.18 to the secretary of the senate, the chief clerk of the house of representatives, and the
9.19 Legislative Reference Library as provided by section 3.195, and to the executive director
9.20 of the commission at the time as reports are furnished to the board. Only management firms
9.21 experienced in conducting management surveys of federal, state, or local public retirement
9.22 systems are qualified to contract with the director;

9.23 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the
9.24 employees of the system;

9.25 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the
9.26 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased
9.27 state employees or deceased former state employees, as provided in this chapter;

9.28 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees
9.29 covered by the system and authorize payment of the annuities and benefits beginning as of
9.30 the dates on which the annuities and benefits begin to accrue, in accordance with the
9.31 provisions of this chapter;

9.32 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
9.33 expenses of the system;

9.34 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

10.1 ~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment
10.2 to sell securities when the director determines that funds are needed for the system;

10.3 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report
10.4 covering the operation of the system, as required by section 356.20;

10.5 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the
10.6 approval of the board submit the budgets to the Department of Management and Budget;
10.7 and

10.8 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer the
10.9 retirement and other provisions of this chapter and to do its business.

10.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

10.11 Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 4, is amended to read:

10.12 Subd. 4. **Medical or psychological examinations; authorization for payment of**
10.13 **benefit.** (a) Any physician, psychologist, chiropractor, ~~or~~ physician assistant, or nurse
10.14 practitioner providing any service specified in this section must be licensed.

10.15 (b) An applicant shall provide a detailed report signed by a physician, and at least one
10.16 additional report signed by a physician, ~~chiropractor~~, psychologist, ~~or~~ chiropractor, physician
10.17 assistant, or nurse practitioner with evidence to support an application for total and permanent
10.18 disability. The reports must include an expert opinion regarding whether the employee is
10.19 permanently and totally disabled within the meaning of section 352.01, subdivision 17, and
10.20 that the disability arose before the employee was placed on any paid or unpaid leave of
10.21 absence or terminated public service.

10.22 (c) If there is medical evidence that supports the expectation that at some point the person
10.23 applying for the disability benefit will no longer be disabled, the decision granting the
10.24 disability benefit may provide for a termination date upon which the total and permanent
10.25 disability can be expected to no longer exist. When a termination date is part of the decision
10.26 granting benefits, prior to the benefit termination the executive director shall review any
10.27 evidence provided by the disabled employee to show that the disabling condition for which
10.28 benefits were initially granted continues. If the benefits cease, the disabled employee may
10.29 follow the appeal procedures described in section 356.96 or may reapply for disability
10.30 benefits using the process described in this subdivision.

10.31 (d) Any claim to disability must be supported by a report from the employer indicating
10.32 that there is no available work that the employee can perform with the disabling condition
10.33 and that all reasonable accommodations have been considered. Upon request of the executive

11.1 director, an employer shall provide evidence of the steps the employer has taken to attempt
11.2 to provide reasonable accommodations and continued employment to the claimant.

11.3 (e) The director shall also obtain written certification from the employer stating whether
11.4 the employment has ceased or whether the employee is on sick leave of absence because
11.5 of a disability that will prevent further service to the employer and that the employee is not
11.6 entitled to compensation from the employer.

11.7 (f) The medical adviser shall consider the reports of the ~~physicians, physician assistants,~~
11.8 ~~psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant,
11.9 or nurse practitioner and any other evidence supplied by the employee or other interested
11.10 parties. If the medical adviser finds the employee totally and permanently disabled, the
11.11 adviser shall make appropriate recommendation to the director in writing together with the
11.12 date from which the employee has been totally disabled. The director shall then determine
11.13 if the disability occurred ~~within 18 months of filing the application,~~ while still in the
11.14 employment of the state, ~~and the propriety of authorizing payment of a disability benefit as~~
11.15 ~~provided in this section~~ and constitutes a total and permanent disability as defined in section
11.16 352.01, subdivision 17.

11.17 (g) A terminated employee may apply for a disability benefit within 18 months of
11.18 termination as long as the disability occurred while in the employment of the state. The fact
11.19 that an employee is placed on leave of absence without compensation because of disability
11.20 does not bar that employee from receiving a disability benefit.

11.21 (h) Upon appeal, the board of directors may extend the disability benefit application
11.22 deadline in paragraph (g) by an additional 18 months if the terminated employee is
11.23 determined by the board of directors to have a cognitive impairment that made it unlikely
11.24 that the terminated employee understood that there was an application deadline or that the
11.25 terminated employee was able to meet the application deadline.

11.26 ~~(h)~~ (i) Unless the payment of a disability benefit has terminated because the employee
11.27 is no longer totally disabled, or because the employee has reached normal retirement age
11.28 as provided in this section, the disability benefit must cease with the last payment received
11.29 by the disabled employee or which had accrued during the lifetime of the employee unless
11.30 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
11.31 benefit for the calendar month in which the disabled employee died.

11.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.1 Sec. 9. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended to read:

12.2 Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all
12.3 earnings from reemployment and income from workers' compensation to the system annually
12.4 by May 15 in a format prescribed by the executive director. The executive director may
12.5 waive the earnings report requirement for any disabled employee who is not required to
12.6 undergo regular medical or psychological examinations under subdivision 6. If the form is
12.7 not submitted by June 15, benefits must be suspended effective July 1. If the form deemed
12.8 acceptable by the executive director is received after the June 15 deadline, benefits shall be
12.9 reinstated retroactive to July 1.

12.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

12.11 Sec. 10. Minnesota Statutes 2016, section 352.23, is amended to read:

12.12 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

12.13 (a) When any employee accepts a refund as provided in section 352.22, all existing
12.14 allowable service credits and all rights and benefits to which the employee was entitled
12.15 before accepting the refund terminate.

12.16 (b) Terminated service credits and rights must not again be restored until the former
12.17 employee acquires at least six months of allowable service credit after taking the last refund.
12.18 ~~In that event, the employee may repay and repays~~ all refunds previously taken from the
12.19 retirement fund with interest as provided in paragraph (d).

12.20 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
12.21 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
12.22 under law in effect when the payment in lieu of deductions was made; (3) payments made
12.23 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
12.24 allowable service previously credited while receiving temporary workers' compensation as
12.25 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

12.26 (d) Payments under this section for repayment of refunds are to be paid with interest at
12.27 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
12.28 from the date the refund was taken until the date the refund is repaid. ~~They~~ Repayment may
12.29 ~~be paid in a lump sum or by payroll deduction in the manner provided in section 352.04.~~
12.30 Payment may be made in partial payments consistent with section 356.44 during employment
12.31 or in a lump sum up to six months after termination from service.

12.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

13.1 Sec. 11. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

13.2 Subd. 4. **Reentry into state service.** When a former member, who has become separated
13.3 from state service that entitled the member to membership and has received a refund of
13.4 retirement payments, reenters the state service in a position that entitles the member to
13.5 membership, that member shall receive credit for the period of prior allowable state service
13.6 if the member repays into the fund the amount of the refund, plus interest on it at the rate
13.7 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually; ~~at~~
13.8 ~~any time before subsequent retirement. Repayment may be made in installments or in a~~
13.9 ~~lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

13.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

13.11 Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

13.12 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3),
13.13 (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
13.14 Metropolitan Council and are eligible for coverage under the general state employees
13.15 retirement plan under chapter 352, are participants in the unclassified program under this
13.16 chapter ~~unless the employee gives notice to the executive director of the Minnesota State~~
13.17 ~~Retirement System within one year following the commencement of employment in the~~
13.18 ~~unclassified service that the employee desires coverage under the general state employees~~
13.19 ~~retirement plan. For the purposes of this chapter, an employee who does not file notice with~~
13.20 ~~the executive director is deemed to have exercised the option to participate in the unclassified~~
13.21 ~~program.~~

13.22 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
13.23 program under this chapter unless the person was eligible to elect different coverage under
13.24 section 3A.07 and elected retirement coverage by the applicable alternative retirement plan.
13.25 Persons referenced in paragraph (c), clause (15), are participants in the unclassified program
13.26 under this chapter for judicial employment in excess of the service credit limit in section
13.27 490.121, subdivision 22.

13.28 (c) Enumerated employees and referenced persons are:

13.29 (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and
13.30 the attorney general;

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

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

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

14.4 (5) a member of the legislature;

14.5 (6) an unclassified employee of the legislature or a commission or agency of the
14.6 legislature who is appointed without a limit on the duration of the employment or a temporary
14.7 legislative employee having shares in the supplemental retirement fund as a result of former
14.8 employment covered by this chapter, whether or not eligible for coverage under the
14.9 Minnesota State Retirement System;

14.10 (7) a person who is employed in a position established under section 43A.08, subdivision
14.11 1, clause (3), or in a position authorized under a statute creating or establishing a department
14.12 or agency of the state, which is at the deputy or assistant head of department or agency or
14.13 director level;

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

14.17 (9) the commissioner, deputy commissioner, and not to exceed nine positions of the
14.18 Minnesota Office of Higher Education in the unclassified service, as designated by the
14.19 Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated
14.20 with the approval of the board of directors of the Minnesota State Retirement System, unless
14.21 the person has elected coverage by the individual retirement account plan under chapter
14.22 354B;

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

14.26 (11) the chief executive officers of correctional facilities operated by the Department of
14.27 Corrections and of hospitals and nursing homes operated by the Department of Human
14.28 Services;

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

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

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

15.1 (15) a judge who has exceeded the service credit limit in section 490.121, subdivision
15.2 22;

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

15.4 (17) a person employed by the Minnesota State Colleges and Universities as faculty or
15.5 in an eligible unclassified administrative position as defined in section 354B.20, subdivision
15.6 6, who was employed by the former state university or the former community college system
15.7 before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

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

15.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

15.13 Sec. 13. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

15.14 Subd. 3. **Transfer to general employees retirement plan.** (a) ~~If permitted under~~
15.15 ~~paragraph (b), an employee~~ A person in the unclassified program and referred to in
15.16 subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), ~~who is credited~~
15.17 ~~with shares in the unclassified program and has credit for allowable service~~ may elect to
15.18 terminate participation in the unclassified program and be covered by the general state
15.19 employees retirement plan. ~~(b) An employee specified in paragraph (a) is permitted to~~
15.20 ~~terminate participation in the unclassified program and be covered by~~ if the person files an
15.21 election to transfer to the general state employees retirement plan if the employee with the
15.22 executive director of the Minnesota State Retirement System as provided in paragraph (b)
15.23 and the person's current employment or appointment:

15.24 (1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of
15.25 ~~allowable service~~ covered employment; or

15.26 (2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven
15.27 years of allowable service in the unclassified program.

15.28 ~~The (b) An election to transfer~~ must be in writing, on a form provided by the executive
15.29 director, and ~~can be made no later than one month following the termination of covered~~
15.30 ~~employment.~~ delivered to the executive director:

15.31 (1) for persons described in paragraph (a), clause (1), no later than one month following
15.32 the termination of covered employment; or

(2) for persons described in paragraph (a), clause (2), no later than one month following the termination of employment in a position covered by the unclassified program.

For purposes of this chapter, an employee who does not file an election to transfer with the executive director is deemed to have exercised the option to participate in the unclassified program.

(c) If the transfer election is made, the executive director shall redeem the employee's total shares and credit to the employee's account in the general employees retirement plan the amount of contributions that would have been credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment. The balance of money redeemed and not credited to the employee's account must be transferred to the general employees retirement plan, except that the executive director must determine:

(1) the employee contributions paid to the unclassified program; and

(2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan.

If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

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

(e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is credited with employee shares in the unclassified program is not permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

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

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying

into the fund the amount refunded plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

~~(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 15. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the date on which the refund was received until the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

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

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district

employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

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

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if

19.1 no irrevocable election of coverage has been made under section 3121(r) of the Internal
19.2 Revenue Code of 1954, as amended;

19.3 (9) persons who are:

19.4 (i) employed by a governmental subdivision who have not reached the age of 23 and
19.5 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis
19.6 at an accredited school, college, or university in an undergraduate, graduate, or
19.7 professional-technical program, or at a public or charter high school;

19.8 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
19.9 interns and are serving in a degree or residency program in a public hospital or in a public
19.10 clinic; or

19.11 (iii) students who are serving for a period not to exceed five years in an internship or a
19.12 residency program that is sponsored by a governmental subdivision, including an accredited
19.13 educational institution;

19.14 (10) persons who hold a part-time adult supplementary technical college license who
19.15 render part-time teaching service in a technical college;

19.16 (11) ~~except for employees of~~ foreign citizens who are employed by a governmental
19.17 subdivision, other than Hennepin County or employees of Hennepin Healthcare System,
19.18 ~~Inc., foreign citizens who are employed by a governmental subdivision~~ under a work permit
19.19 or ~~under an H-1b~~ work visa initially issued or extended for a combined period of less than
19.20 three years of employment, but upon extension of the ~~employment of the~~ work permit or
19.21 work visa beyond the three-year period, if the foreign citizen must be reported for
19.22 ~~membership beginning on the first of the month following the extension if the monthly~~
19.23 ~~earnings threshold as provided~~ citizen's annual salary satisfies the eligibility criteria under
19.24 subdivision 2a, paragraph (a), ~~is met~~ the foreign citizen must be reported for membership
19.25 beginning on the first day of the first full pay period following the date of the extension;

19.26 (12) public hospital employees who elected not to participate as members of the
19.27 association before 1972 and who did not elect to participate from July 1, 1988, to October
19.28 1, 1988;

19.29 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
19.30 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
19.31 may still qualify as public employees under subdivision 2 and may be members of the Public
19.32 Employees Retirement Association and participants in the general employees retirement
19.33 plan or the public employees police and fire plan, whichever applies, on the basis of

20.1 compensation received from public employment service other than service as volunteer
20.2 ambulance service personnel;

20.3 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
20.4 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
20.5 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
20.6 and may be a member of the Public Employees Retirement Association and a participant
20.7 in the general employees retirement plan or the public employees police and fire plan,
20.8 whichever applies, on the basis of compensation received from public employment activities
20.9 other than those as a volunteer firefighter;

20.10 (15) pipefitters and associated trades personnel employed by Independent School District
20.11 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
20.12 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
20.13 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
20.14 12;

20.15 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
20.16 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
20.17 have retirement coverage under a collective bargaining agreement by the Electrical Workers
20.18 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
20.19 pension plan applicable to Carpenters Local 322 who were either first employed after May
20.20 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
20.21 chapter 461, article 7, section 5;

20.22 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
20.23 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
20.24 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
20.25 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
20.26 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
20.27 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
20.28 plan who were either first employed after May 1, 2001, or if first employed before May 2,
20.29 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
20.30 section 6;

20.31 (18) plumbers who are employed by the Metropolitan Airports Commission, with
20.32 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
20.33 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,

21.1 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
21.2 6;

21.3 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions under
21.4 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
21.5 days or less in each year of employment with the governmental subdivision;

21.6 (20) persons who are provided supported employment or work-study positions by a
21.7 governmental subdivision and who participate in an employment or industries program
21.8 maintained for the benefit of these persons where the governmental subdivision limits the
21.9 position's duration to up to five years, including persons participating in a federal or state
21.10 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
21.11 relief program where the training or work experience is not provided as a part of, or for,
21.12 future permanent public employment;

21.13 (21) independent contractors and the employees of independent contractors;

21.14 (22) reemployed annuitants of the association during the course of that reemployment;

21.15 (23) persons appointed to serve on a board or commission of a governmental subdivision
21.16 or an instrumentality thereof;

21.17 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
21.18 Transit Commission who are members of the International Brotherhood of Teamsters Local
21.19 638 and who are, by virtue of that employment, members of the International Brotherhood
21.20 of Teamsters Central States pension plan; and

21.21 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board,
21.22 with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters
21.23 local 539 pension plan, who were first employed before May 2, 2015, and who elected to
21.24 be excluded under Laws 2015, chapter 68, article 11, section 5.

21.25 (b) Any person performing the duties of a public officer in a position defined in
21.26 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
21.27 employee of an independent contractor.

21.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

21.29 Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 10, is amended to read:

21.30 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

21.31 (1) the wages or periodic compensation payable to a public employee by the employing
21.32 governmental subdivision before:

22.1 (i) employee retirement deductions that are designated as picked-up contributions under
22.2 section 356.62;

22.3 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
22.4 plans, or other voluntary salary reduction programs that would have otherwise been available
22.5 as a cash payment to the employee; and

22.6 (iii) employee deductions for contributions to a supplemental plan or to a governmental
22.7 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
22.8 health care expenses, unless otherwise excluded under paragraph (b);

22.9 (2) for a public employee who is covered by a supplemental retirement plan under section
22.10 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the
22.11 applicable supplemental retirement plan when an agreement between the parties establishes
22.12 that the contributions will either result in a mandatory reduction of employees' wages through
22.13 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as
22.14 wages;

22.15 (3) a payment from a public employer through a grievance proceeding, settlement, or
22.16 court order that is attached to a specific earnings period in which the employee's regular
22.17 salary was not earned or paid to the member due to a suspension or a period of involuntary
22.18 termination that is not a wrongful discharge under section 356.50; provided the amount is
22.19 not less than the equivalent of the average of the hourly base salary rate in effect during the
22.20 last six months of allowable service prior to the suspension or period of involuntary
22.21 termination, plus any applicable increases awarded during the period that would have been
22.22 paid under a collective bargaining agreement or personnel policy but for the suspension or
22.23 involuntary termination, multiplied by the average number of regular hours for which the
22.24 employee was compensated during the six months of allowable service prior to the suspension
22.25 or period of involuntary termination, but not to exceed the compensation that the public
22.26 employee would have earned if regularly employed during the applicable period;

22.27 (4) ~~for a member who is absent from employment due to~~ compensation paid during an
22.28 authorized leave of absence, other than an authorized medical leave of absence, as long as
22.29 the compensation paid during the leave is equivalent to a pay period is not less than the
22.30 lesser of:

22.31 (i) the product of the average hourly base salary rate in effect during the six months of
22.32 allowable service, ~~or portions thereof, prior to immediately preceding the leave,~~ multiplied
22.33 by the average number of regular hours for which the employee was compensated each pay

23.1 period during the six months of allowable service ~~prior to~~ immediately preceding the
23.2 applicable leave of absence; or

23.3 (ii) compensation equal to the value of the employee's total available accrued leave
23.4 hours;

23.5 (5) ~~for a member who is absent from employment by reason of~~ compensation paid during
23.6 an authorized medical leave of absence, other than a workers' compensation leave, as long
23.7 as the compensation paid during the leave if specified in advance to be at least a pay period
23.8 is not less than the lesser of:

23.9 (i) the product of one-half of, but no more than equal to, the earnings the member
23.10 ~~received, on which contributions were reported and allowable service credited~~ the average
23.11 hourly base salary rate in effect during the six months of allowable service immediately
23.12 preceding the medical leave of absence; and or

23.13 (ii) compensation equal to the value of the employee's total available accrued leave
23.14 hours;

23.15 (6) for a public employee who receives performance or merit bonus payment under a
23.16 written compensation plan, policy, or collective bargaining agreement in addition to regular
23.17 salary or in lieu of regular salary increases, the compensation paid to the employee for
23.18 attaining or exceeding performance goals, duties, or measures during a specified period of
23.19 employment.

23.20 (b) Salary does not mean:

23.21 (1) fees paid to district court reporters;

23.22 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
23.23 periodic payments;

23.24 (3) for the donor, payment to another person of the value of hours donated under a
23.25 benevolent vacation, personal, or sick leave donation program;

23.26 (4) any form of severance or retirement incentive payments;

23.27 (5) an allowance payment or per diem payments for or reimbursement of expenses;

23.28 (6) lump-sum settlements not attached to a specific earnings period;

23.29 (7) workers' compensation payments or disability insurance payments, including payments
23.30 from employer self-insurance arrangements;

24.1 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,
24.2 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,
24.3 or any payments in lieu of any employer-paid group insurance coverage, including the
24.4 difference between single and family rates that may be paid to a member with single coverage
24.5 and certain amounts determined by the executive director to be ineligible;

24.6 (9) employer-paid fringe benefits, including, but not limited to:

24.7 (i) employer-paid premiums or supplemental contributions for employees for all types
24.8 of insurance;

24.9 (ii) membership dues or fees for the use of fitness or recreational facilities;

24.10 (iii) incentive payments or cash awards relating to a wellness program;

24.11 (iv) the value of any nonmonetary benefits;

24.12 (v) any form of payment made in lieu of an employer-paid fringe benefit;

24.13 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
24.14 program; and

24.15 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
24.16 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
24.17 employee as cash;

24.18 (10) the amount equal to that which the employing governmental subdivision would
24.19 otherwise pay toward single or family insurance coverage for a covered employee when,
24.20 through a contract or agreement with some but not all employees, the employer:

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

24.23 (ii) makes the employee solely responsible for all contributions toward the cost of the
24.24 employee's selected insurance coverages under a group plan offered by the employer,
24.25 including any amount the employer makes toward other employees' selected insurance
24.26 coverages under a group plan offered by the employer; and

24.27 (iii) provides increased salary rates for employees who do not have any employer-paid
24.28 group insurance coverages;

24.29 (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to
24.30 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
24.31 35 or 36;

25.1 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

25.2 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
25.3 grant proceeds from being used to make pension plan contributions, unless the contributions
25.4 to the plan are made from sources other than the federal or state grant; and

25.5 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

25.6 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
25.7 employee by the employer through a grievance proceeding, a court order, or a legal settlement
25.8 are salary only if the settlement or court order is reviewed by the executive director and the
25.9 amounts are determined by the executive director to be consistent with paragraph (a) and
25.10 prior determinations.

25.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

25.12 Sec. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

25.13 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an
25.14 annuity or benefit from a retirement plan administered by the Public Employees Retirement
25.15 Association by having credit for sufficient allowable service under paragraph (b), (c), or
25.16 (d), whichever applies.

25.17 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
25.18 member of the general employees retirement plan of the Public Employees Retirement
25.19 Association:

25.20 (1) a public employee who first became a member of the association before July 1, 2010,
25.21 is 100 percent vested when the person has accrued credit for not less than three years of
25.22 allowable service ~~as defined under subdivision 16~~ in the general employees retirement plan;
25.23 and

25.24 (2) a public employee who first becomes a member of the association after June 30,
25.25 2010, is 100 percent vested when the person has accrued credit for not less than five years
25.26 of allowable service ~~as defined under subdivision 16~~ in the general employees retirement
25.27 plan.

25.28 (c) For purposes of qualifying for an annuity or benefit as a member of the local
25.29 government correctional ~~employees~~ service retirement plan:

25.30 (1) a public employee who first became a member of the association before July 1, 2010,
25.31 is 100 percent vested when the person has accrued credit for not less than three years of

26.1 allowable service ~~as defined under subdivision 16~~ in the local government correctional
26.2 service retirement plan; and

26.3 (2) a public employee who first becomes a member of the association after June 30,
26.4 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit
26.5 for allowable service as defined under subdivision 16, as follows in the local government
26.6 correctional service retirement plan, as follows:

26.7 (i) 50 percent after five years;

26.8 (ii) 60 percent after six years;

26.9 (iii) 70 percent after seven years;

26.10 (iv) 80 percent after eight years;

26.11 (v) 90 percent after nine years; and

26.12 (vi) 100 percent after ten years.

26.13 (d) For purposes of qualifying for an annuity or benefit as a member of the public
26.14 employees police and fire retirement plan:

26.15 (1) a public employee who first became a member of the association before July 1, 2010,
26.16 is 100 percent vested when the person has accrued credit for not less than three years of
26.17 allowable service ~~as defined under subdivision 16~~ in the public employees police and fire
26.18 retirement plan;

26.19 (2) a public employee who first becomes a member of the association after June 30,
26.20 2010, and before July 1, 2014, is vested at the following percentages when the person has
26.21 accrued credited allowable service ~~as defined under subdivision 16~~ in the public employees
26.22 police and fire retirement plan, as follows:

26.23 (i) 50 percent after five years;

26.24 (ii) 60 percent after six years;

26.25 (iii) 70 percent after seven years;

26.26 (iv) 80 percent after eight years;

26.27 (v) 90 percent after nine years; and

26.28 (vi) 100 percent after ten years; and

26.29 (3) a public employee who first becomes a member of the association after June 30,
26.30 2014, is vested at the following percentages when the person has accrued ~~credited~~ credit

27.1 for allowable service as defined under subdivision 16 in the public employees police and
27.2 fire retirement plan, as follows:

- 27.3 (i) 50 percent after ten years;
- 27.4 (ii) 55 percent after 11 years;
- 27.5 (iii) 60 percent after 12 years;
- 27.6 (iv) 65 percent after 13 years;
- 27.7 (v) 70 percent after 14 years;
- 27.8 (vi) 75 percent after 15 years;
- 27.9 (vii) 80 percent after 16 years;
- 27.10 (viii) 85 percent after 17 years;
- 27.11 (ix) 90 percent after 18 years;
- 27.12 (x) 95 percent after 19 years; and
- 27.13 (xi) 100 percent after 20 or more years.

27.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

27.15 Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

27.16 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE FOR**
27.17 **PERIODS OF REDUCED SALARY.**

27.18 (a) A member may purchase ~~additional~~ differential salary credit, as described in paragraph
27.19 (c), for a period specified in ~~this section~~ paragraph (b).

27.20 (b) The applicable period is a period during which the member is receiving ~~a no or~~
27.21 reduced salary from the employer while the member is:

27.22 (1) receiving ~~temporary~~ workers' compensation payments related to the member's service
27.23 to the public employer;

27.24 (2) on an authorized leave of absence, except that if the authorized leave of absence
27.25 exceeds 12 months, the period of leave for which differential salary credit may be purchased
27.26 is limited to 12 months; or

27.27 (3) on an authorized ~~partial paid~~ leave of absence as a result of a budgetary or salary
27.28 savings program offered or mandated by a governmental subdivision, if certified to the
27.29 executive director by the governmental subdivision.

(c) ~~The Differential salary amount credit~~ is the difference between the ~~average monthly~~ salary received by the member during ~~the a period of reduced salary under this section~~ specified in paragraph (b) and the ~~average monthly~~ salary of the member, excluding overtime, on which contributions to the applicable plan ~~were~~ would have been made during the period ~~of the last six months of covered employment occurring immediately before the period of reduced salary, applied to~~ based on the member's normal employment period, measured in hours or otherwise, as applicable, and rate of pay.

(d) To receive ~~eligible~~ differential salary credit, the member shall pay the plan, by delivering payment to the executive director, an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

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

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed ~~within~~ by the ~~earlier~~ earliest of:

(1) 30 days from after termination of public service by the employee under section 353.01, subdivision 11a, ~~or~~;

(2) one year after the termination of the period specified in paragraph (b), ~~as further restricted under this section~~; or

(3) 30 days after the commencement of a disability benefit.

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

~~(h) To purchase~~ (g) If the member has purchased 12 months of differential salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service to purchase differential salary credit for a subsequent leave of absence.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers.** (a) The board shall:

(1) elect a president and vice-president;

(2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;

(3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure;

(4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;

(5) pass upon and allow or disallow all applications for membership in the fund and allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

~~(6) authorize procedures for use of electronic signatures as defined in section 325L.02, paragraph (h), on applications and forms required by the association;~~

~~(7)~~ (6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8;

30.1 ~~(8)~~ (7) provide for the payment out of the fund of the cost of administering this chapter,
30.2 of all necessary expenses for the administration of the fund and of all claims for withdrawals,
30.3 pensions, or benefits allowed;

30.4 ~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director
30.5 made subject to its approval or disapproval by subdivision 3a; and

30.6 ~~(10)~~ (9) approve early retirement and optional annuity factors, subject to review by the
30.7 actuary retained by the Legislative Commission on Pensions and Retirement; establish the
30.8 schedule for implementation of the approved factors; and notify the Legislative Commission
30.9 on Pensions and Retirement of the implementation schedule.

30.10 (b) In passing upon all applications and claims, the board may summon, swear, hear,
30.11 and examine witnesses and, in the case of claims for disability benefits, may require the
30.12 claimant to submit to a medical examination by a physician of the board's choice, at the
30.13 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
30.14 of all applications and claims, may conduct investigations necessary to determine their
30.15 validity and merit.

30.16 (c) The board may continue to authorize the sale of life insurance to members under the
30.17 insurance program in effect on January 1, 1985, but must not change that program without
30.18 the approval of the commissioner of management and budget. The association shall not
30.19 receive any financial benefit from the life insurance program beyond the amount necessary
30.20 to reimburse the association for costs incurred in administering the program. The association
30.21 shall not engage directly or indirectly in any other activity involving the sale or promotion
30.22 of goods or services, or both, whether to members or nonmembers.

30.23 (d) The board shall establish procedures governing reimbursement of expenses to board
30.24 members. These procedures must define the types of activities and expenses that qualify
30.25 for reimbursement, must provide that all out-of-state travel be authorized by the board, and
30.26 must provide for the independent verification of claims for expense reimbursement. The
30.27 procedures must comply with the applicable rules and policies of the Department of
30.28 Management and Budget and the Department of Administration.

30.29 (e) The board may purchase fiduciary liability insurance and official bonds for the
30.30 officers and members of the board of trustees and employees of the association and may
30.31 purchase property insurance or may establish a self-insurance risk reserve including, but
30.32 not limited to, data processing insurance and "extra-expense" coverage.

30.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

31.1 Sec. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

31.2 Subd. 4. **Application for annuity.** Application for a retirement annuity or optional
31.3 annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the
31.4 member, upon proof of authority satisfactory to the executive director. Every application
31.5 ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive
31.6 director and must be substantiated by ~~written~~ proof of the member's age and identity. The
31.7 notarized signature of a member's spouse on a retirement annuity application acknowledging
31.8 the member's annuity selection meets the notice requirement to the spouse under section
31.9 356.46, subdivision 3. An application for a retirement annuity is not complete until all
31.10 necessary supporting documents are received by the executive director.

31.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

31.12 Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

31.13 Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) Except as ~~to elected public~~
31.14 ~~officials specified in paragraph (b),~~ a retirement annuity granted under this chapter begins
31.15 ~~with~~ on the first day of the first calendar month after the date of termination of public service
31.16 or up to six months before the first of the month in which a complete application is received
31.17 by the executive director under subdivision 4, whichever is later. The annuity must be paid
31.18 in equal monthly installments ~~and does not accrue,~~ unless suspended or reduced under
31.19 section 353.37. Annuity payments shall not be paid beyond the end of the month in which
31.20 entitlement to the annuity has terminated.

31.21 (b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the
31.22 day following the expiration of the public office ~~or expiration of the right to hold that office~~
31.23 that qualified the elected official for membership under section 353.01, subdivision 2a or
31.24 2d, if a complete application is received by the executive director under subdivision 4 within
31.25 six months of the date of termination of public service. The annuity for the month during
31.26 which the expiration occurred is prorated accordingly.

31.27 (c) An annuity, once granted, must not be increased, decreased, or revoked except under
31.28 this chapter.

31.29 (d) ~~An annuity payment may be made retroactive for up to one year prior to that month~~
31.30 ~~in which a complete application is received by the executive director under subdivision 4.~~

31.31 ~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death
31.32 occurs, payment must first be made to the surviving spouse, or if none, then to the designated
31.33 beneficiary, or if none, lastly to the estate.

32.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.2 Sec. 8. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

32.3 Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public~~
32.4 ~~service~~ dies before retirement or before receiving any retirement annuity and no other
32.5 payment of any kind is or may become payable to any person, a refund is payable to the
32.6 designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal
32.7 representative of the decedent's estate. The refund must be in an amount equal to accumulated
32.8 deductions, less the sum of any disability or survivor benefits that have been paid by the
32.9 fund, plus annual compound interest thereon at the rate specified in section 353.34,
32.10 subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have~~
32.11 ~~been paid by the fund~~; provided that a survivor who has a right to benefits under section
32.12 353.31 may waive such benefits in writing, except such benefits for a dependent child under
32.13 the age of 18 years may only be waived under an order of the district court.

32.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.15 Sec. 9. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

32.16 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who
32.17 ceases to be a public employee is entitled to receive a refund in an amount equal to
32.18 accumulated deductions ~~with~~, less the sum of any disability benefits that have been paid by
32.19 the fund, plus annual compound interest to the first day of the month in which the refund
32.20 is processed.

32.21 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
32.22 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
32.23 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
32.24 refund interest is at the rate of four percent.

32.25 (c) If a person repays a refund and subsequently applies for another refund, the repayment
32.26 amount, including interest, is added to the fiscal year balance in which the repayment was
32.27 made.

32.28 (d) If the refund payable to a member is based on employee deductions that are
32.29 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
32.30 invalid employee deductions is four percent.

32.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

33.1 Sec. 10. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

33.2 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former
33.3 member accepts a refund, all existing service credits and all rights and benefits to which
33.4 the person was entitled prior to the acceptance of the refund ~~must~~ terminate.

33.5 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
33.6 forfeiture of salary credit for the allowable service credit covered by the refund.

33.7 (c) ~~The~~ If a person forfeits service credits, rights, and benefits under paragraph (a), the
33.8 person's service credits, rights, and benefits of a former member must not shall be restored
33.9 until if the person returns to active service and acquires employment covered by the
33.10 association for at least six months of allowable service credit after taking the last refund
33.11 and repays the refund or refunds taken and interest all amounts previously received under
33.12 section 353.34, ~~subdivisions 1 and~~ subdivision 2, plus interest at the annual rate of 8.5
33.13 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the
33.14 date each amount was received to the date the amount is repaid. If the person elects to restore
33.15 service credit in a particular fund from which the person has taken more than one refund,
33.16 the person must repay all refunds to that fund. All refunds The repayment must be repaid
33.17 made within six months of the last ~~date of termination~~ day of public service employment.
33.18 A person may have service credits, rights, and benefits restored under this paragraph once.

33.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

33.20 Sec. 11. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

33.21 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for
33.22 an annuity from the general employees retirement plan of the Public Employees Retirement
33.23 Association, the public employees police and fire retirement plan, or the local government
33.24 correctional employees retirement plan must be suspended under subdivision 2 or reduced
33.25 under subdivision 3, whichever results in the higher annual annuity amount, ~~if~~ upon the
33.26 ~~person reenters public service as a nonelective~~ person's employment as a nonelected employee
33.27 of a governmental subdivision in a position not required by law to be a member of a plan
33.28 administered by the Minnesota State Retirement System, the Teachers Retirement
33.29 Association, or the St. Paul Teachers Retirement Fund Association, or returns to work as
33.30 an employee of a labor organization that represents public employees who are association
33.31 members under this chapter, and salary for the reemployment service exceeds the annual
33.32 maximum earnings allowable for that age for the continued receipt of full benefit amounts
33.33 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
33.34 the secretary of health and human services under United States Code, title 42, section 403,

in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:

(1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;

(2) employed full time by Hennepin County as:

(i) a paramedic or;

(ii) an emergency medical technician by Hennepin County; or

(iii) a supervisor or manager of paramedics or emergency medical technicians; and

(3) not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07.

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 2, shall make the employer contribution for each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2017.

35.1 Sec. 13. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

35.2 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
35.3 means a medical facility that was ~~formerly~~ included in the definition of governmental
35.4 subdivision under section 353.01, subdivision 6, on the day before the effective date of
35.5 privatization, that is privatized and whose employees are certified for participation under
35.6 this chapter.

35.7 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
35.8 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

35.9 Sec. 14. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

35.10 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do
35.11 not apply to a privatized former public employee:

35.12 (1) beginning the first of the month in which the privatized former public employee
35.13 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
35.14 if the employee accrues at least six months of credited service in any single plan enumerated
35.15 in section 356.30, subdivision 3, except clause (6);

35.16 (2) beginning the first of the month in which the privatized former public employee
35.17 becomes covered again by the general employees retirement plan of the Public Employees
35.18 Retirement Association;

35.19 (3) beginning the first of the month after a privatized former public employee terminates
35.20 service with the ~~successor entity~~ privatized former public employer; or

35.21 (4) if the person begins receipt of a retirement annuity while employed by the employer
35.22 which assumed operations of or purchased the privatized former public employer.

35.23 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
35.24 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

35.25 Sec. 15. Minnesota Statutes 2016, section 353F.05, is amended to read:

35.26 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
35.27 **EARLY RETIREMENT PURPOSES.**

35.28 (a) For the purpose of determining eligibility for early retirement benefits provided under
35.29 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
35.30 before the year in which the privatization occurred, and notwithstanding any provision of
35.31 chapter 353, to the contrary, the years of allowable service for a privatized former public

employee who transfers employment on the effective date of privatization and does not apply for a refund of contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, or any similar provision, includes service with the ~~successor employer to the~~ privatized former public employer following the effective date. The ~~successor~~ privatized former public employer shall provide any reports that the executive director of the Public Employees Retirement Association may reasonably request to permit calculation of benefits.

(b) To be eligible for early retirement benefits under this section, the individual must separate from service with the ~~successor to the~~ privatized former public employer. The privatized former public employee, or an individual authorized to act on behalf of that employee, may apply for an annuity following application procedures under section 353.29, subdivision 4.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 16. Minnesota Statutes 2016, section 353F.057, is amended to read:

353F.057 TERMINATION FROM SERVICE REQUIREMENT.

Upon termination of service from the privatized former public employer ~~or any successor entity~~ after the effective date of privatization, a privatized former public employee must separate from any employment relationship with the privatized former public employer ~~or any successor entity~~ for at least 30 days to qualify to receive a retirement annuity under this chapter.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 17. Minnesota Statutes 2016, section 353F.06, is amended to read:

353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

If a privatized former public employee satisfies the separation from service requirement in section 353F.057 and thereafter resumes employment with the privatized former public employer ~~or any successor entity~~ or a governmental subdivision under section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

37.1 Sec. 18. Minnesota Statutes 2016, section 353F.07, is amended to read:

37.2 **353F.07 EFFECT ON REFUND.**

37.3 Notwithstanding any provision of chapter 353 to the contrary, privatized former public
37.4 employees may receive a refund of employee accumulated contributions plus interest as
37.5 provided in section 353.34, subdivision 2, at any time after the transfer of employment to
37.6 the ~~successor employer of the~~ privatized former public employer. If a privatized former
37.7 public employee has received a refund from a pension plan listed in section 356.30,
37.8 subdivision 3, the person may not repay that refund unless the person again becomes a
37.9 member of one of those listed plans and complies with section 356.30, subdivision 2.

37.10 **EFFECTIVE DATE.** This section is effective for privatizations with an effective date
37.11 of privatization under section 353F.02, subdivision 3, after June 30, 2017.

37.12 Sec. 19. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC**
37.13 **EMPLOYERS.**

37.14 A medical facility or other employing unit shall cease to be a privatized former public
37.15 employer and its employees shall cease to be considered privatized former public employees
37.16 under this chapter upon the sale of the operations of the medical facility or employing unit
37.17 to another employer or the sale of the medical facility or employing unit to another employer.
37.18 The privatized former public employees shall be entitled to benefits accrued under this
37.19 chapter to the date of the sale, but shall not accrue additional benefits after the date of the
37.20 sale.

37.21 **EFFECTIVE DATE.** The section is effective for privatizations with an effective date
37.22 of privatization under section 353F.02, subdivision 3, after June 30, 2017, and for sales of
37.23 privatized former public employers after June 30, 2017.

37.24 Sec. 20. **REPEALER.**

37.25 Minnesota Statutes 2016, section 353.0161, is repealed.

37.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

37.27 **ARTICLE 3**

37.28 **TEACHERS RETIREMENT ASSOCIATION**
37.29 **ADMINISTRATIVE PROVISIONS**

37.30 Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

37.31 Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in:

(i) a public school of the state other than in Independent School District No. 625 or in Independent School District No. 709, or in any;

(ii) a charter school, irrespective of the location of the school, or in any;

(iii) a charitable, penal, or correctional institutions institution of a governmental subdivision; or

(iv) the Perpich Center for Arts Education, except that any employee of the Perpich Center for Arts Education who was covered by the Minnesota State Retirement System general state employees retirement plan as of July 1, 2016, shall continue to be covered by that plan and not by the Teachers Retirement Association;

(2) a person who is engaged in educational administration in connection with the state public school system, whether the position be a public office or ~~an~~ as employment;

(3) a person who renders service as a charter school director or chief administrative officer; provided, however, that if the charter school director or chief administrative officer is covered by the Public Employees Retirement Association general employees retirement plan on July 1, 2017, the charter school director or chief administrative officer shall continue to be covered by that plan and not by the Teachers Retirement Association;

~~(2)~~ (4) an employee of the Teachers Retirement Association;

~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit where the teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit or, if less than 50 percent of the combined employment salary, the executive director determines all of the combined service is covered by the association; or

~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

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

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

(iii) an administrative or a service support faculty position; or

39.1 (iv) a teacher or a research assistant.

39.2 (b) "Teacher" does not mean:

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

39.5 ~~(2) a person who renders part-time teaching service or who is a customized trainer as~~
39.6 ~~defined by the Minnesota State Colleges and Universities system if (i) the service is incidental~~
39.7 ~~to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually~~
39.8 ~~in advance that the part-time teaching service or customized training service will not exceed~~
39.9 ~~300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time~~
39.10 ~~teaching service or customized training service actually does not exceed 300 hours in a~~
39.11 ~~fiscal year;~~

39.12 ~~(3) a person exempt from licensure under section 122A.30;~~

39.13 ~~(4)~~ (2) annuitants of the teachers retirement plan who are employed after retirement by
39.14 an employing unit that participates in the teachers retirement plan during the course of that
39.15 reemployment;

39.16 ~~(5)~~ (3) a person who is employed by the University of Minnesota;

39.17 ~~(6)~~ (4) a member or an officer of any general governing or managing board or body of
39.18 an employing unit that participates in the teachers retirement plan; or

39.19 ~~(7)~~ (5) a person employed by Independent School District No. 625 ~~or Independent School~~
39.20 ~~District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

39.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

39.22 Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to
39.23 read:

39.24 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse
39.25 of a member due to dissolution of the marriage, legal separation, or annulment.

39.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

39.27 Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

39.28 Subd. 2. **President; executive director.** The board shall annually elect one of its members
39.29 as president. It shall elect an executive director. Notwithstanding any law to the contrary,
39.30 the board must set the salary of the executive director. The salary of the executive director

must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary of the assistant executive director who shall be in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the association. The cost and expense of administering the provisions of this chapter shall be paid by the association. The board shall appoint an executive director ~~shall be appointed by the board~~ on the basis of fitness education, experience in the retirement field ~~and leadership~~, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

Subd. 2a. **Duties of executive director.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as advisor to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

(1) attend all meetings of the board;

(2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;

(3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;

(4) designate, as necessary, a deputy executive director and an assistant executive director in the unclassified service, as defined in section 43A.08, whose salaries shall be set in accordance with section 43A.18, subdivision 3, and two assistant executive directors in the classified service, as defined in section 43A.07, with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of this chapter;

(5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the director's control and under such conditions as the director may prescribe;

41.1 (6) with the approval of the board, contract and set the compensation for the services of
41.2 an approved actuary, professional management services, and any other consulting services.
41.3 These contracts are not subject to the competitive bidding procedure prescribed by chapter
41.4 16C. An approved actuary retained by the executive director shall function as the actuarial
41.5 advisor of the board and the executive director and may perform actuarial valuations and
41.6 experience studies to supplement those performed by the actuary retained under section
41.7 356.214. Any supplemental actuarial valuations or experience studies shall be filed with
41.8 the executive director of the Legislative Commission on Pensions and Retirement. Copies
41.9 of professional management survey reports must be transmitted to the secretary of the senate,
41.10 the chief clerk of the house of representatives, and the Legislative Reference Library as
41.11 provided by section 3.195, and to the executive director of the commission at the same time
41.12 as reports are furnished to the board. Only management firms experienced in conducting
41.13 management surveys of federal, state, or local public retirement systems are qualified to
41.14 contract with the executive director;

41.15 (7) with the approval of the board, provide in-service training for the employees of the
41.16 association;

41.17 (8) make refunds of accumulated contributions to former members and to the designated
41.18 beneficiary, surviving spouse, legal representative, or next of kin of deceased members or
41.19 deceased former members, under this chapter;

41.20 (9) determine the amount of the annuities and disability benefits of members covered
41.21 by the association and authorize payment of the annuities and benefits beginning as of the
41.22 dates on which the annuities and benefits begin to accrue, under this chapter;

41.23 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses
41.24 of the association;

41.25 (11) prepare and submit to the board and the legislature an annual financial report
41.26 covering the operation of the association, as required by section 356.20;

41.27 (12) certify funds available for investment to the State Board of Investment;

41.28 (13) with the advice and approval of the board, request the State Board of Investment
41.29 to sell securities on determining that funds are needed for the purposes of the association;

41.30 (14) prepare and submit biennial and annual budgets to the board and with the approval
41.31 of the board submit those budgets to the Department of Management and Budget; and

(15) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business. The executive director may:

(i) reduce all or part of the accrued interest and fines payable by an employing unit for reporting requirements under ~~section 354.52~~ chapter 354, based on an evaluation of any extenuating circumstances of the employing unit;

(ii) assign association employees to conduct field audits of an employing unit to ensure compliance with the provisions of this chapter; and

(iii) recover overpayments, if not repaid to the association, by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until the overpayment, plus interest, has been recovered.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:

354.095 MEDICAL LEAVE.

(a) Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the association who is on an authorized medical leave of absence is entitled to receive allowable service credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed payment to the fund under section 354.72. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time.

(b) The executive director shall reject an application for disability benefits under section 354.48 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires such an application and the member would not have applied for disability benefits in the absence of such requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

(c) Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

43.1 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective July 1, 2018. Paragraph (b)
43.2 is effective retroactively from July 1, 2016.

43.3 Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

43.4 Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf
43.5 of the member may make application for retirement provided the age and service
43.6 requirements under subdivision 1 are satisfied on or before the member's retirement annuity
43.7 accrual date under subdivision 4. The application may be made no earlier than ~~120~~ 180 days
43.8 before the termination of teaching service. The application must be made on a form prescribed
43.9 by the executive director and is not complete until all necessary supporting documents are
43.10 received by the executive director.

43.11 **EFFECTIVE DATE.** This section is effective July 1, 2018.

43.12 Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

43.13 Subd. 9. **Determining applicable law.** A former teacher who returns to covered service
43.14 following a termination and who is not receiving a retirement annuity under this section
43.15 must have earned at least ~~85 days~~ one-half year of credited service following the return to
43.16 covered service to be eligible for improved benefits resulting from any law change enacted
43.17 subsequent to that termination.

43.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

43.19 Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to
43.20 read:

43.21 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse
43.22 to whom payments are to be made before the end of the specified payment period, payments
43.23 shall be made according to the terms of a beneficiary form completed by the former spouse
43.24 or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a
43.25 court of competent jurisdiction.

43.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

43.27 Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

43.28 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under
43.29 this section must be in writing on a form prescribed by the executive director.

44.1 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable
44.2 under this section.

44.3 (c) Unless otherwise specified, the annuity must be computed under section 354.44,
44.4 subdivision 2 or 6, whichever is applicable.

44.5 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may
44.6 apply for an annuity any time after the member's death. The benefit may not begin to accrue
44.7 more than six months before the date the application is filed with the executive director and
44.8 may not accrue before the member's death.

44.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

44.10 Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

44.11 Subdivision 1. **Age, service and salary requirements.** A member who is totally and
44.12 permanently disabled, who has not reached the normal retirement age as defined in section
44.13 354.05, subdivision 38, and who has at least three years of credited allowable service at the
44.14 time that the total and permanent disability begins is entitled to a disability benefit based
44.15 on this allowable service in an amount provided in subdivision 3. If the disabled member's
44.16 teaching service has terminated at any time, at least two of the required three years of
44.17 allowable service must have been rendered after last becoming a member. ~~Any member~~
44.18 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

44.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

44.20 Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

44.21 **354.512 RECOVERY OF DEFICIENCIES.**

44.22 In addition to any other remedies permitted under law, if an employing unit or other
44.23 entity required by law to make any form of payment to the Teachers Retirement Association
44.24 fails to make full payment ~~within 60 days of notification~~, the executive director is authorized
44.25 to certify the amount of deficiency to the commissioner of management and budget, who
44.26 shall deduct the amount from any state aid or appropriation applicable to the employing
44.27 unit or entity, and transmit the withheld aid or appropriation to the executive director for
44.28 deposit in the fund.

44.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

45.1 Sec. 12. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

45.2 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
45.3 due to the association and furnish a statement indicating the amount due and transmitted
45.4 with any other information required by the executive director. If an amount due is not
45.5 received by the association within 14 calendar days of the payroll warrant, the amount
45.6 accrues interest at an annual rate of 8.5 percent compounded annually from the due date
45.7 until the amount is received by the association. All amounts due and other employer
45.8 obligations not remitted ~~within 60 days of notification by the association must~~ may be
45.9 certified to the commissioner of management and budget who shall deduct the amount from
45.10 any state aid or appropriation amount applicable to the employing unit.

45.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

45.12 Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

45.13 Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following~~
45.14 annual base salary data, as defined in section 354.05, subdivision 41, to the association on
45.15 or before June 30 of each fiscal year: ~~(1) annual base salary, as defined in section 354.05,~~
45.16 ~~subdivision 41; and.~~

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

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

45.19 Sec. 14. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

45.20 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
45.21 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
45.22 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
45.23 retirement.

45.24 (b) The amount of the deferred retirement annuity is determined by section 354.44,
45.25 subdivision 6, and augmented as provided in this subdivision. The required reserves for the
45.26 annuity which had accrued when the member ceased to render teaching service must be
45.27 augmented, as further specified in this subdivision, by the applicable interest rate compounded
45.28 annually from the first day of the month following the month during which the member
45.29 ceased to render teaching service to the effective date of retirement.

45.30 (c) No augmentation is not creditable if the deferral period is less than three months or
45.31 if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, with a deferral period commencing after June 30, 1971, the annuity must be augmented as follows:

(1) five percent interest compounded annually until January 1, 1981;

(2) three percent interest compounded annually from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55;

(3) five percent interest compounded annually from the date established in clause (2) to the effective date of retirement or until June 30, 2012, whichever is earlier; and

(4) two percent interest compounded annually after June 30, 2012.

(e) For persons who become covered employees after June 30, 2006, the interest rate used to augment the deferred annuity is 2.5 percent interest compounded annually until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two percent interest compounded annually after June 30, 2012.

~~(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

~~(g)~~ (f) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.

~~(h)~~ (g) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.

~~(i)~~ (h) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.

~~(j)~~ (i) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

~~(k)~~ (j) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

~~(H)~~ (k) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

~~(m)~~ (l) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

~~(n)~~ (m) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained under section 356.214.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 15. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A teacher in a Minnesota public elementary school, a Minnesota secondary school, or the Minnesota State Colleges and Universities system who has three years or more of allowable service in the association or three years or more of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges and Universities system, by agreement with the board of the employing district or with the authorized representative of the board, may be assigned to teaching service in a part-time teaching position under subdivision 3. The agreement must be executed before October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position under this section. A copy of the executed agreement must be filed with the executive director of the association. If the copy of the executed agreement is filed with the association after October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position, the employing unit shall pay the fine specified in section 354.52, subdivision 6, for each calendar day that elapsed since the October 1 due date, unless the association waives the

fine. The association may not accept an executed agreement that is received by the association more than 15 months late. ~~The association may not waive the fine required by this section.~~

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the association by March 1.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 16. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to any strike period under section 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without~~ ~~pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains credit for allowable service by making payment as specified in this section to the Teachers Retirement Association fund. Each year of an extended leave of absence under section 354.094 is considered to be a separate leave for purposes of this section.

Sec. 17. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or the Duluth Teachers Retirement Fund Association~~ becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision 1 that is not distributed for any reason to a municipality must be

distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 4

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the contributions specified in this section must be transmitted to the ~~applicable first class city~~ St. Paul Teachers Retirement Fund Association during the period which begins with the date the individual returns to teaching service and which has a duration of three times the length of the uniformed service period, but not to exceed five years.

(b) Notwithstanding paragraph (a), if the payment period determined under paragraph (a) is less than one year, the contributions required under this section to receive service credit may be made within one year from the discharge date.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. ~~Interest must be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received at the annual compound rate of 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section

354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus ~~annual~~ interest compounded annually from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made at the rate of 8.5 percent ~~until~~ for any period, or portion thereof, through June 30, 2015, and eight percent thereafter ~~per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made~~. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 354A.38, is amended to read:

354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.

Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section 354A.37, all allowable service which was credited to the member or former member shall be terminated.

Subd. 2. **Repayment of refund.** A coordinated member with at least two years of allowable service credited subsequent to the member's last application for and ~~acceptance~~ payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member ~~has previously applied for and accepted~~ taken more than one refund, ~~and the previous refund or all refunds have not been~~ must be repaid, ~~then the member shall be entitled only to repay all outstanding refunds and shall not be entitled to repay only the most recent refund pro rata.~~

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to the refunds the member has ~~accepted~~ been issued plus interest ~~at the rate of 8.5 percent~~

51.1 ~~until June 30, 2015, and eight percent thereafter~~ compounded annually from the date that
51.2 the refund was ~~accepted~~ issued to the date that the refund is repaid at a rate of 8.5 percent
51.3 for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

51.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.5 **ARTICLE 5**

51.6 **RETIREMENT SYSTEMS, GENERALLY**
51.7 **ADMINISTRATIVE PROVISIONS**

51.8 Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

51.9 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following
51.10 retirement plans:

51.11 (1) the general state employees retirement plan of the Minnesota State Retirement System,
51.12 established under chapter 352;

51.13 (2) the correctional state employees retirement plan of the Minnesota State Retirement
51.14 System, established under chapter 352;

51.15 (3) the State Patrol retirement plan, established under chapter 352B;

51.16 (4) the general employees retirement plan of the Public Employees Retirement
51.17 Association, established under chapter 353;

51.18 (5) the public employees police and fire plan of the Public Employees Retirement
51.19 Association, established under chapter 353;

51.20 (6) the local government correctional service retirement plan of the Public Employees
51.21 Retirement Association, established under chapter 353E;

51.22 (7) the Teachers Retirement Association, established under chapter 354; and

51.23 ~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
51.24 354A.

51.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.26 Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:

51.27 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period
51.28 ends relating to the reemployment that gave rise to the limitation, and the filing of a written
51.29 application, the retired member is entitled to the payment, in a lump sum, of the value of
51.30 the person's amount under subdivision 2, plus annual compound interest. For the general

state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) If the amount under subdivision 2 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice and an election:

(1) to the member regarding the member's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.; or

(2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct payment.

EFFECTIVE DATE. This section is effective July 1, 2017.

53.1 Sec. 3. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

53.2 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable
53.3 service credit, the eligible person under subdivision 1 shall pay the required member
53.4 contribution amount. The required member contribution amount is the member contribution
53.5 rate or rates in effect for the pension plan during the period of service covered by the back
53.6 pay award, applied to the unpaid gross salary amounts of the back pay award including
53.7 unemployment insurance, workers' compensation, or wages from other sources which
53.8 reduced the back award. No contributions may be made under this clause for compensation
53.9 covered by a public pension plan listed in section 356.30, subdivision 3, for employment
53.10 during the removal period. The person shall pay the required member contribution amount
53.11 within 60 days of the date of receipt of the back pay award or within 60 days of a billing
53.12 from the retirement fund, whichever is later.

53.13 (b) The public employer who wrongfully discharged the public employee must pay an
53.14 employer contribution on the back pay award. The employer contribution must be based
53.15 on the employer contribution rate or rates in effect for the pension plan during the period
53.16 of service covered by the back pay award, applied to the salary amount on which the member
53.17 contribution amount was determined under paragraph (a). The employer must pay the interest
53.18 on both the required member and employer contribution amount must be paid by the employer
53.19 amounts from the date the contribution amount would have been paid to the date of actual
53.20 payment at the annual compound rate of 8.5 percent for any period for the Teachers
53.21 Retirement Association and 8.5 percent until for any period, or portion thereof, through
53.22 June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section
53.23 356.30, subdivision 3, per year, expressed monthly, between the date the contribution amount
53.24 would have been paid to the date of actual payment. The employer payment must be made
53.25 within 30 days of the payment under paragraph (a).

53.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

53.27 Sec. 4. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

53.28 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph
53.29 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial
53.30 present value, on the date of payment, as calculated by the chief administrative officer of
53.31 the pension plan and reviewed by the actuary retained under section 356.214, of the amount
53.32 of the additional retirement annuity obtained by the acquisition of the additional service
53.33 credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision ~~4d~~ 8.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest ~~at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually from the end of the year in which contributions would otherwise have been made to the date on which the payment is received at the rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest ~~at the rate of 8.5 percent a year~~ compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made at the rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision

within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 9a. Definitions. (a) The following definitions apply for purposes of this subdivision and subdivisions 10 to 12.

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Compensation" means the compensation actually paid or made available to a member for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the plan, and the denominator of which is ten;

(2) if the annual benefit begins before the member has attained age 62, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in

accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 62; and

(3) if the annual benefit begins after the member has attained age 65, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 65.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the limits of section 415(b) of the Internal Revenue Code, a retirement limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code must shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's member's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

(c) If a member participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately to satisfy the limitation in paragraph (a).

57.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

57.2 Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
57.3 read:

57.4 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions
57.5 by or on behalf of a member to a defined contribution plan for any limitation year shall not
57.6 exceed the lesser of (1) 100 percent of the member's compensation for the limitation year
57.7 or (2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the
57.8 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
57.9 section 415(d)(1)(C) of the Internal Revenue Code.

57.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

57.11 Sec. 8. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
57.12 read:

57.13 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of
57.14 the Internal Revenue Code and related regulations and agency guidance not addressed by
57.15 subdivisions 10 and 11 shall be considered incorporated by reference, including provisions
57.16 applicable to qualified police and firefighters and to survivor and disability benefits.
57.17 Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements
57.18 of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

57.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

57.20 Sec. 9. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
57.21 read:

57.22 Subd. 13. **Correction of errors.** The executive director of each plan may correct an
57.23 operational, demographic, employer eligibility, or plan document error as the executive
57.24 director deems necessary or appropriate to preserve and protect the plan's tax qualification
57.25 under section 401(a) of the Internal Revenue Code, including as provided in the Internal
57.26 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor
57.27 thereto. To the extent deemed necessary by the executive director to implement correction,
57.28 the executive director may:

57.29 (1) make distributions;

57.30 (2) transfer assets; or

(3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b) to (e)~~ this subdivision have the meanings given them.

(b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan administered under sections 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or the representative of a state agency or other governmental unit that employs active participants in a covered pension plan.

(f) "Petitioner" means a person who has filed a petition for review of an executive director's determination under this section.

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

Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

Subd. 2. **Right to review appeal to executive director; determination.** ~~A determination made by the chief administrative officer~~ A person may appeal a decision by the staff of a covered pension plan regarding a the person's eligibility, benefits, or other rights under the plan with which the person does not agree to the executive director of the plan. The appeal must be in writing and be delivered to the executive director. The executive director may

59.1 overturn, modify, or affirm the staff's decision. The executive director's determination is
59.2 subject to review under this section.

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

59.4 Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

59.5 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies~~
59.6 ~~an application or a written request, modifies a benefit, or terminates a benefit of a person~~
59.7 ~~claiming a right or potential rights under a covered pension plan, the chief administrative~~
59.8 ~~officer shall notify that person through a written notice containing:~~ The executive director
59.9 shall issue a written notice of determination to the person who files an appeal under
59.10 subdivision 2. The notice of determination must be delivered by certified mail to the address
59.11 to which the most recent benefit payment was sent or, if that address is that of a financial
59.12 institution, to the last known address of the person. The notice of determination shall include
59.13 the following:

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

59.15 (2) a ~~notice~~ statement that the person may petition the governing board of the covered
59.16 pension plan for a review of the determination and that a person's petition for review must
59.17 be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days
59.18 ~~of the receipt~~ after the date of the written notice of the determination;

59.19 (3) a statement indicating that a failure to petition for review within 60 days precludes
59.20 the person from ~~contesting in any other~~ further administrative or judicial review or court
59.21 ~~procedure the issues determined by the chief administrative officer of the executive director's~~
59.22 determination;

59.23 (4) a statement indicating that all relevant materials, documents, affidavits, and other
59.24 records that the person wishes to be reviewed in support of the petition and a list of any
59.25 witnesses who will testify before the governing board, along with a summary of their
59.26 testimony, must be filed with and received in the administrative office of the covered pension
59.27 plan at least 15 days before the date of the hearing under subdivision 10 or as directed by
59.28 the administrative law judge who conducts a fact-finding conference under subdivision 7,
59.29 paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and

59.30 (5) a summary of this section, including all filing requirements and deadlines; and

59.31 (6) the statement required under subdivision 4, paragraph (a), if applicable.

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

Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to~~ the executive director's determination will terminate a benefit that is being paid to a person, ~~before terminating the benefit, the chief administrative officer must, in addition to the other procedures prescribed in this section, provide the individual with written notice of the pending benefit termination by certified mail. The notice must explain the reason for the pending benefit termination. The person must be given an~~ the notice of determination must also state that the person has the opportunity to explain, in writing, in person, by telephone, or by e-mail, the reasons that the benefit should not be terminated.

(b) ~~If the chief administrative officer is unable to contact the person and~~ notice of determination is returned as undeliverable, and the person cannot be reached by any other reasonable means of communication, and the executive director determines that a failure to terminate the benefit will result in unauthorized payment by a covered pension plan, the ~~chief administrative officer~~ executive director may terminate the benefit immediately ~~upon mailing a written notice containing the information required by subdivision 3 to the address to which the most recent benefit payment was sent and, if that address is that of a financial institution, to the last known address of the person.~~

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

Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required in subdivision 3, a person who claims a right under subdivision 2 may petition the governing board of the covered pension plan for a review of that decision by the governing board of the covered pension plan the executive director's determination.

(b) ~~A petition under this section must be sent to the chief administrative officer by mail and must be postmarked~~ The petitioner must file the petition for review with the administrative office of the covered pension plan no later than 60 days after the person received date of the notice of determination required by subdivision 3. Filing of the petition is effective upon mailing or personal delivery. The petition must include the ~~person's petitioner's~~ statement of the reason or reasons that the ~~person believes the decision of the chief administrative officer~~ determination of the executive director should be reversed or modified. ~~The petition may include all documentation and written materials that the petitioner deems to be relevant. In developing a record for review by the board when a decision is appealed, the chief administrative officer may direct that the applicant participate in a fact-finding session conducted by an administrative law judge assigned by the Office of~~

61.1 ~~Administrative Hearings and, as applicable, participate in a vocational assessment conducted~~
 61.2 ~~by a qualified rehabilitation counselor on contract with the applicable retirement system.~~

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

61.4 Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

61.5 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not
 61.6 filed with the ~~chief administrative officer~~, office of the covered pension plan's plan, the
 61.7 executive director's determination is final and is not subject to further administrative or
 61.8 judicial review.

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

61.10 Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

61.11 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After
 61.12 receiving a petition, the ~~chief administrative officer~~ executive director must schedule a
 61.13 timely hearing to review of the petition before the governing board of the covered pension
 61.14 plan or the executive director may defer the scheduling of a hearing until after a fact-finding
 61.15 conference under paragraph (b). ~~The review must be scheduled to take into consideration~~
 61.16 ~~any necessary accommodations to allow the petitioner to participate in the governing board's~~
 61.17 ~~review.~~

61.18 (b) The executive director may direct the petitioner to participate in a fact-finding
 61.19 conference conducted by an administrative law judge assigned by the Office of
 61.20 Administrative Hearings. The fact-finding conference is an informal proceeding not subject
 61.21 to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300 shall govern
 61.22 the admissibility of evidence and part 1400.8603 shall govern how the fact-finding conference
 61.23 is conducted. The administrative law judge must issue a report and a recommendation to
 61.24 the governing board.

61.25 (c) If the petitioner's claim relates to disability benefits, the executive director may direct
 61.26 the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation
 61.27 counselor under contract with the covered pension plan. The counselor must issue a report
 61.28 regarding the assessment to the governing board.

61.29 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing date
 61.30 before the governing board, the ~~chief administrative officer~~ executive director must provide
 61.31 by mail to notify the petitioner ~~an acknowledgment of the receipt of the person's petition~~
 61.32 ~~and a follow-up notice~~ of the time and place of the meeting at which the governing board

is scheduled to ~~consider the petition and~~ conduct the hearing. If there has been no fact-finding conference under paragraph (b), not less than 15 days before the date scheduled for the hearing, the petitioner and the executive director ~~must provide a copy to the governing board and the other party copies of all relevant documents, documentary evidence, summaries, and recommendations assembled by or on behalf of the plan administration to be considered by the governing board~~ that will be presented and a list of witnesses who will testify, along with a summary of their testimony.

~~(c) All documents and materials that the petitioner wishes to be part of the record for review must be filed with the chief administrative officer and must be received in the offices of the covered pension plan at least 15 days before the date of the meeting at which the petition is scheduled to be heard.~~

~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date scheduled for the hearing if the request is received by the chief administrative officer within before the governing board within a reasonable time, but no later than ten calendar days of before the scheduled hearing date of the applicable board meeting. The chief administrative officer must reschedule the review within a reasonable time. Only one continuance may be granted to any petitioner. A petitioner shall be granted only one postponement unless the applicable covered pension plan agrees to additional postponements.

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

Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

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

(b) ~~The chief administrative officer~~ executive director must provide a copy of the record to each member of the governing board at least ~~seven~~ five days before the scheduled hearing date.

(c) ~~Any additional document, affidavit, or other relevant information that the petitioner requests be part of the record may be admitted with the consent of the governing board. If a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record is limited to those materials provided to the petitioner in accordance with subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner~~

in accordance with subdivision 7, paragraph (e), any vocational assessment report under subdivision 7, paragraph (c), and any testimony at the hearing before the governing board. Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph (b).

(d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph (b), is conducted, the record before the governing board must be limited to the following:

(1) the record from the Office of Administrative Hearings;

(2) seven-page submissions by the petitioner and a representative of the covered pension plan commenting on the administrative law judge's recommendation; and

(3) any vocational assessment report under subdivision 7, paragraph (c).

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

Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

Subd. 9. **Amended determination.** At any time before the hearing before the governing board, for good cause shown and made part of the records of the plan, the ~~chief administrative officer~~ executive director may reverse, alter, amend, or modify the prior decision which is subject to review under this section by issuing an amended ~~decision~~ determination to the petitioner. Upon doing so, the ~~chief administrative officer~~ executive director may cancel the governing board's scheduled review of the person's petition and ~~shall so~~ notify the petitioner.

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

Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a petition for review as part of a regularly scheduled board meeting, or as part of a special meeting if so scheduled. All governing board members who participate in the decision-making process must be familiar with the record. The governing board shall make its decision on a petition solely on the record as submitted and on the proceedings of the hearing.

(b) At the hearing, the petitioner, the petitioner's attorney, and the chief administrative officer representative, if any, the executive director and a representative of the covered pension plan who does not also serve as the governing board's legal advisor during the

board's decision-making process, may state and discuss with the governing board their positions with respect to the petition. If no fact-finding conference under subdivision 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted, additional evidence may be received in the form of testimony from previously disclosed witnesses. The governing board may allow further documentation to be placed in the record at the board meeting only with the agreement of both the ~~chief administrative officer~~ executive director and the petitioner. The ~~chief administrative officer~~ executive director may not otherwise participate in the board's decision-making process.

~~(b) When a petition presents a contested issue of law, an assistant attorney general may participate and may argue on behalf of the legal position taken by the chief administrative officer if that assistant attorney general does not also serve as the governing board's legal advisor during the board's decision-making process.~~

~~(c) A motion by a board member, supported by a summary of the relevant facts, conclusions and reasons, as properly amended and approved by a majority of the governing board, constitutes the board's final decision. A verbatim statement of the board's final decision must be served upon the petitioner. If the decision is contrary to the petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set forth in subdivision 13.~~

~~(d)~~ (c) If a petitioner who received timely notice of a scheduled hearing fails to appear, the governing board may nevertheless hear the petition and issue a decision.

(d) The governing board's decision shall be made upon a motion by a board member and approval by a majority of the governing board. The governing board must issue its decision as a written order containing findings of fact, conclusions of law, and the board's decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set forth in subdivision 13.

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

Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

Subd. 11. **Disability medical issues.** (a) ~~If a person petitions the governing board the petitioner seeks to reverse or modify a determination which found by the executive director that there exists no~~ was insufficient medical data supporting to support an application for disability benefits, the governing board may reverse that determination only if there is ~~in~~ fact medical evidence supporting the application. The governing board has the discretion

to resubmit a disability benefit application at any time to a medical advisor for reconsideration, and the resubmission may include an instruction that further medical examinations be obtained.

~~(b) The governing board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical evidence contrary to the opinion of the medical advisor in the record and the medical advisor attests that the decision was made in accordance with the applicable disability standard, the board must follow the decision of the medical advisor regarding the cause of the disability.~~

~~(c) The obligation of the governing board to follow the decision of the medical advisor under paragraph (b) does not apply to instances when the governing board makes a determination different from the recommendation of the medical advisor on issues that do not involve medical issues.~~

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

Sec. 21. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

Subd. 12. **Referral for administrative hearing.** ~~(a) Notwithstanding any provision of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of the chief administrative officer of a covered pension plan~~ A fact-finding conference under subdivision 7, paragraph (b), must be conducted exclusively under the procedures set forth in this section and is not as a contested case under chapter 14.

~~(b) Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole discretion, may refer a petition brought under this section to the Office of Administrative Hearings for a contested case hearing under sections 14.57 to 14.69.

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

Sec. 22. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later than 60 days of after the date of the mailing of the notice of the governing board's decision, the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day period precludes the person from later raising, in any subsequent administrative hearing or court proceeding,

those substantive and procedural issues that reasonably should have been raised upon a timely appeal.

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

Sec. 23. **REPEALER.**

(a) Minnesota Statutes 2016, section 356.611, subdivisions 3, 3a, 4, and 5, are repealed.

(b) Minnesota Statutes 2016, section 356.96, subdivisions 14 and 15, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective the day following final enactment.

ARTICLE 6

ACTUARIAL ASSUMPTION CHANGES

Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

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

~~(1) select and ultimate interest rate assumption~~

	ultimate interest rate
	assumption
plan	
teachers retirement plan	8.5%

~~The select preretirement interest rate assumption for the period through June 30, 2017, is eight percent.~~

~~(2) single rate interest rate assumption~~

	interest rate
	assumption
plan	
general state employees retirement plan	8%
correctional state employees retirement plan	8
State Patrol retirement plan	8
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8
general public employees retirement plan	8
public employees police and fire retirement plan	8
local government correctional service retirement plan	8

67.1	<u>teachers retirement plan</u>	<u>8</u>
67.2	St. Paul teachers retirement plan	8
67.3	Bloomington Fire Department Relief Association	6
67.4	local monthly benefit volunteer firefighter relief	5
67.5	associations	
67.6	monthly benefit retirement plans in the statewide	6
67.7	volunteer firefighter retirement plan	
67.8	(b)(1) If funding stability has been attained, the valuation must use a postretirement	
67.9	adjustment rate actuarial assumption equal to the postretirement adjustment rate specified	
67.10	in section 354A.27, subdivision 7 ; 354A.29, subdivision 9 ¹ / ₂ or 356.415, subdivision 1,	
67.11	whichever applies.	
67.12	(2) If funding stability has not been attained, the valuation must use a select postretirement	
67.13	adjustment rate actuarial assumption equal to the postretirement adjustment rate specified	
67.14	in section 354A.27, subdivision 6a ; 354A.29, subdivision 8 ¹ / ₂ or 356.415, subdivision 1a,	
67.15	1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary	
67.16	estimates that the plan will attain the defined funding stability measure, and thereafter an	
67.17	ultimate postretirement adjustment rate actuarial assumption equal to the postretirement	
67.18	adjustment rate under section 354A.27, subdivision 7 ; 354A.29, subdivision 9 ¹ / ₂ or 356.415,	
67.19	subdivision 1, for the applicable period or periods beginning when funding stability is	
67.20	projected to be attained.	
67.21	(c) The actuarial valuation must use the applicable following single rate future salary	
67.22	increase assumption, the applicable following modified single rate future salary increase	
67.23	assumption, or the applicable following graded rate future salary increase assumption:	
67.24	(1) single rate future salary increase assumption	
67.25	plan	future salary increase assumption
67.26	legislators retirement plan	5%
67.27	judges retirement plan	2.75
67.28	Bloomington Fire Department Relief Association	4
67.29	(2) age-related future salary increase age-related select and ultimate future salary increase	
67.30	assumption or graded rate future salary increase assumption	
67.31	plan	future salary increase assumption
67.32	local government correctional service retirement plan	assumption B
67.33	St. Paul teachers retirement plan	assumption A
67.34	For plans other than the St. Paul Teachers	
67.35	Retirement plan and the local government	

68.1 ~~correctional service retirement plan, the select~~
68.2 ~~calculation is: Fund Association, during the a~~
68.3 ~~designated select period of 15 years, in~~
68.4 ~~addition to the age-based rates shown below,~~
68.5 ~~a designated percentage rate of 0.2 percent is~~
68.6 ~~multiplied by the result of the designated~~
68.7 ~~integer 15 minus T, where T is the number of~~
68.8 ~~completed years of service, and is added to~~
68.9 ~~the applicable future salary increase~~
68.10 ~~assumption. The designated select period is~~
68.11 ~~ten years and the designated integer is ten for~~
68.12 ~~the local government correctional service~~
68.13 ~~retirement plan and 15 for the St. Paul~~
68.14 ~~Teachers Retirement Fund Association. The~~
68.15 ~~designated percentage rate is 0.2 percent for~~
68.16 ~~the St. Paul Teachers Retirement Fund~~
68.17 ~~Association.~~

68.18 The ultimate future salary increase assumption is:

68.19	age	A	B
68.20	16	5.9%	8.75%
68.21	17	5.9	8.75
68.22	18	5.9	8.75
68.23	19	5.9	8.75
68.24	20	5.9	8.75
68.25	21	5.9	8.5
68.26	22	5.9	8.25
68.27	23	5.85	8
68.28	24	5.8	7.75
68.29	25	5.75	7.5
68.30	26	5.7	7.25
68.31	27	5.65	7
68.32	28	5.6	6.75
68.33	29	5.55	6.5
68.34	30	5.5	6.5
68.35	31	5.45	6.25
68.36	32	5.4	6.25

69.1	33	5.35	6.25
69.2	34	5.3	6
69.3	35	5.25	6
69.4	36	5.2	5.75
69.5	37	5.15	5.75
69.6	38	5.1	5.75
69.7	39	5.05	5.5
69.8	40	5	5.5
69.9	41	4.95	5.5
69.10	42	4.9	5.25
69.11	43	4.85	5
69.12	44	4.8	5
69.13	45	4.75	4.75
69.14	46	4.7	4.75
69.15	47	4.65	4.75
69.16	48	4.6	4.75
69.17	49	4.55	4.75
69.18	50	4.5	4.75
69.19	51	4.45	4.75
69.20	52	4.4	4.75
69.21	53	4.35	4.75
69.22	54	4.3	4.75
69.23	55	4.25	4.5
69.24	56	4.2	4.5
69.25	57	4.15	4.25
69.26	58	4.1	4
69.27	59	4.05	4
69.28	60	4	4
69.29	61	4	4
69.30	62	4	4
69.31	63	4	4
69.32	64	4	4
69.33	65	4	3.75
69.34	66	4	3.75
69.35	67	4	3.75
69.36	68	4	3.75
69.37	69	4	3.75
69.38	70	4	3.75

70.1	(3) service-related ultimate future salary increase assumption						
70.2	general state employees retirement plan of the Minnesota						assumption A
70.3	State Retirement System						
70.4	general employees retirement plan of the Public						assumption B
70.5	Employees Retirement Association						
70.6	Teachers Retirement Association						assumption C
70.7	public employees police and fire retirement plan						assumption D
70.8	State Patrol retirement plan						assumption E
70.9	correctional state employees retirement plan of the						assumption F
70.10	Minnesota State Retirement System						
70.11	service						
70.12	length	A	B	C	D	E	F
70.13	1	10.25 <u>14%</u>	11.78	12.9.5%	12.75%	7.75%	5.75%
70.14			<u>11.5%</u>				
70.15	2	7.85 <u>11.5</u>	8.65 <u>8.5</u>	9.9.5	10.75	7.25	5.6
70.16	3	6.65 <u>6.25</u>	7.21 <u>7</u>	8.7.75	8.75	6.75	5.45
70.17	4	5.95 <u>5.5</u>	6.33 <u>6</u>	7.5 <u>7.25</u>	7.75	6.5	5.3
70.18	5	5.45 <u>5.25</u>	5.72 <u>5.5</u>	7.25 <u>7</u>	6.25	6.25	5.15
70.19	6	5.05 <u>5.15</u>	5.27 <u>5.2</u>	7	5.85	6	5
70.20	7	4.75 <u>5</u>	4.91 <u>4.9</u>	6.85	5.55	5.75	4.85
70.21	8	4.45 <u>4.75</u>	4.62 <u>4.8</u>	6.7	5.35	5.6	4.7
70.22	9	4.25 <u>4.5</u>	4.38 <u>4.7</u>	6.55	5.15	5.45	4.55
70.23	10	4.15 <u>4.25</u>	4.17 <u>4.5</u>	6.4	5.05	5.3	4.4
70.24	11	3.95 <u>4.2</u>	3.99 <u>4.25</u>	6.25	4.95	5.15	4.3
70.25	12	3.85 <u>4.15</u>	3.83 <u>4.1</u>	6	4.85	5	4.2
70.26	13	3.75 <u>4.1</u>	3.69 <u>4</u>	5.75	4.75	4.85	4.1
70.27	14	3.55 <u>4.05</u>	3.57 <u>3.9</u>	5.5	4.65	4.7	4
70.28	15	3.45 <u>4</u>	3.45 <u>3.9</u>	5.25	4.55	4.55	3.9
70.29	16	3.35 <u>3.95</u>	3.35 <u>3.85</u>	5	4.55	4.4	3.8
70.30	17	3.25 <u>3.9</u>	3.26 <u>3.8</u>	4.75	4.55	4.25	3.7
70.31	18	3.25 <u>3.85</u>	3.25 <u>3.75</u>	4.5	4.55	4.1	3.6
70.32	19	3.25 <u>3.8</u>	3.25 <u>3.75</u>	4.25 <u>4.3</u>	4.55	3.95	3.5
70.33	20	3.25 <u>3.75</u>	3.25 <u>3.75</u>	4 <u>4.2</u>	4.55	3.8	3.5
70.34	21	3.25 <u>3.7</u>	3.25 <u>3.75</u>	3.9 <u>4.1</u>	4.45	3.75	3.5
70.35	22	3.25 <u>3.65</u>	3.25 <u>3.7</u>	3.8 <u>4</u>	4.35	3.75	3.5
70.36	23	3.25 <u>3.6</u>	3.25 <u>3.6</u>	3.7 <u>3.9</u>	4.25	3.75	3.5
70.37	24	3.25 <u>3.55</u>	3.25 <u>3.6</u>	3.6 <u>3.8</u>	4.25	3.75	3.5
70.38	25	3.25 <u>3.5</u>	3.25 <u>3.6</u>	3.5 <u>3.7</u>	4.25	3.75	3.5
70.39	26	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5 <u>3.6</u>	4.25	3.75	3.5

71.1	27	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
71.2	28	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
71.3	29	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
71.4	30 or more	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5

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

71.8	plan	payroll growth assumption
71.9	general state employees retirement plan of the Minnesota	3.5%
71.10	State Retirement System	
71.11	correctional state employees retirement plan	3.5
71.12	State Patrol retirement plan	3.5
71.13	judges retirement plan	2.75
71.14	general employees retirement plan of the Public	3.5
71.15	Employees Retirement Association	
71.16	public employees police and fire retirement plan	3.5
71.17	local government correctional service retirement plan	3.5
71.18	teachers retirement plan	3.75 <u>3.5</u>
71.19	St. Paul teachers retirement plan	4

71.20 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
71.21 different salary assumption or a different payroll increase assumption:

- 71.22 (1) has been proposed by the governing board of the applicable retirement plan;
- 71.23 (2) is accompanied by the concurring recommendation of the actuary retained under
71.24 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most
71.25 recent actuarial valuation report if section 356.214 does not apply; and
- 71.26 (3) has been approved or deemed approved under subdivision 18.

71.27 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to actuarial
71.28 valuations prepared on or after that date.

71.29 **ARTICLE 7**

71.30 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS**

71.31 Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

71.32 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered
71.33 pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and

72.1 shall invest its assets as specified in this subdivision. The governing board of an expanded
72.2 list plan may select and appoint investment agencies to act for or on its behalf.

72.3 (b) **Securities generally; investment forms.** An expanded list plan is authorized to
72.4 purchase, sell, lend, and exchange the investment securities authorized under this subdivision,
72.5 including puts and call options and future contracts traded on a contract market regulated
72.6 by a governmental agency or by a financial institution regulated by a governmental agency.
72.7 These securities may be owned directly or through shares in exchange-traded or mutual
72.8 funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

72.9 (c) **Government obligations.** An expanded list plan is authorized to invest funds in
72.10 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the
72.11 issue is backed by the full faith and credit of the issuer or the issue is rated among the top
72.12 four quality rating categories by a nationally recognized rating agency. The obligations in
72.13 which funds may be invested under this paragraph are guaranteed or insured issues of:

72.14 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
72.15 created and regulated by an act of Congress;

72.16 (2) the Dominion of Canada or one of its provinces if the principal and interest are
72.17 payable in United States dollars;

72.18 (3) a state or one of its municipalities, political subdivisions, agencies, or
72.19 instrumentalities; and

72.20 (4) a United States government-sponsored organization of which the United States is a
72.21 member if the principal and interest are payable in United States dollars.

72.22 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized to
72.23 invest funds in bonds, notes, debentures, transportation equipment obligations, or any other
72.24 longer term evidences of indebtedness issued or guaranteed by a corporation organized
72.25 under the laws of the United States or any of its states, or the Dominion of Canada or any
72.26 of its provinces if:

72.27 (1) the principal and interest are payable in United States dollars; and

72.28 (2) the obligations are rated among the top four quality categories by a nationally
72.29 recognized rating agency.

72.30 (e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized
72.31 to invest in unrated corporate obligations or in corporate obligations that are not rated among
72.32 the top four quality categories by a nationally recognized rating agency if:

73.1 (1) the aggregate value of these obligations does not exceed five percent of the covered
73.2 pension plan's market value;

73.3 (2) the covered pension plan's participation is limited to 50 percent of a single offering
73.4 subject to this paragraph; and

73.5 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
73.6 obligations subject to this paragraph.

73.7 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

73.8 (i) bankers acceptances and deposit notes if issued by a United States bank that is rated
73.9 in the highest four quality categories by a nationally recognized rating agency;

73.10 (ii) certificates of deposit if issued by a United States bank or savings institution rated
73.11 in the highest four quality categories by a nationally recognized rating agency or whose
73.12 certificates of deposit are fully insured by federal agencies, or if issued by a credit union in
73.13 an amount within the limit of the insurance coverage provided by the National Credit Union
73.14 Administration;

73.15 (iii) commercial paper if issued by a United States corporation or its Canadian subsidiary
73.16 and if rated in the highest two quality categories by a nationally recognized rating agency;

73.17 (iv) mortgage securities and asset-backed securities if rated in the top four quality
73.18 categories by a nationally recognized rating agency;

73.19 (v) repurchase agreements and reverse repurchase agreements if collateralized with
73.20 letters of credit or securities authorized in this section;

73.21 (vi) guaranteed investment contracts if issued by an insurance company or a bank that
73.22 is rated in the top four quality categories by a nationally recognized rating agency or
73.23 alternative guaranteed investment contracts if the underlying assets comply with the
73.24 requirements of this subdivision;

73.25 (vii) savings accounts if fully insured by a federal agency; and

73.26 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic
73.27 mutual insurance company.

73.28 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of
73.29 deposit and collateralization agreements executed by the covered pension plan under clause
73.30 (1), item (ii).

73.31 (3) In addition to investments authorized by clause (1), item (iv), an expanded list plan
73.32 is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a

pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(g) Corporate stocks. An expanded list plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent with paragraph (b).

(h) Other investments. (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

75.1 (iii) resource investments through limited partnerships, trusts, private placements, limited
75.2 liability corporations, limited liability companies, limited liability partnerships, and
75.3 corporations; and

75.4 (iv) international securities.

75.5 (2) The investments authorized in clause (1) must conform to the following provisions:

75.6 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii),
75.7 may not exceed 35 percent of the market value of the fund for which the expanded list plan
75.8 is investing;

75.9 (ii) there must be at least four unrelated owners of the investment other than the expanded
75.10 list plan for investments made under clause (1), item (i), (ii), or (iii);

75.11 (iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent
75.12 thereof for investments made under clause (1), item (i), (ii), or (iii);

75.13 (iv) the expanded list plan's participation in a limited partnership does not include a
75.14 general partnership interest or other interest involving general liability. The expanded list
75.15 plan may not engage in any activity as a limited partner which creates general liability;

75.16 (v) the aggregate value of all unrated obligations and obligations that are not rated among
75.17 the top four quality categories by a nationally recognized rating agency authorized by
75.18 paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's
75.19 market value; and

75.20 (vi) for volunteer firefighter relief associations, emerging market equity and international
75.21 debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the
75.22 association's special fund market value.

75.23 (i) **Supplemental plan investments.** The governing body of an expanded list plan may
75.24 certify assets to the State Board of Investment for investment under section 11A.17.

75.25 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments
75.26 under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the
75.27 form in which these investments are held, must not exceed 85 percent of the covered plan's
75.28 market value.

75.29 **EFFECTIVE DATE.** This section is effective January 1, 2018.

76.1 Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

76.2 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department ~~or~~₂
76.3 an independent nonprofit firefighting corporation, and a fire department established as or
76.4 operated by a joint powers entity under section 471.59.

76.5 **EFFECTIVE DATE.** This section is effective January 1, 2018.

76.6 Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision
76.7 to read:

76.8 Subd. 2a. **Municipal.** "Municipal" means of a city or township.

76.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

76.10 Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

76.11 Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which
76.12 has established a fire department with which the relief association is directly associated, ~~or~~
76.13 ~~the municipalities~~ a city or township which ~~have~~ has entered into a contract with the
76.14 independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~
76.15 directly associated, or a city or township that has entered into a contract with a joint powers
76.16 entity established under section 471.59 of which the relief association is directly associated.

76.17 **EFFECTIVE DATE.** This section is effective January 1, 2018.

76.18 Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

76.19 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member
76.20 of the applicable fire department or the independent nonprofit firefighting corporation and
76.21 is eligible for membership in the applicable relief association and:

76.22 (i) is engaged in providing emergency response services or delivering fire education or
76.23 prevention services as a member of a ~~municipal fire department, a joint powers entity fire~~
76.24 ~~department, or an independent nonprofit firefighting corporation;~~

76.25 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
76.26 prevention duties under subdivision 8; and

76.27 (iii) meets any other minimum firefighter and service standards established by the fire
76.28 department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles
76.29 of incorporation or bylaws of the relief association.

76.30 **EFFECTIVE DATE.** This section is effective January 1, 2018.

77.1 Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

77.2 Subdivision 1. **Authorization.** A ~~municipal fire department or an independent nonprofit~~
77.3 ~~firefighting corporation~~, with approval by the applicable municipality or municipalities,
77.4 may establish a new volunteer firefighter relief association or may retain an existing volunteer
77.5 firefighter relief association. A ~~municipal fire department or an independent nonprofit~~
77.6 ~~firefighting corporation~~ may be associated with only one volunteer firefighter relief
77.7 association at one time.

77.8 **EFFECTIVE DATE.** This section is effective January 1, 2018.

77.9 Sec. 7. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

77.10 (a) When a municipal fire department, a joint powers fire department, or an independent
77.11 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief
77.12 association, the fire chief shall certify annually by March 31 the service credit for the
77.13 previous calendar year of each volunteer firefighter rendering active service with the fire
77.14 department.

77.15 (b) The certification shall be made to an officer of the relief association's board of trustees
77.16 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
77.17 by the associated fire department.

77.18 (c) The fire chief shall notify each volunteer firefighter rendering active service with
77.19 the fire department of the amount of service credit rendered by the firefighter for the previous
77.20 calendar year. The service credit notification and a description of the process and deadlines
77.21 for the firefighter to challenge the fire chief's determination of service credit must be provided
77.22 to the firefighter 60 days prior to its certification to the relief association and municipality.
77.23 If the service credit amount is challenged, the fire chief shall accept and consider any
77.24 additional pertinent information and shall make a final determination of service credit.

77.25 (d) The service credit certification must be expressed as the number of completed months
77.26 of the previous year during which an active volunteer firefighter rendered at least the
77.27 minimum level of duties as specified and required by the fire department under the rules,
77.28 regulations, and policies applicable to the fire department. No more than one year of service
77.29 credit may be certified for a calendar year.

77.30 (e) If a volunteer firefighter who is a member of the relief association leaves active
77.31 firefighting service to render active military service that is required to be governed by the
77.32 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
77.33 firefighter must be certified as providing service credit for the period of the military service,

78.1 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
78.2 Rights Act. If the volunteer firefighter does not return from the military service in compliance
78.3 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
78.4 credits applicable to that military service credit period are forfeited and canceled at the end
78.5 of the calendar year in which the time limit set by federal law occurs.

78.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

78.7 Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

78.8 Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a
78.9 municipality, a joint powers entity, or an independent nonprofit firefighting corporation
78.10 may include as a relief association member a minor serving as a volunteer firefighter.

78.11 **EFFECTIVE DATE.** This section is effective January 1, 2018.

78.12 Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to
78.13 read:

78.14 Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may be
78.15 credited with service credit in a volunteer firefighters relief association for the same hours
78.16 of service for which coverage is already provided in a fund operated pursuant to chapter
78.17 353.

78.18 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to service
78.19 rendered on or after that date.

78.20 Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

78.21 Subd. 5. **Fire prevention personnel.** (a) ~~If the fire department is a municipal department~~
78.22 ~~and the applicable municipality approves, or if the fire department is an independent nonprofit~~
78.23 ~~firefighting corporation and the contracting municipality or municipalities approve, the fire~~
78.24 department may employ or otherwise utilize the services of persons as volunteer firefighters
78.25 to perform fire prevention duties and to supervise fire prevention activities.

78.26 (b) Personnel serving in fire prevention positions are eligible to be members of the
78.27 applicable volunteer firefighter relief association and to qualify for service pension or other
78.28 benefit coverage of the relief association on the same basis as fire department personnel
78.29 who perform fire suppression duties.

(c) Personnel serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel who are employed to perform fire suppression duties.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to read:

Subd. 5a. Volunteer emergency medical personnel. Volunteer emergency medical personnel are eligible to be members of the applicable volunteer firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties, if:

(1) the fire department employs or otherwise uses the services of persons solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the relief association authorize the eligibility; and

(3) the eligibility is approved by:

(i) the municipality, if the fire department is a municipal department;

(ii) the joint powers board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation.

EFFECTIVE DATE. This section is effective January 1, 2018, and applies to service rendered on or after that date.

Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

Subd. 6. Return to active firefighting after break in service. (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state statute, such as the Parental Leave Act, section 181.941; the Leave for

80.1 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section
80.2 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed
80.3 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section
80.4 593.50.

80.5 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire
80.6 prevention duties for at least 60 days resumes performing active firefighting with the fire
80.7 department associated with the relief association, if the bylaws of the relief association so
80.8 permit, the firefighter may again become an active member of the relief association. A
80.9 firefighter who returns to active service and membership is subject to the service pension
80.10 calculation requirements under this section.

80.11 (2) A firefighter who has been granted an approved leave of absence not exceeding one
80.12 year by the fire department or by the relief association is exempt from the minimum period
80.13 of resumption service requirement of this section.

80.14 (3) A person who has a break in service not exceeding one year but has not been granted
80.15 an approved leave of absence and who has not received a service pension or disability benefit
80.16 may be made exempt from the minimum period of resumption service requirement of this
80.17 section by the relief association bylaws.

80.18 (4) If the bylaws so provide, a firefighter who returns to active relief association
80.19 membership under this paragraph may continue to collect a monthly service pension,
80.20 notwithstanding the service pension eligibility requirements under chapter 424A.

80.21 (c) If a former firefighter who has received a service pension or disability benefit returns
80.22 to active relief association membership under paragraph (b), the firefighter may qualify for
80.23 the receipt of a service pension from the relief association for the resumption service period
80.24 if the firefighter meets the service requirements of section 424A.016, subdivision 3, or
80.25 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for
80.26 the same period of service.

80.27 (d) If a former firefighter who has not received a service pension or disability benefit
80.28 returns to active relief association membership under paragraph (b), the firefighter may
80.29 qualify for the receipt of a service pension from the relief association for the original and
80.30 resumption service periods if the firefighter meets the service requirements of section
80.31 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
80.32 years of service credit.

80.33 (e) A firefighter who returns to active lump-sum relief association membership under
80.34 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon

81.1 a subsequent cessation of duties, any service pension for the resumption service period
81.2 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter
81.3 upon the firefighter's previous cessation of duties, a second lump-sum service pension for
81.4 the resumption service period must be calculated by applying the service pension amount
81.5 in effect on the date of the firefighter's termination of the resumption service for all years
81.6 of the resumption service.

81.7 (f) A firefighter who had not been paid a lump-sum service pension returns to active
81.8 relief association membership under paragraph (b), who did not meet the minimum period
81.9 of resumption service requirement specified in the relief association's bylaws, but who does
81.10 meet the minimum service requirement of section 424A.02, subdivision 2, based on the
81.11 firefighter's original and resumption years of active service, must have, upon a subsequent
81.12 cessation of duties, a service pension for the original and resumption service periods
81.13 calculated by applying the service pension amount in effect on the date of the firefighter's
81.14 termination of the resumption service, or, if the bylaws so provide, based on the service
81.15 pension amount in effect on the date of the firefighter's previous cessation of duties. The
81.16 service pension for a firefighter who returns to active lump-sum relief association membership
81.17 under this paragraph, but who had met the minimum period of resumption service requirement
81.18 specified in the relief association's bylaws, must be calculated by applying the service
81.19 pension amount in effect on the date of the firefighter's termination of the resumption service.

81.20 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly
81.21 benefit relief association membership under paragraph (b), and if the relief association
81.22 bylaws do not allow for the firefighter to continue collecting a monthly service pension,
81.23 any monthly benefit service pension payable to the firefighter is suspended as of the first
81.24 day of the month next following the date on which the firefighter returns to active
81.25 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies
81.26 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly
81.27 benefit service pension upon a subsequent cessation of duties calculated based on the
81.28 resumption service credit and the service pension accrual amount in effect on the date of
81.29 the termination of the resumption service. A suspended initial service pension resumes as
81.30 of the first of the month next following the termination of the resumption service. If the
81.31 firefighter was not receiving a monthly benefit service pension and meets the minimum
81.32 service requirement of section 424A.02, subdivision 2, a service pension must be calculated
81.33 by applying the service pension amount in effect on the date of the firefighter's termination
81.34 of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

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

83.1 Sec. 13. Minnesota Statutes 2016, section 424A.015, subdivision 1, is amended to read:

83.2 Subdivision 1. **Separation from active service; exception.** (a) No service pension is
83.3 payable to a person while the person remains an active member of the respective fire
83.4 department, and a person who is receiving a service pension is not entitled to receive any
83.5 other benefits from the special fund of the relief association.

83.6 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a service
83.7 pension or disability benefit to a former member of the relief association if that person has
83.8 not separated from active service with the fire department to which the relief association is
83.9 directly associated, unless:

83.10 (1) the person discontinues volunteer firefighter duties with the ~~municipality or the~~
83.11 ~~independent nonprofit firefighting corporation, whichever applies,~~ fire department and
83.12 performs duties within the ~~municipal fire department or corporation~~ on a full-time basis;

83.13 (2) the governing body of the municipality ~~or~~ of the independent nonprofit firefighting
83.14 corporation, or of the joint powers entity has filed its determination with the board of trustees
83.15 of the relief association that the person's experience with and service to the fire department
83.16 in that person's full-time capacity would be difficult to replace; and

83.17 (3) the bylaws of the relief association were amended to provide for the payment of a
83.18 service pension or disability benefit for such full-time employees.

83.19 **EFFECTIVE DATE.** This section is effective January 1, 2018.

83.20 Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision
83.21 to read:

83.22 **Subd. 7. Combined service pensions.** (a) A volunteer firefighter with credit for service
83.23 as an active firefighter in more than one volunteer firefighters relief association is entitled
83.24 to a prorated service pension from each relief association if:

83.25 (1) the articles of incorporation or bylaws of the relief associations provide;

83.26 (2) the applicable requirements of paragraphs (b) and (c) are met; and

83.27 (3) the volunteer firefighter otherwise qualifies.

83.28 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
83.29 must have a total combined amount of service credit from the two or more relief associations
83.30 of ten years or more, unless the bylaws of every affected relief association specify less than
83.31 a ten-year service vesting requirement, in which case, the total amount of required service
83.32 credit is the longest service vesting requirement of the relief associations. The member must

84.1 have one year or more of service credit in each relief association. The prorated service
84.2 pension must be based on:

84.3 (1) for defined benefit relief associations, the service pension amount in effect for the
84.4 relief association on the date on which active volunteer firefighting services covered by that
84.5 relief association terminate; and

84.6 (2) for defined contribution relief associations, the member's individual account balance
84.7 on the date on which active volunteer firefighting services covered by that relief association
84.8 terminate.

84.9 (c) To receive a prorated service pension under this subdivision, the firefighter must
84.10 become a member of the second or succeeding association and must give notice of
84.11 membership to the prior association within two years of the date of termination of active
84.12 service with the prior association. The second or subsequent relief association secretary
84.13 must certify the notice.

84.14 **EFFECTIVE DATE.** This section is effective January 1, 2018.

84.15 Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

84.16 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
84.17 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
84.18 special fund a defined contribution service pension to each of its members who:

84.19 (1) separates from active service with the fire department;

84.20 (2) reaches age 50;

84.21 (3) completes at least five years of active service as an active member of the ~~municipal~~
84.22 fire department to which the relief association is associated;

84.23 (4) completes at least five years of active membership with the relief association before
84.24 separation from active service; and

84.25 (5) complies with any additional conditions as to age, service, and membership that are
84.26 prescribed by the bylaws of the relief association.

84.27 (b) In the case of a member who has completed at least five years of active service as
84.28 an active member of the fire department to which the relief association is associated on the
84.29 date that the relief association is established and incorporated, the requirement that the
84.30 member complete at least five years of active membership with the relief association before
84.31 separation from active service may be waived by the board of trustees of the relief association
84.32 if the member completes at least five years of inactive membership with the relief association

before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution towards a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a volunteer under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association

if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality ~~or~~ independent nonprofit firefighting corporation, or joint powers entity may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation

87.1of the average amount of the available financing per active covered firefighter or the

87.2maximum service pension figure corresponding to the average amount of available financing

87.3per active covered firefighter:

87.4	Minimum Average Amount of Available	Maximum Service Pension Amount
87.5	Financing per Firefighter	Payable per Month for Each Year of
87.6		Service
87.7	\$...	\$.25
87.8	41	.50
87.9	81	1.00
87.10	122	1.50
87.11	162	2.00
87.12	203	2.50
87.13	243	3.00
87.14	284	3.50
87.15	324	4.00
87.16	365	4.50
87.17	405	5.00
87.18	486	6.00
87.19	567	7.00
87.20	648	8.00
87.21	729	9.00
87.22	810	10.00
87.23	891	11.00
87.24	972	12.00
87.25	1053	13.00
87.26	1134	14.00
87.27	1215	15.00
87.28	1296	16.00
87.29	1377	17.00
87.30	1458	18.00
87.31	1539	19.00
87.32	1620	20.00
87.33	1701	21.00
87.34	1782	22.00
87.35	1823	22.50
87.36	1863	23.00
87.37	1944	24.00
87.38	2025	25.00

88.1	2106	26.00
88.2	2187	27.00
88.3	2268	28.00
88.4	2349	29.00
88.5	2430	30.00
88.6	2511	31.00
88.7	2592	32.00
88.8	2673	33.00
88.9	2754	34.00
88.10	2834	35.00
88.11	2916	36.00
88.12	2997	37.00
88.13	3078	38.00
88.14	3159	39.00
88.15	3240	40.00
88.16	3321	41.00
88.17	3402	42.00
88.18	3483	43.00
88.19	3564	44.00
88.20	3645	45.00
88.21	3726	46.00
88.22	3807	47.00
88.23	3888	48.00
88.24	3969	49.00
88.25	4050	50.00
88.26	4131	51.00
88.27	4212	52.00
88.28	4293	53.00
88.29	4374	54.00
88.30	4455	55.00
88.31	4536	56.00
88.32	4617	57.00
88.33	4698	58.00
88.34	4779	59.00
88.35	4860	60.00
88.36	4941	61.00
88.37	5022	62.00
88.38	5103	63.00

89.1	5184	64.00
89.2	5265	65.00
89.3	5346	66.00
89.4	5427	67.00
89.5	5508	68.00
89.6	5589	69.00
89.7	5670	70.00
89.8	5751	71.00
89.9	5832	72.00
89.10	5913	73.00
89.11	5994	74.00
89.12	6075	75.00
89.13	6156	76.00
89.14	6237	77.00
89.15	6318	78.00
89.16	6399	79.00
89.17	6480	80.00
89.18	6561	81.00
89.19	6642	82.00
89.20	6723	83.00
89.21	6804	84.00
89.22	6885	85.00
89.23	6966	86.00
89.24	7047	87.00
89.25	7128	88.00
89.26	7209	89.00
89.27	7290	90.00
89.28	7371	91.00
89.29	7452	92.00
89.30	7533	93.00
89.31	7614	94.00
89.32	7695	95.00
89.33	7776	96.00
89.34	7857	97.00
89.35	7938	98.00
89.36	8019	99.00
89.37	8100	100.00
89.38	any amount in excess of	

90.1

8100

100.00

90.2

(d) For a defined benefit relief association in which the governing bylaws provide for a

90.3

lump-sum service pension to a retiring member, the maximum lump-sum service pension

90.4

amount for each year of service credited that may be provided for in the bylaws is the greater

90.5

of the service pension amount provided for in the bylaws on the date of the calculation of

90.6

the average amount of the available financing per active covered firefighter or the maximum

90.7

service pension figure corresponding to the average amount of available financing per active

90.8

covered firefighter for the applicable specified period:

90.9	Minimum Average Amount of Available	Maximum Lump-Sum Service Pension
90.10	Financing per Firefighter	Amount Payable for Each Year of Service
90.11	\$...	\$ 10
90.12	11	20
90.13	16	30
90.14	23	40
90.15	27	50
90.16	32	60
90.17	43	80
90.18	54	100
90.19	65	120
90.20	77	140
90.21	86	160
90.22	97	180
90.23	108	200
90.24	131	240
90.25	151	280
90.26	173	320
90.27	194	360
90.28	216	400
90.29	239	440
90.30	259	480
90.31	281	520
90.32	302	560
90.33	324	600
90.34	347	640
90.35	367	680
90.36	389	720
90.37	410	760

91.1	432	800
91.2	486	900
91.3	540	1000
91.4	594	1100
91.5	648	1200
91.6	702	1300
91.7	756	1400
91.8	810	1500
91.9	864	1600
91.10	918	1700
91.11	972	1800
91.12	1026	1900
91.13	1080	2000
91.14	1134	2100
91.15	1188	2200
91.16	1242	2300
91.17	1296	2400
91.18	1350	2500
91.19	1404	2600
91.20	1458	2700
91.21	1512	2800
91.22	1566	2900
91.23	1620	3000
91.24	1672	3100
91.25	1726	3200
91.26	1753	3250
91.27	1780	3300
91.28	1820	3375
91.29	1834	3400
91.30	1888	3500
91.31	1942	3600
91.32	1996	3700
91.33	2023	3750
91.34	2050	3800
91.35	2104	3900
91.36	2158	4000
91.37	2212	4100
91.38	2265	4200

92.1	2319	4300
92.2	2373	4400
92.3	2427	4500
92.4	2481	4600
92.5	2535	4700
92.6	2589	4800
92.7	2643	4900
92.8	2697	5000
92.9	2751	5100
92.10	2805	5200
92.11	2859	5300
92.12	2913	5400
92.13	2967	5500
92.14	3021	5600
92.15	3075	5700
92.16	3129	5800
92.17	3183	5900
92.18	3237	6000
92.19	3291	6100
92.20	3345	6200
92.21	3399	6300
92.22	3453	6400
92.23	3507	6500
92.24	3561	6600
92.25	3615	6700
92.26	3669	6800
92.27	3723	6900
92.28	3777	7000
92.29	3831	7100
92.30	3885	7200
92.31	3939	7300
92.32	3993	7400
92.33	4047	7500
92.34	4101	7600
92.35	4155	7700
92.36	4209	7800
92.37	4263	7900
92.38	4317	8000

93.1	4371	8100
93.2	4425	8200
93.3	4479	8300
93.4	4533	8400
93.5	4587	8500
93.6	4641	8600
93.7	4695	8700
93.8	4749	8800
93.9	4803	8900
93.10	4857	9000
93.11	4911	9100
93.12	4965	9200
93.13	5019	9300
93.14	5073	9400
93.15	5127	9500
93.16	5181	9600
93.17	5235	9700
93.18	5289	9800
93.19	5343	9900
93.20	5397	10,000
93.21	any amount in excess of	
93.22	<u>5451</u>	<u>10,100</u>
93.23	5397 <u>5505</u>	10,000 <u>10,200</u>
93.24	<u>5559</u>	<u>10,300</u>
93.25	<u>5613</u>	<u>10,400</u>
93.26	<u>5667</u>	<u>10,500</u>
93.27	<u>5721</u>	<u>10,600</u>
93.28	<u>5775</u>	<u>10,700</u>
93.29	<u>5829</u>	<u>10,800</u>
93.30	<u>5883</u>	<u>10,900</u>
93.31	<u>5937</u>	<u>11,000</u>
93.32	<u>5991</u>	<u>11,100</u>
93.33	<u>6045</u>	<u>11,200</u>
93.34	<u>6099</u>	<u>11,300</u>
93.35	<u>6153</u>	<u>11,400</u>
93.36	<u>6207</u>	<u>11,500</u>
93.37	<u>6261</u>	<u>11,600</u>
93.38	<u>6315</u>	<u>11,700</u>

94.1	<u>6369</u>	<u>11,800</u>
94.2	<u>6423</u>	<u>11,900</u>
94.3	<u>6477</u>	<u>12,000</u>
94.4	<u>6531</u>	<u>12,100</u>
94.5	<u>6585</u>	<u>12,200</u>
94.6	<u>6639</u>	<u>12,300</u>
94.7	<u>6693</u>	<u>12,400</u>
94.8	<u>6747</u>	<u>12,500</u>
94.9	<u>6801</u>	<u>12,600</u>
94.10	<u>6855</u>	<u>12,700</u>
94.11	<u>6909</u>	<u>12,800</u>
94.12	<u>6963</u>	<u>12,900</u>
94.13	<u>7017</u>	<u>13,000</u>
94.14	<u>7071</u>	<u>13,100</u>
94.15	<u>7125</u>	<u>13,200</u>
94.16	<u>7179</u>	<u>13,300</u>
94.17	<u>7233</u>	<u>13,400</u>
94.18	<u>7287</u>	<u>13,500</u>
94.19	<u>7341</u>	<u>13,600</u>
94.20	<u>7395</u>	<u>13,700</u>
94.21	<u>7449</u>	<u>13,800</u>
94.22	<u>7503</u>	<u>13,900</u>
94.23	<u>7557</u>	<u>14,000</u>
94.24	<u>7611</u>	<u>14,100</u>
94.25	<u>7665</u>	<u>14,200</u>
94.26	<u>7719</u>	<u>14,300</u>
94.27	<u>7773</u>	<u>14,400</u>
94.28	<u>7827</u>	<u>14,500</u>
94.29	<u>7881</u>	<u>14,600</u>
94.30	<u>7935</u>	<u>14,700</u>
94.31	<u>7989</u>	<u>14,800</u>
94.32	<u>8043</u>	<u>14,900</u>
94.33	<u>8097</u>	<u>15,000</u>
94.34	<u>any amount in excess of</u>	
94.35	<u>8097</u>	<u>15,000</u>

94.36

(e) For a defined benefit relief association in which the governing bylaws provide for a

94.37

monthly benefit service pension as an alternative form of service pension payment to a

95.1 lump-sum service pension, the maximum service pension amount for each pension payment
95.2 type must be determined using the applicable table contained in this subdivision.

95.3 (f) If a defined benefit relief association establishes a service pension in compliance
95.4 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
95.5 amount of available financing per active covered firefighter is subsequently reduced because
95.6 of a reduction in fire state aid or because of an increase in the number of active firefighters,
95.7 the relief association may continue to provide the prior service pension amount specified
95.8 in its bylaws, but may not increase the service pension amount until the minimum average
95.9 amount of available financing per firefighter under the table in paragraph (c) or (d), whichever
95.10 applies, permits.

95.11 (g) No defined benefit relief association is authorized to provide a service pension in an
95.12 amount greater than the largest applicable flexible service pension maximum amount even
95.13 if the amount of available financing per firefighter is greater than the financing amount
95.14 associated with the largest applicable flexible service pension maximum.

95.15 (h) The method of calculating service pensions must be applied uniformly for all years
95.16 of active service. Credit must be given for all years of active service except for caps on
95.17 service credit if so provided in the bylaws of the relief association.

95.18 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than the
95.19 Eden Prairie volunteer firefighters relief association, this section is effective January 1,
95.20 2018.

95.21 (b) For the Eden Prairie volunteer firefighters relief association, this section is effective
95.22 the day after the city council of Eden Prairie and its chief clerical officer timely complete
95.23 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, or January
95.24 1, 2018, whichever is earlier.

95.25 Sec. 18. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

95.26 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
95.27 defined benefit relief association pays a service pension greater than the maximum service
95.28 pension associated with the applicable average amount of available financing per active
95.29 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
95.30 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
95.31 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
95.32 state auditor shall:

(1) disqualify the municipality or the independent nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 19. Minnesota Statutes 2016, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in

subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at an interest rate of up to five percent, compounded annually, as set by the board of trustees.

(d) Any change in the interest rate set by the board of trustees under paragraph (c), clause (3), must be ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next following the date on which the deferred service pension interest rate as set by the board of trustees was ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(f) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date on which the member separates from active service and membership and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 20. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) A relief association that is directly associated with a municipal fire department must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association and three trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association which provides a monthly benefit service pension may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three municipal trustees must be one elected municipal official and one elected or appointed municipal official who are designated as municipal representatives by the municipal governing board annually and the chief of the municipal fire department.

(b) A relief association that is a subsidiary of an independent nonprofit firefighting corporation must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association, two trustees must be drawn from the officials of the municipalities served by the fire department to which the relief

association is directly associated, and one trustee must be the fire chief serving with the independent nonprofit firefighting corporation. The bylaws of a relief association may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The two municipal trustees must be elected or appointed municipal officials, selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the municipal trustees must be two officials of the contracting municipality who are designated annually by the governing body of the municipality; or

(2) if two or more municipalities contract with the independent nonprofit corporation, the municipal trustees must be one official from each of the two largest municipalities in population who are designated annually by the governing bodies of the applicable municipalities.

(c) The municipal trustees for a relief association that is directly associated with a fire department operated as or by a joint powers entity must be the fire chief of the fire department and two trustees designated annually by the joint powers board. The municipal trustees for a relief association that is directly associated with a fire department service area township must be the fire chief of the fire department and two trustees designated by the township board.

(d) If a relief association lacks the municipal board members provided for in paragraph (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~ a municipality, ~~or joint powers entity, or township~~, the municipal board members must be the fire chief of the fire department and two board members appointed from the fire department service area by the board of commissioners of the applicable county.

(e) The term of the appointed municipal board members is one year or until the person's successor is qualified, whichever is later.

(f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties accorded to any other trustee, except the right to be an officer of the relief association board of trustees.

(g) A board must have at least three officers, who are a president, a secretary and a treasurer. These officers must be elected from among the elected trustees by either the full board of trustees or by the relief association membership, as specified in the bylaws. In no event may any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board must be specified in the bylaws of the relief

100.1 association, but may not exceed three years. If the term of the elected trustees exceeds one
100.2 year, the election of the various trustees elected from the membership must be staggered
100.3 on as equal a basis as is practicable.

100.4 **EFFECTIVE DATE.** This section is effective January 1, 2018.

100.5 Sec. 21. Minnesota Statutes 2016, section 424A.07, is amended to read:

100.6 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
100.7 **OF RELIEF ASSOCIATIONS.**

100.8 Before paying any service pensions or retirement benefits under section 424A.02 or
100.9 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
100.10 contracting municipality under section 69.031, subdivision 5, a an independent nonprofit
100.11 firefighting corporation shall establish a volunteer firefighters relief association governed
100.12 by this chapter.

100.13 **EFFECTIVE DATE.** This section is effective January 1, 2018.

100.14 Sec. 22. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

100.15 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
100.16 there exists a firefighters relief association as specified in subdivision 1 which does not
100.17 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
100.18 of any applicable special law relating to the funding or financing of the association does
100.19 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
100.20 sections 69.011 to 69.051 until the reason for the disqualification specified by the state
100.21 auditor is remedied, whereupon the municipality or relief association, if otherwise qualified,
100.22 is entitled to again receive fire state aid for the year occurring immediately subsequent to
100.23 the year in which the disqualification is remedied.

100.24 (b) The state auditor shall determine if a municipality to which a firefighters' relief
100.25 association is directly associated or a firefighters relief association fails to comply with the
100.26 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
100.27 applicable special law based upon the information contained in the annual financial report
100.28 of the firefighters relief association required under section 69.051, the actuarial valuation
100.29 of the relief association, if applicable, the relief association officers' financial requirements
100.30 of the relief association and minimum municipal obligation determination documentation
100.31 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
100.32 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or

101.1 independent nonprofit firefighting corporation budget, if requested to be filed by the state
101.2 auditor, and any other relevant documents or reports obtained by the state auditor.

101.3 (c) The municipality or independent nonprofit firefighting corporation and the associated
101.4 relief association are not eligible to receive or to retain fire state aid if:

101.5 (1) the relief association fails to prepare or to file the financial report or financial
101.6 statement under section 69.051;

101.7 (2) the relief association treasurer is not bonded in the manner and in the amount required
101.8 by section 69.051, subdivision 2;

101.9 (3) the relief association officers fail to determine or improperly determine the accrued
101.10 liability and the annual accruing liability of the relief association under section 424A.092,
101.11 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

101.12 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
101.13 valuation or the officers file an actuarial valuation that does not contain the special fund
101.14 actuarial liability calculated under the entry age normal actuarial cost method, the special
101.15 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
101.16 normal cost under the entry age normal actuarial cost method, the amortization requirement
101.17 for the special fund unfunded actuarial accrued liability by the applicable target date, a
101.18 summary of the applicable benefit plan, a summary of the membership of the relief
101.19 association, a summary of the actuarial assumptions used in preparing the valuation, and a
101.20 signed statement by the actuary attesting to its results and certifying to the qualifications of
101.21 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

101.22 (5) the municipality failed to provide a municipal contribution, or the independent
101.23 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
101.24 equal to the minimum municipal obligation if the relief association is governed under section
101.25 424A.092, or the amount necessary, when added to the fire state aid actually received in
101.26 the plan year in question, to at least equal in total the calculated annual financial requirements
101.27 of the special fund of the relief association if the relief association is governed under section
101.28 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
101.29 failed to include the minimum municipal obligation certified under section 424A.092,
101.30 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
101.31 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
101.32 under section 424A.094, subdivision 2, in the corporate budget;

102.1 (6) the defined benefit relief association did not receive municipal ratification for the
102.2 most recent plan amendment when municipal ratification was required under section 424A.02,
102.3 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

102.4 (7) the relief association invested special fund assets in an investment security that is
102.5 not authorized under section 424A.095;

102.6 (8) the relief association had an administrative expense that is not authorized under
102.7 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not
102.8 authorized under section 424A.08;

102.9 (9) the relief association officers fail to provide a complete and accurate public pension
102.10 plan investment portfolio and performance disclosure under section 356.219;

102.11 (10) the relief association fails to obtain the acknowledgment from a broker of the
102.12 statement of investment restrictions under section 356A.06, subdivision 8b;

102.13 (11) the relief association officers permitted to occur a prohibited transaction under
102.14 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
102.15 of a prohibited transaction that did occur; or

102.16 (12) the relief association pays a defined benefit service pension in an amount that is in
102.17 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

102.18 **EFFECTIVE DATE.** This section is effective January 1, 2018.

102.19 Sec. 23. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

102.20 Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of
102.21 the special fund of the subsidiary relief association of the independent nonprofit firefighting
102.22 corporation shall be governed by the provisions of section 424A.05.

102.23 **EFFECTIVE DATE.** This section is effective January 1, 2018.

102.24 Sec. 24. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

102.25 Subdivision 1. **Definitions.** For purposes of this section:

102.26 (1) "qualified recipient" means ~~an individual~~ a volunteer firefighter who receives a
102.27 lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief
102.28 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan
102.29 ~~for service that the individual has performed as a volunteer firefighter;~~

103.1 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
103.2 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
103.3 or children of a deceased active or deferred volunteer firefighter;

103.4 (3) "active volunteer firefighter" means a person who:

103.5 (i) regularly renders fire suppression service, the performance or supervision of authorized
103.6 fire prevention duties, or the performance or supervision of authorized emergency medical
103.7 response activities for a ~~municipal fire department or an independent nonprofit firefighting~~
103.8 ~~corporation, who;~~

103.9 (ii) has met the statutory and other requirements for relief association membership; and
103.10 ~~who~~

103.11 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
103.12 member of the relief association or from the voluntary statewide lump-sum volunteer
103.13 firefighter retirement plan for at least one month; ~~and~~

103.14 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

103.15 (i) terminated active firefighting service, the performance or supervision of authorized
103.16 fire prevention duties, or the performance or supervision of authorized emergency medical
103.17 response activities; and

103.18 (ii) has sufficient service credit from the applicable relief association or from the voluntary
103.19 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension
103.20 under the bylaws of the relief association, but has not applied for or has not received the
103.21 service pension; and

103.22 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
103.23 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
103.24 individuals whose services were used to perform emergency medical response duties or
103.25 supervise emergency medical response activities if authorized under section 424A.01,
103.26 subdivision 5a.

103.27 **EFFECTIVE DATE.** This section is effective January 1, 2018.

103.28 Sec. 25. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

103.29 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal
103.30 obligations of the special fund of the volunteer firefighters relief association under subdivision
103.31 3, the board of the relief association shall transfer the remaining assets of the special fund,
103.32 as securities or in cash, as applicable, to the chief financial official of the municipality in

104.1 which the associated fire department was located if the fire department was a municipal fire
104.2 department or to the chief financial official of the municipality with the largest population
104.3 served by the fire department if the fire department was an independent nonprofit firefighting
104.4 corporation. If the fire department was a joint powers entity, the remaining assets of the
104.5 special fund shall be transferred to the chief financial official of the municipality designated
104.6 as the fiscal agent in the joint powers agreement or, if the agreement does not designate a
104.7 municipality as the fiscal agent, the remaining assets of the special fund shall be transferred
104.8 to the chief financial official of the municipality with the largest population served by the
104.9 joint powers fire department. The board shall also compile a schedule of the relief association
104.10 members to whom a service pension is or will be owed, any beneficiary to whom a benefit
104.11 is owed, the amount of the service pension or benefit payable based on the applicable bylaws
104.12 and state law and the service rendered to the date of the dissolution, and the date on which
104.13 the pension or benefit would first be payable under the bylaws of the relief association and
104.14 state law.

104.15 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
104.16 fund of a volunteer firefighters relief association that is dissolving under this section shall
104.17 establish a separate account in the municipal treasury which must function as a trust fund
104.18 for members of the volunteer firefighters relief association and their beneficiaries to whom
104.19 the volunteer firefighters relief association owes a service pension or other benefit under
104.20 the bylaws of the relief association and state law. Upon proper application, on or after the
104.21 initial date on which the service pension or benefit is payable, the municipal treasurer shall
104.22 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
104.23 other records of the dissolved relief association. The trust fund under this section must be
104.24 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
104.25 of the last service pension or benefit due and owing, any remaining assets in the trust fund
104.26 cancel to the general fund of the municipality- or, if the fire department was a joint powers
104.27 entity, any remaining assets in the trust fund cancel to the general fund of each municipality
104.28 that was a contracting party to the joint powers agreement as specified in the joint powers
104.29 agreement. If the joint powers agreement does not specify how the remaining assets are to
104.30 be distributed among the contracting parties, each of the contracting parties shall receive a
104.31 pro rata share of the remaining assets based on the proportion of total operating contributions
104.32 each contracting municipality made to the joint powers entity over the most recent ten
104.33 calendar years. If the special fund of the volunteer firefighters relief association had an
104.34 unfunded actuarial accrued liability upon dissolution, the municipality is liable for that
104.35 unfunded actuarial accrued liability. If the fire department was a joint powers entity, the
104.36 contracting municipalities are liable for their share of the unfunded actuarial accrued liability

as specified in the joint powers agreement. If the joint powers agreement does not specify liability for any unfunded actuarial accrued liability, the contracting municipalities are liable for their pro rata share of the unfunded actuarial accrued liability based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 26. **EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

(a) Notwithstanding any provision of Minnesota Statutes, section 424A.01, subdivision 6, section 424A.02, subdivision 2, or any other provision of law to the contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association so provide, a former firefighter who has received a lump-sum service pension or is receiving a monthly benefit service pension and returns to active relief association membership under Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to receive an unreduced lump-sum service pension for the resumption service period if the firefighter completes at least three years of active service as an active member of the fire department during the resumption service period and completes at least three years of active membership with the relief association during the resumption service period.

(b) A lump-sum service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. No firefighter may be paid a service pension more than once for the same period of service. Payment of a lump-sum service pension shall have no effect on the firefighter's previous service pension.

EFFECTIVE DATE. This section is effective the day after the Eden Prairie City Council and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR FIREFIGHTERS.**

(a) Notwithstanding any law to the contrary, the city of Austin must annually:

(1) determine the amount of state aid required under the bylaws of the Austin Parttime Firefighters Relief Association to fund the volunteer firefighters' service pensions;

(2) transmit to the Austin Parttime Firefighters Relief Association any supplemental state aid received under Minnesota Statutes, section 423A.022;

(3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between the amount determined under clause (1) and the amount transmitted under clause (2); and

(4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters covered by the public employees police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

(b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin has no liability to the relief association related to payments it made or will make to the public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015, 2016, and 2017.

(c) This section expires July 1, 2018.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively from January 1, 2013.

Sec. 28. **FIRE STATE AID WORK GROUP.**

(a) The executive director of the Public Employees Retirement Association shall convene a Fire State Aid Work Group to study and make recommendations to the Legislative Commission on Pensions and Retirement on:

(1) the current requirement that all fire state aid provided to municipalities with firefighters as defined in section 424A.001, subdivision 10, or 353G.01, subdivision 15, must be used to fund service pensions governed by chapter 424A or 353G; and

(2) modifying the requirement to allow municipalities to allocate a portion of fire state aid to pay employer contributions on behalf of firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) In making recommendations with information provided by Public Employees Retirement Association and Legislative Commission on Pensions and Retirement staff, the work group shall consider:

(1) the history and purpose of fire state aid;

107.1 (2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353.10,
107.2 subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to
107.3 pay public employees police and fire employer contributions;

107.4 (3) the impact on current volunteer firefighters, volunteer firefighter recruitment and
107.5 retention, and municipalities if fire state aid is allocated between service pensions and public
107.6 employees police and fire employer contributions; and

107.7 (4) a presentation by a city of Austin official and a representative from the Austin
107.8 Part-Time Firefighters Relief Association on the city of Austin's current allocation of fire
107.9 state aid.

107.10 (c) Members of the work group shall include:

107.11 (1) One representative of Minnesota townships, appointed by the Minnesota Association
107.12 of Townships;

107.13 (2) One representative of Minnesota cities, appointed by the League of Minnesota Cities;

107.14 (3) Two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments
107.15 with both volunteer firefighters covered by either a volunteer firefighter relief association
107.16 governed by Chapter 424A or the voluntary statewide volunteer firefighter retirement plan
107.17 governed by Chapter 353G and firefighters covered by the public employees police and fire
107.18 retirement plan governed by section 353.64, appointed by the Minnesota State Fire Chiefs
107.19 Association;

107.20 (4) Two representatives of Minnesota volunteer firefighters, who are active volunteer
107.21 firefighters, appointed by the Minnesota State Fire Departments Association;

107.22 (5) One representative of the Office of the State Auditor, designated by the state auditor;
107.23 and

107.24 (6) One representative of the Department of Revenue, designated by the commissioner
107.25 of revenue.

107.26 (d) The work group shall elect a chair from among its members.

107.27 (e) The work group shall submit a report by December 31, 2017, that contains the work
107.28 group's recommendations to the chair, vice-chair, and executive director of the Legislative
107.29 Commission on Pensions and Retirement. The report shall include recommendations
107.30 regarding:

107.31 (1) municipalities allocating a portion of fire state aid to pay employer contributions to
107.32 the public employees police and fire retirement plan;

108.1 (2) implementation of policies if fire state aid is divided, including the determination
108.2 of:

108.3 (i) the entities that will decide how the fire state aid is allocated;

108.4 (ii) how the allocation will be documented;

108.5 (iii) how the allocation may be amended, if at all;

108.6 (iv) what entity allocates the fire state aid, and

108.7 (v) whether a government agency must monitor and enforce the allocation;

108.8 (3) the scope of allowable allocations of fire state aid; and

108.9 (4) other issues the work group determines are relevant.

108.10 (e) The work group expires the day following the last day of the 2018 legislative session.

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

108.12 Sec. 29. **REPEALER.**

108.13 Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

108.14 **EFFECTIVE DATE.** This section is effective January 1, 2018.

108.15 **ARTICLE 8**

108.16 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

108.17 Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

108.18 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
108.19 and permanent disability benefit, or someone acting on behalf of the employee upon proof
108.20 of authority satisfactory to the director, shall file a written application for benefits in the
108.21 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

108.22 (b) The application must be in a form and manner prescribed by the executive director.

108.23 (c) The benefit shall begin to accrue the day following the start of disability or the day
108.24 following the last day paid, whichever is later, but not earlier than 180 days before the date
108.25 the application is filed with the director.

108.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

109.1 Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

109.2 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
109.3 correctional service" means service by a state employee in one of the employment positions
109.4 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
109.5 sex offender program if at least 75 percent of the employee's working time is spent in direct
109.6 contact with patients and the determination of this direct contact is certified to the executive
109.7 director by the commissioner of human services.

109.8 (b) The employment positions are:

109.9 (1) behavior analyst 2;

109.10 (2) behavior analyst 3;

109.11 (3) certified occupational therapy assistant 1;

109.12 (4) certified occupational therapy assistant 2;

109.13 (5) chemical dependency counselor senior;

109.14 (6) client advocate;

109.15 (7) clinical program therapist 2;

109.16 (8) clinical program therapist 3;

109.17 (9) clinical program therapist 4;

109.18 (10) customer services specialist principal;

109.19 (11) dental assistant registered;

109.20 (12) group supervisor;

109.21 (13) group supervisor assistant;

109.22 (14) human services support specialist;

109.23 (15) licensed alcohol and drug counselor;

109.24 (16) licensed practical nurse;

109.25 (17) management analyst 3;

109.26 (18) occupational therapist;

109.27 (19) occupational therapist, senior;

109.28 (20) physical therapist;

- 110.1 ~~(20)~~ (21) psychologist 1;
- 110.2 ~~(21)~~ (22) psychologist 2;
- 110.3 ~~(22)~~ (23) psychologist 3;
- 110.4 ~~(23)~~ (24) recreation program assistant;
- 110.5 ~~(24)~~ (25) recreation therapist lead;
- 110.6 ~~(25)~~ (26) recreation therapist senior;
- 110.7 ~~(26)~~ (27) rehabilitation counselor senior;
- 110.8 ~~(27)~~ (28) security supervisor;
- 110.9 ~~(28)~~ (29) skills development specialist;
- 110.10 ~~(29)~~ (30) social worker senior;
- 110.11 ~~(30)~~ (31) social worker specialist;
- 110.12 ~~(31)~~ (32) social worker specialist, senior;
- 110.13 ~~(32)~~ (33) special education program assistant;
- 110.14 ~~(33)~~ (34) speech pathology clinician;
- 110.15 ~~(34)~~ (35) work therapy assistant; and
- 110.16 ~~(35)~~ (36) work therapy program coordinator.

110.17 **EFFECTIVE DATE.** This section is effective on the first day of the first payroll period
110.18 occurring after the date of enactment and applies to prospective service only.

110.19 Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

110.20 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional
110.21 service" means service by a state employee in one of the employment positions specified
110.22 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct
110.23 contact with inmates and the determination of this direct contact is certified to the executive
110.24 director by the commissioner of corrections.

110.25 (b) The qualifying employment positions are:

- 110.26 (1) corrections discipline unit supervisor;
- 110.27 (2) dental assistant registered;
- 110.28 (3) dental hygienist;

111.1 (4) food service supervisor;

111.2 (5) medical assistant, certified;

111.3 (6) psychologist 2; and

111.4 ~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work

111.5 crew program.

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

111.7 Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to

111.8 read:

111.9 **Subd. 4c. Department of Human Services; procedure for coverage change**

111.10 **considerations.** (a) The commissioner of human services shall appoint a standing review

111.11 committee to review and determine classifications or positions that should be included in

111.12 legislative requests for correctional state employees retirement plan coverage under

111.13 subdivision 4a.

111.14 (b) The department's human resources director shall convene a meeting of the review

111.15 committee only at the request of a labor organization or a member of the department's

111.16 management team.

111.17 (c) The review committee must review all requests and the supporting documentation

111.18 for coverage by the correctional state employees retirement plan and must determine and

111.19 make a recommendation to the commissioner regarding which classifications or positions

111.20 meet the statutory requirements for coverage. The review committee must also determine

111.21 and make a recommendation to the commissioner regarding classifications or positions that

111.22 no longer meet the statutory requirement for coverage by the correctional state employees

111.23 retirement plan and removal of the classification or position from the applicable statute.

111.24 (d) The department's human resources director must provide a notice of each

111.25 determination and of the employee's right to appeal the determination. Appeals must be

111.26 filed with the department's human resources director within 30 days of the date of the notice

111.27 of determination.

111.28 (e) The commissioner of human services shall hear appeals of determinations for

111.29 coverage. The commissioner's determinations are final.

111.30 (f) All classifications or positions for inclusion in or exclusion from the correctional

111.31 state employees retirement plan must be forwarded to the commissioner of human services

111.32 for the preparation of legislation to implement the coverage change and submission. The

112.1 commissioner shall submit a written recommendation documenting classifications or positions
112.2 that should or should not be covered by the correctional state employees retirement plan.
112.3 The department's human resources director must retain the documentation of each request
112.4 and the final determination.

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

112.6 Sec. 5. **COVERAGE TRANSFER DATES.**

112.7 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g,
112.8 paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016,
112.9 for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

112.10 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g,
112.11 paragraph (b), clause (5), is prospective only.

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

112.13 **ARTICLE 9**

112.14 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

112.15 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

112.16 Subd. 43. **Line of duty death.** "Line of duty death" means:

112.17 (1) a death that occurs while performing or as a direct result of performing normal or
112.18 less frequent duties which are specific to protecting the property and personal safety of
112.19 others and that present inherent dangers that are specific to the positions covered by the
112.20 public employees police and fire plan; or

112.21 (2) a death that is determined by the commissioner of public safety to meet the
112.22 requirements of section 299A.41, subdivision 3.

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

112.24 Sec. 2. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

112.25 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
112.26 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has
112.27 entered into a contract with an independent nonprofit firefighting corporation, or a city or
112.28 township that has entered into a contract with a joint powers entity established under section
112.29 471.59.

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

113.1 Sec. 3. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to
113.2 read:

113.3 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
113.4 association established under chapter 424A to which records, assets, and liabilities related
113.5 to lump-sum or monthly benefits for active and former firefighters will be transferred from
113.6 the retirement fund upon satisfaction of the requirements of section 353G.17.

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

113.8 Sec. 4. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

113.9 Subd. 6. **Initial administrative expenses of the monthly benefit retirement division;**
113.10 **allocation of reimbursement.** (a) The administration expenses incurred by the Public
113.11 Employees Retirement Association in the establishment of the monthly benefit retirement
113.12 division of the voluntary statewide volunteer firefighter retirement plan, including any
113.13 computer programming expenses and any actuarial consultant expenses, are payable from
113.14 the assets of the initial monthly benefit volunteer firefighter relief association that elects to
113.15 transfer its administration to the voluntary statewide volunteer firefighter retirement plan,
113.16 following the transfer of assets.

113.17 ~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be~~
113.18 ~~reimbursed by the next nine monthly benefit volunteer firefighter relief associations that~~
113.19 ~~transfer plan administration to the voluntary statewide volunteer firefighter retirement plan.~~
113.20 ~~The reimbursement charge for each of the nine is three-tenths of one percent of the market~~
113.21 ~~value of assets of the volunteer firefighter relief association as of December 31, 2012. The~~
113.22 ~~reimbursement amounts, up to the amount of administrative expenses actually incurred~~
113.23 ~~under paragraph (a) in excess of \$33,600, must be credited to the account of the fire~~
113.24 ~~department associated with the former monthly benefit volunteer firefighter relief association~~
113.25 ~~that first transferred plan administration to the volunteer firefighter retirement plan.~~

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

113.27 Sec. 5. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

113.28 Subd. 3. **Composition.** (a) The advisory board consists of ~~eight~~ ten members.

113.29 (b) The advisory board members are:

113.30 (1) one representative of Minnesota townships, appointed by the Minnesota Association
113.31 of Townships;

- 114.1 (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;
- 114.2 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
- 114.3 Minnesota State Fire Chiefs Association;
- 114.4 (4) two representatives of Minnesota volunteer firefighters, all who are active volunteer
- 114.5 firefighters, one of whom is covered by the lump-sum retirement division and one of whom
- 114.6 is covered by the monthly benefit retirement division, appointed by the Minnesota State
- 114.7 Fire Chiefs Association;
- 114.8 (5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~
- 114.9 are covered by the lump-sum retirement division, appointed by the Minnesota State Fire
- 114.10 Departments Association; and
- 114.11 (6) one representative of the Office of the State Auditor, designated by the state auditor.
- 114.12 Sec. 6. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:
- 114.13 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement
- 114.14 account or of a monthly benefit retirement account of the retirement fund may only be
- 114.15 disbursed for:
- 114.16 (1) the administrative expenses of the retirement plan;
- 114.17 (2) the investment expenses of the retirement fund;
- 114.18 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;
- 114.19 (4) the survivor benefits payable under section 353G.12; ~~and~~
- 114.20 (5) the disability benefit coverage insurance premiums under section 353G.115; and
- 114.21 (6) a transfer of assets under section 353G.17.
- 114.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 114.23 Sec. 7. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:
- 114.24 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
- 114.25 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
- 114.26 the following levels of service pension amounts per full year of good time service credit to
- 114.27 be selected at the election of coverage:
- 114.28 (1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum service pension amount payable for each year of service; and

(3) ~~69~~ service pension levels between the minimum level and the maximum level in \$100 increments.

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

Sec. 8. **[353G.17] TRANSFER AUTHORIZED.**

Subdivision 1. Entity to initiate transfer. (a) An entity operating a fire department with firefighters who are covered by the retirement plan may initiate the transfer of records, assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the retirement plan to a relief association that, at the time of the transfer, will be associated with the entity. The entity may be a municipality, an independent nonprofit firefighting corporation, or a joint powers entity.

(b) A transfer is initiated by filing with the executive director the following:

(1) a notice of intent to initiate a transfer;

(2) a copy of the resolutions of the entity approving the transfer of records, assets, and liabilities from the retirement plan to a relief association; and

(3) for each firefighter, the firefighter's name, address, telephone number, and e-mail address, if any.

(c) The notice shall inform the executive director of the following:

(1) the transfer effective date, which shall comply with paragraph (d);

(2) the name of the relief association and the municipality, independent nonprofit firefighting corporation, or joint powers entity with which the relief association is associated; and

(3) a summary of the type and level of pension or retirement benefits, including any ancillary benefits, provided by the relief association or, in the case of a new relief association, to be provided, and related terms and conditions.

(d) If the notice of intent to transfer is filed with the executive director before September 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed after August 31, the transfer takes effect on the January 1 following the one-year anniversary of the filing of the notice.

116.1 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
116.2 and liabilities from the retirement plan to a relief association may occur, the board of trustees
116.3 of the relief association shall adopt resolutions as follows:

116.4 (1) approving and accepting the transfer of records, assets, and liabilities from the
116.5 retirement plan; and

116.6 (2) amending the bylaws of the relief association as necessary to add the firefighters
116.7 whose benefits are being transferred from the retirement plan and to provide that each benefit
116.8 being transferred retains vesting, distribution, and other rights to which the firefighter, for
116.9 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
116.10 the date of the transfer.

116.11 The board of trustees shall file a copy of the resolutions with the executive director.

116.12 (b) The board of trustees of the relief association shall file with the state auditor the
116.13 following:

116.14 (1) a copy of the resolutions required under paragraph (a);

116.15 (2) a copy of the bylaws of the relief association and any bylaw amendments;

116.16 (3) a copy of the relief association's investment policy;

116.17 (4) a statement that a board of trustees has been duly elected and each trustee's name,
116.18 address, telephone number, and e-mail address, if any;

116.19 (5) a copy of the most recent annual financial, investment, and plan administration report
116.20 filed under section 69.051, unless the due date for the first such report has not yet occurred;
116.21 and

116.22 (6) a copy of the documentation indicating that a special fund has been established with
116.23 a financial institution to receive a transfer of assets from the retirement plan.

116.24 (c) Upon receipt of the information and documents required under paragraph (b), the
116.25 state auditor shall issue to the relief association and the executive director written
116.26 confirmation of receipt of all required information and documents.

116.27 Subd. 3. **Approval by the firefighters.** (a) A transfer under subdivision 1 shall not occur
116.28 unless the active firefighters whose benefits are to be transferred from the retirement plan
116.29 to a relief association approve the transfer by a vote of the firefighters conducted by the
116.30 executive director.

117.1 (b) The approval of the firefighters shall be determined by a vote of all active firefighters
117.2 whose benefits are to be transferred. An affirmative vote of a majority of the firefighters
117.3 voting shall constitute approval.

117.4 (c) The executive director shall provide a voting ballot and the following to each active
117.5 firefighter:

117.6 (1) a summary of the benefits currently provided to the firefighters under the retirement
117.7 plan;

117.8 (2) a copy of the resolutions of the municipality approving the transfer;

117.9 (3) a copy of the resolutions of the board of trustees approving the transfer;

117.10 (4) a copy of the notice of intent to transfer required under subdivision 1;

117.11 (5) a copy of the state auditor's confirmation required under subdivision 2, paragraph
117.12 (c); and

117.13 (6) the instructions and time frame for voting. Firefighters shall be given no less than
117.14 30 days in which to vote.

117.15 (d) The vote of any firefighter, including whether or not the firefighter voted, shall not
117.16 be disclosed to any officer or member of the staff of the municipality or to any officer,
117.17 trustee, or member of the staff of the relief association.

117.18 (e) The executive director shall tally the votes and report the results to the relief
117.19 association and the municipality.

117.20 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
117.21 subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the
117.22 effective date identified in the notice under subdivision 1, the records, assets, and liabilities
117.23 related to the former and current firefighters with benefits under the retirement plan, along
117.24 with any assets in excess of liabilities credited to the lump-sum account or the monthly
117.25 benefit retirement account attributable to the firefighters and the municipality.

117.26 (b) The executive director:

117.27 (1) shall transfer the assets in cash;

117.28 (2) shall transfer any accounts receivable associated with the lump-sum account or
117.29 monthly benefit retirement account;

117.30 (3) shall settle any accounts payable from the account before the transfer; and

(4) may deduct from the assets to be transferred reasonable costs incurred by the retirement plan to conduct the voting process and complete the transfer.

Subd. 5. Relief association obligations and rights upon transfer from the retirement plan. (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement account, the pension liabilities attributable to the benefits for the former and current firefighters shall become the obligation of the special fund of the relief association.

(b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement account, the board of trustees of the relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the account.

(c) The relief association is the successor in interest with respect to all claims against the retirement plan relating to the transferred lump-sum account or monthly benefit retirement account, except for claims alleging any act or acts by the retirement plan or its fiduciaries that were not done in good faith or that constituted a breach of fiduciary responsibility under chapter 356A.

(d) The value of each volunteer firefighter's benefit in the retirement plan on the day before the asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day after the asset transfer. The relief association shall give credit, with respect to each firefighter whose benefit is being transferred, for all past service, including service credit with the retirement plan and with any predecessor relief association, to the extent credit is given for such service in the records of the retirement plan for that firefighter.

(e) Upon completion of the transfer of records, assets, and liabilities, the executive director shall provide written notice to the state auditor, the commissioner of revenue, and the secretary of state that the transfer is complete.

Subd. 6. Failure to obtain approval, certification, or verification. If the municipality, board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets, and liabilities from the retirement plan to the relief association shall not occur.

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

Sec. 9. BROOK PARK; LOWERING SERVICE PENSION LEVEL.

(a) Notwithstanding any law to the contrary, the Public Employees Retirement Association must lower the annual service pension level for the Brook Park lump-sum account benefits

payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision 2, from \$1,200 to \$600, retroactively from January 1, 2016.

(b) The city of Brook Park must annually review the service pension level to determine if the level is appropriate, taking into account the city's need to recruit and retain volunteer firefighters.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective the day after the governing body of the city of Brook Park and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 10

GENERALLY APPLICABLE RETIREMENT CHANGES

Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit or in the individual employment contract between a city and a city

120.1 manager, and if for each available investment all fees and historic rates of return for the
120.2 prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily
120.3 comprehended document not to exceed two pages, in an amount matching employee
120.4 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
120.5 one-half of the available elective deferral permitted per year per employee, under the Internal
120.6 Revenue Code:

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

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

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

120.14 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
120.15 and Universities and not covered by clause (5), to the supplemental retirement plan under
120.16 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in
120.17 the collective bargaining agreement of the public employer with the exclusive representative
120.18 of the covered employees in an appropriate unit, in an amount matching employee
120.19 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
120.20 \$2,700 a year for each employee;

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

120.26 (8) to the laborers national industrial pension fund or to a laborers local pension fund
120.27 for the employees of a governmental subdivision who are covered by a collective bargaining
120.28 agreement that provides for coverage by that fund and that sets forth a fund contribution
120.29 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

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

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

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

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

121.12 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
121.13 deferred compensation program, if the employee makes a contribution, in an amount that
121.14 does not exceed the total percentage of covered salary under section 353.27, subdivisions
121.15 3 and 3a;

121.16 (14) to the alternative retirement plans established by the Hennepin County Medical
121.17 Center under section 383B.914, subdivision 5; or

121.18 (15) to the International Brotherhood of Teamsters Central States pension plan for
121.19 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who
121.20 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
121.21 employment.

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

121.23 Sec. 2. **[356.631] ADDITIONAL SOURCES OF FUNDING.**

121.24 Notwithstanding any other provision of law to the contrary, in addition to all sources of
121.25 funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any public
121.26 retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is authorized
121.27 to accept, at its discretion, for deposit in its fund the following:

121.28 (1) gifts;

121.29 (2) donations;

121.30 (3) bequests; and

121.31 (4) life insurance death benefits.

122.1

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

122.2

Sec. 3. **REPEALER.**

122.3

Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6,

122.4

are repealed.

122.5

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

122.6

ARTICLE 11

122.7

SMALL GROUP RETIREMENT CHANGES

122.8

Section 1. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**

122.9

SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.

122.10

(a) Notwithstanding any provision of law to the contrary, an eligible person described

122.11

in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c)

122.12

and, if the service credit purchase is made, to have an effective start date for active retirement

122.13

plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116,

122.14

subdivision 1.

122.15

(b) An eligible person is a person who:

122.16

(1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
<u>A</u>	<u>October 2, 1968</u>
<u>B</u>	<u>June 12, 1965</u>
<u>C</u>	<u>August 10, 1958</u>
<u>D</u>	<u>April 29, 1963</u>
<u>E</u>	<u>April 11, 1955</u>
<u>F</u>	<u>August 13, 1966</u>
<u>G</u>	<u>April 22, 1961</u>
<u>H</u>	<u>December 31, 1958</u>
<u>I</u>	<u>October 10, 1966</u>
<u>J</u>	<u>February 4, 1961</u>
<u>K</u>	<u>August 21, 1963</u>
<u>L</u>	<u>January 23, 1960</u>
<u>M</u>	<u>September 19, 1966</u>
<u>N</u>	<u>November 3, 1961</u>
<u>O</u>	<u>June 13, 1958</u>
<u>P</u>	<u>June 23, 1954</u>

123.1	<u>Q</u>	<u>October 20, 1956</u>
123.2	<u>R</u>	<u>July 28, 1955</u>
123.3	<u>S</u>	<u>May 6, 1960</u>
123.4	<u>T</u>	<u>March 19, 1966</u>
123.5	<u>U</u>	<u>August 19, 1966</u>
123.6	<u>V</u>	<u>March 14, 1959</u>

123.7 (2) became an employee of the Minnesota Department of Transportation prior to July
123.8 1, 1989, in a position which was not covered by the general state employees retirement plan
123.9 of the Minnesota State Retirement System;

123.10 (3) was eventually employed as a permanent employee after June 30, 1989, and covered
123.11 by the general state employees retirement plan of the Minnesota State Retirement System
123.12 on the dates as follows:

123.13	<u>employee</u>	<u>membership record date</u>
123.14	<u>A</u>	<u>September 27, 1989</u>
123.15	<u>B</u>	<u>September 27, 1989</u>
123.16	<u>C</u>	<u>September 26, 1989</u>
123.17	<u>D</u>	<u>September 27, 1989</u>
123.18	<u>E</u>	<u>September 26, 1989</u>
123.19	<u>F</u>	<u>September 13, 1989</u>
123.20	<u>G</u>	<u>September 1, 1989</u>
123.21	<u>H</u>	<u>September 27, 1989</u>
123.22	<u>I</u>	<u>September 27, 1989</u>
123.23	<u>J</u>	<u>September 13, 1989</u>
123.24	<u>K</u>	<u>September 13, 1989</u>
123.25	<u>L</u>	<u>September 26, 1989</u>
123.26	<u>M</u>	<u>August 30, 1989</u>
123.27	<u>N</u>	<u>September 26, 1989</u>
123.28	<u>O</u>	<u>September 13, 1989</u>
123.29	<u>P</u>	<u>September 27, 1989</u>
123.30	<u>Q</u>	<u>September 27, 1989</u>
123.31	<u>R</u>	<u>September 27, 1989</u>
123.32	<u>S</u>	<u>September 13, 1989</u>
123.33	<u>T</u>	<u>September 13, 1989</u>
123.34	<u>U</u>	<u>September 27, 1989</u>
123.35	<u>V</u>	<u>September 26, 1989</u>

124.1 (4) was sent annual statements by the Minnesota State Retirement System between July
124.2 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota
124.3 Statutes, section 352.116, subdivision 1; and

124.4 (5) was sent notification from the Minnesota State Retirement System revising the start
124.5 date for general state employees retirement plan membership from a date before July 1,
124.6 1989, to a date after June 30, 1989, and indicating consequent inapplicability of Minnesota
124.7 Statutes, section 352.116, subdivision 1.

124.8 (c) An eligible person may purchase allowable service credit in the general state
124.9 employees retirement plan of the Minnesota State Retirement System by paying an amount
124.10 equal to the employer contributions and employee contributions that would have been paid
124.11 from June 1, 1989, to the end of the month prior to the date the employee entered covered
124.12 service plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
124.13 compounded annually on the combined employer and employee contribution amount from
124.14 the date the contributions would have been paid to the date the Minnesota State Retirement
124.15 System receives payment for this service credit purchase. The payment must be made in a
124.16 lump sum.

124.17 (d) An eligible person who purchases allowable service credit under paragraph (c) has
124.18 a June 1, 1989, start date for the purpose of allowable service credited by the general state
124.19 employees retirement plan of the Minnesota State Retirement System and is eligible for a
124.20 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

124.21 (e) Authority to purchase prior uncredited service credit under this section expires one
124.22 year from the effective date of this section.

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

124.24 **Sec. 2. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD**
124.25 **STATE UNIVERSITY EMPLOYEE.**

124.26 (a) Notwithstanding any provision of law to the contrary, an eligible person described
124.27 in paragraph (b) is entitled to purchase from the general employees retirement plan of the
124.28 Public Employees Retirement Association allowable service credit under Minnesota Statutes,
124.29 section 353.01, subdivision 16, for the period of service described in paragraph (c).

124.30 (b) An eligible person is a person who:

124.31 (1) was born on September 1, 1960;

124.32 (2) was an employee of St. Cloud State University on March 14, 2016;

125.1 (3) was a member of the general employees retirement plan of the Public Employees
125.2 Retirement Association on March 14, 2016;

125.3 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a member
125.4 of the general employees retirement plan of the Public Employees Retirement Association;
125.5 and

125.6 (5) changed employment within St. Cloud State University on February 22, 2006, and
125.7 was erroneously placed into the higher education individual retirement account plan from
125.8 February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities
125.9 system.

125.10 (c) The period of uncredited service authorized for purchase is the period of February
125.11 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed
125.12 into and contributed to the higher education individual retirement account plan.

125.13 (d) The eligible person's member contributions to the higher education individual
125.14 retirement account plan must be transferred to the Public Employees Retirement Association
125.15 with any earned investment returns on those contributions. The eligible person must pay
125.16 the member contributions that the eligible person would have made to the Public Employees
125.17 Retirement Association on the eligible person's compensation from the Minnesota State
125.18 Colleges and Universities system for the period of service described in paragraph (c) as if
125.19 the person had been covered by the Public Employees Retirement Association during the
125.20 period, plus annual compound interest on that amount at the rate of 8.5 percent from February
125.21 22, 2006, until June 30, 2015, and eight percent from July 1, 2015, until the date on which
125.22 payment is made to the Public Employees Retirement Association, less the transferred
125.23 member contributions and investment earnings.

125.24 (e) Upon transfer of the equivalent member contribution amount and any additional
125.25 payments under paragraph (d), the balance of the eligible person's higher education individual
125.26 retirement account plan account must be transferred to the Public Employees Retirement
125.27 Association within 60 days following the receipt of the eligible person's payment under
125.28 paragraph (d).

125.29 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State
125.30 Colleges and Universities system shall pay the prior service credit purchase payment amount
125.31 calculated under Minnesota Statutes, section 356.551, less any amounts received under
125.32 paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment
125.33 under paragraph (d).

126.1 (g) Upon the transfers and payments under paragraph (f), the eligible person must be
126.2 credited by the Public Employees Retirement Association with allowable service credit for
126.3 Minnesota State Colleges and Universities System employment from February 22, 2006,
126.4 until May 10, 2011.

126.5 (h) Authority to make a service credit purchase under this section expires one year from
126.6 the effective date of this section.

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

126.8 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
126.9 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

126.10 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the
126.11 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
126.12 member of the Teachers Retirement Association and to purchase service and salary credit
126.13 in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001,
126.14 upon repaying a member contribution refund taken from the general employees retirement
126.15 plan of the Public Employees Retirement Association under paragraph (c), upon making
126.16 an election under paragraph (e), and upon making all required payments under paragraphs
126.17 (f) and (g).

126.18 (b) An eligible person is a person who:

126.19 (1) was born April 4, 1956;

126.20 (2) was employed by a governmental subdivision in 1995, with retirement coverage in
126.21 the general employees retirement plan of the Public Employees Retirement Association,
126.22 for which a refund of member contributions and interest was taken before 2001;

126.23 (3) was employed by St. Cloud State University in the late 1990s, with retirement
126.24 coverage in the general state employees retirement plan of the Minnesota State Retirement
126.25 System;

126.26 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with
126.27 retirement coverage in the higher education individual retirement account plan; and

126.28 (5) was not informed of the option to elect Teachers Retirement Association coverage
126.29 in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained
126.30 in the higher education individual retirement account plan.

127.1 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
127.2 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision
127.3 1, paragraph (c).

127.4 (d) Authority to repay a refund under this section expires one year from the effective
127.5 date of this section.

127.6 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
127.7 person must submit a written application to the executive director of the Teachers Retirement
127.8 Association on a form provided by the Teachers Retirement Association. The application
127.9 must include all documentation of the applicability of this section and any other relevant
127.10 information that the executive director may require. Teachers Retirement Association plan
127.11 membership commences after the date of the retirement coverage election under this section
127.12 and past salary and service credit is granted for past Minnesota State Colleges and
127.13 Universities system employment from July 1, 2001, until the executive director receives
127.14 the written application specified in this paragraph and receipts of the payments specified in
127.15 paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of
127.16 coverage by the individual retirement account plan.

127.17 (f) If the eligible person makes the retirement coverage election under paragraph (e),
127.18 the eligible person's member contributions to the higher education individual retirement
127.19 account plan must be transferred to the Teachers Retirement Association with any earned
127.20 investment returns on those contributions. If the transferred member contributions and
127.21 investment earnings are less than the calculated amount of the member contributions that
127.22 the eligible person would have made to the Teachers Retirement Association on the eligible
127.23 person's compensation from the Minnesota State Colleges and Universities system for the
127.24 period from July 1, 2001, to the date of the retirement coverage election if the person had
127.25 been covered by the Teachers Retirement Association during the period, plus annual
127.26 compound interest at the rate of 8.5 percent, then the eligible person shall pay the balance
127.27 of that calculated member contribution obligation within 30 days of the retirement coverage
127.28 election.

127.29 (g) Upon the transfer of the equivalent member contribution amount and any additional
127.30 payment under paragraph (f), the balance of the eligible person's higher education individual
127.31 retirement account plan account must be transferred to the Teachers Retirement Association.
127.32 If the amounts under paragraph (f) and the individual retirement account plan balance under
127.33 this paragraph are less than the prior service credit purchase payment amount calculated
127.34 under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities
127.35 system shall pay the difference within 60 days of the retirement election date.

128.1 (h) The authority to make a retirement coverage election under this section expires one
128.2 year from the effective date of this section.

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

128.4 Sec. 4. **TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND**
128.5 **TECHNICAL COLLEGE FACULTY MEMBERS.**

128.6 (a) Notwithstanding any provision of law to the contrary, an eligible person described
128.7 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
128.8 Association and to purchase service and salary credit in the Teachers Retirement Association
128.9 coordinated plan retroactive from July 19, 2000, or September 15, 2000, whichever is
128.10 applicable, upon making an election under paragraph (c) and upon making all required
128.11 payments under paragraphs (d) and (e).

128.12 (b) An eligible person is a person who:

128.13 (1) either:

128.14 (i) was born on September 25, 1964, and has been employed at Mesabi Range Community
128.15 and Technical College and a contributing member of the higher education individual
128.16 retirement account plan since July 19, 2000; or

128.17 (ii) was born on October 15, 1963, and has been employed at Mesabi Range Community
128.18 and Technical College and a contributing member of the higher education individual
128.19 retirement account plan since September 15, 2000;

128.20 (2) was classified in the unlimited full-time category on August 21, 2012;

128.21 (3) became eligible for an election of Teachers Retirement Association coverage under
128.22 Laws 2009, chapter 169, article 6, section 1; and

128.23 (4) was not offered an election of Teachers Retirement Association coverage by the
128.24 Minnesota State Colleges and Universities system.

128.25 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
128.26 person must submit a written application to the executive director of the Teachers Retirement
128.27 Association on a form provided by the Teachers Retirement Association. The application
128.28 must include all documentation of the applicability of this section and any other relevant
128.29 information that the executive director may require. Teachers Retirement Association plan
128.30 membership commences after the date of the retirement coverage election under this section
128.31 and past salary and service credit is granted for past Minnesota State Colleges and
128.32 Universities system employment from July 19, 2000, or September 15, 2000, whichever is

129.1 applicable, until the executive director receives the written application specified in this
129.2 paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by
129.3 the Teachers Retirement Association is in lieu of coverage by the individual retirement
129.4 account plan.

129.5 (d) If the eligible person makes the retirement coverage election under paragraph (c),
129.6 the eligible person shall make a contribution to the Teachers Retirement Association equal
129.7 to the excess, if any, of the employee contributions that the eligible person would have made
129.8 if the Teachers Retirement Association had provided coverage from July 19, 2000, or
129.9 September 15, 2000, whichever is applicable, rather than the individual retirement account
129.10 plan. These additional contribution amounts shall include 8.5 percent annual compound
129.11 interest computed from the date the contribution would have been made if deducted from
129.12 salary until paid. The total amount to be paid under this paragraph shall be determined by
129.13 the executive director of the Teachers Retirement Association and written notification of
129.14 the amount required under this paragraph must be transmitted to the eligible person.

129.15 (e) If payment is made under paragraph (d), the value of the applicable eligible person's
129.16 higher education individual retirement account plan account shall be transferred to the
129.17 Teachers Retirement Association.

129.18 (f) The Teachers Retirement Association shall determine the required purchase payment
129.19 amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers
129.20 Retirement Association under this section due to the salary and service credit purchase.

129.21 (g) From the total amount computed under paragraph (f), the executive director of the
129.22 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
129.23 and (e). The Minnesota State Colleges and Universities system must transmit the remaining
129.24 amount, if any, to the executive director of the Teachers Retirement Association within 60
129.25 days following the receipt of the payments under paragraphs (d) and (e).

129.26 (h) The authority to make a retirement coverage election under this section expires one
129.27 year from the effective date of this section.

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

129.29 **Sec. 5. TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION**
129.30 **AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT**
129.31 **AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.**

129.32 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the
129.33 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated

130.1 member of the Teachers Retirement Association and to purchase service and salary credit
130.2 in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995,
130.3 upon repaying a member contribution refund taken from the general employees retirement
130.4 plan of the Minnesota State Retirement System under paragraph (c), upon making an election
130.5 under paragraph (e), and upon making all required payments under paragraphs (f), (g), and
130.6 (h).

130.7 (b) An eligible person is a person who:

130.8 (1) was born November 11, 1957;

130.9 (2) began state employment in 1981, with retirement coverage in the general employees
130.10 retirement plan of the Minnesota State Retirement System for which a refund of member
130.11 contributions and interest was taken;

130.12 (3) was employed by Winona State University on September 11, 1989, with retirement
130.13 coverage in the higher education individual retirement account plan; and

130.14 (4) was not informed of the option to elect Teachers Retirement Association coverage
130.15 in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so
130.16 remained in the higher education individual retirement account plan.

130.17 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
130.18 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

130.19 (d) Authority to repay a refund under this section expires one year from the effective
130.20 date of this section.

130.21 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
130.22 person must submit a written application to the executive director of the Teachers Retirement
130.23 Association on a form provided by the Teachers Retirement Association. The application
130.24 must include all relevant documentation and information that the executive director may
130.25 require. Teachers Retirement Association plan membership commences after the date of
130.26 the retirement coverage election under this section and past salary and service credit is
130.27 granted for past Minnesota State Colleges and Universities system employment from January
130.28 1, 1995, until the executive director receives the written application specified in this
130.29 paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage
130.30 by the Teachers Retirement Association is in lieu of coverage by the individual retirement
130.31 account plan.

130.32 (f) If the eligible person makes the retirement coverage election under paragraph (e),
130.33 the eligible person's member contributions to the higher education individual retirement

131.1 account plan account from January 1, 1995, to the date of the retirement coverage election
131.2 must be transferred to the Teachers Retirement Association, with any earned investment
131.3 returns on those contributions. If the transferred member contributions and investment
131.4 earnings are less than the calculated amount of the member contributions that the eligible
131.5 person would have made to the Teachers Retirement Association on the eligible person's
131.6 compensation from the Minnesota State Colleges and Universities system for the period
131.7 from January 1, 1995, to the date of the retirement coverage election, if the person had been
131.8 covered by the Teachers Retirement Association during the period, plus annual compound
131.9 interest at the rate of 8.5 percent, then the eligible person shall pay the balance of that
131.10 calculated member contribution obligation within 30 days of the retirement coverage election.

131.11 (g) Upon the transfer of the equivalent member contribution amount and any additional
131.12 payment under paragraph (f), the employer contributions made on behalf of the eligible
131.13 member to the higher education individual retirement account plan account from January
131.14 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers
131.15 Retirement Association, with any earned investment returns on those contributions.

131.16 (h) If the amounts under paragraphs (f) and (g) are less than the prior service credit
131.17 purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State
131.18 Colleges and Universities system shall pay the difference within 60 days following receipt
131.19 of the amounts transmitted under paragraphs (f) and (g).

131.20 (i) The authority to make a retirement coverage election under this section expires one
131.21 year from the effective date of this section.

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

131.23 **ARTICLE 12**

131.24 **TECHNICAL CORRECTIONS**

131.25 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

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

131.27 (1) service during years of actual membership in the course of which employee deductions
131.28 were withheld from salary and contributions were made at the applicable rates under section
131.29 353.27, 353.65, or 353E.03;

131.30 (2) periods of service covered by payments in lieu of salary deductions under sections
131.31 353.27, subdivisions 12 and 12a, and 353.35;

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

132.4 (4) a period of authorized leave of absence during which the employee receives pay as
132.5 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
132.6 employee contributions are made, deposited, and credited to the fund;

132.7 (5) a period of authorized leave of absence without pay, or with pay that is not included
132.8 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
132.9 salary deductions are not authorized, and for which a member obtained service credit for
132.10 up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or
132.11 353.0162, to the fund made in place of salary deductions;

132.12 (6) a periodic, repetitive leave that is offered to all employees of a governmental
132.13 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
132.14 as certified to the association by the employer. A participating member obtains service credit
132.15 by making employee contributions in an amount or amounts based on the member's average
132.16 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
132.17 The employer shall pay the employer and additional employer contributions on behalf of
132.18 the participating member. The employee and the employer are responsible to pay interest
132.19 on their respective shares at the rate of 8.5 percent until June 30, 2015, and eight percent
132.20 thereafter, compounded annually, from the end of the normal cycle until full payment is
132.21 made. An employer shall also make the employer and additional employer contributions,
132.22 plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter, compounded
132.23 annually, on behalf of an employee who makes employee contributions but terminates public
132.24 service. The employee contributions must be made within one year after the end of the
132.25 annual normal working cycle or within 30 days after termination of public service, whichever
132.26 is sooner. The executive director shall prescribe the manner and forms to be used by a
132.27 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
132.28 member must be granted allowable service credit for the purchased period;

132.29 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
132.30 months allowable service per authorized temporary or seasonal layoff in one calendar year.
132.31 An employee who has received the maximum service credit allowed for an authorized
132.32 temporary or seasonal layoff must return to public service and must obtain a minimum of
132.33 three months of allowable service subsequent to the layoff in order to receive allowable
132.34 service for a subsequent authorized temporary or seasonal layoff;

133.1 (8) a period during which a member is absent from employment by a governmental
133.2 subdivision by reason of service in the uniformed services, as defined in United States Code,
133.3 title 38, section 4303(13), if the member returns to public service with the same governmental
133.4 subdivision upon discharge from service in the uniformed service within the time frames
133.5 required under United States Code, title 38, section 4312(e), provided that the member did
133.6 not separate from uniformed service with a dishonorable or bad conduct discharge or under
133.7 other than honorable conditions. The service must be credited if the member pays into the
133.8 fund equivalent employee contributions based upon the contribution rate or rates in effect
133.9 at the time that the uniformed service was performed multiplied by the full and fractional
133.10 years being purchased and applied to the annual salary rate. The annual salary rate is the
133.11 average annual salary during the purchase period that the member would have received if
133.12 the member had continued to be employed in covered employment rather than to provide
133.13 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
133.14 salary rate is the member's average salary rate during the 12-month period of covered
133.15 employment rendered immediately preceding the period of the uniformed service. Payment
133.16 of the member equivalent contributions must be made during a period that begins with the
133.17 date on which the individual returns to public employment and that is three times the length
133.18 of the military leave period, or within five years of the date of discharge from the military
133.19 service, whichever is less. If the determined payment period is less than one year, the
133.20 contributions required under this clause to receive service credit may be made within one
133.21 year of the discharge date. Payment may not be accepted following 30 days after termination
133.22 of public service under subdivision 11a. If the member equivalent contributions provided
133.23 for in this clause are not paid in full, the member's allowable service credit must be prorated
133.24 by multiplying the full and fractional number of years of uniformed service eligible for
133.25 purchase by the ratio obtained by dividing the total member contributions received by the
133.26 total member contributions otherwise required under this clause. The equivalent employer
133.27 contribution, and, if applicable, the equivalent additional employer contribution must be
133.28 paid by the governmental subdivision employing the member if the member makes the
133.29 equivalent employee contributions. The employer payments must be made from funds
133.30 available to the employing unit, using the employer and additional employer contribution
133.31 rate or rates in effect at the time that the uniformed service was performed, applied to the
133.32 same annual salary rate or rates used to compute the equivalent member contribution. The
133.33 governmental subdivision involved may appropriate money for those payments. The amount
133.34 of service credit obtainable under this section may not exceed five years unless a longer
133.35 purchase period is required under United States Code, title 38, section 4312. The employing
133.36 unit shall pay interest on all equivalent member and employer contribution amounts payable

134.1 under this clause. Interest must be computed at the rate of 8.5 percent until June 30, 2015,
134.2 and eight percent thereafter, compounded annually, from the end of each fiscal year of the
134.3 leave or the break in service to the end of the month in which the payment is received. Upon
134.4 payment, the employee must be granted allowable service credit for the purchased period;
134.5 or

134.6 (9) a period specified under section 353.0162.

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

134.9 (c) For an active member who was an active member of the former Minneapolis
134.10 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
134.11 service credited by the Minneapolis Firefighters Relief Association as reflected in the
134.12 transferred records of the association up to December 30, 2011, and the period of service
134.13 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
134.14 who was an active member of the former Minneapolis Police Relief Association on December
134.15 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
134.16 Relief Association as reflected in the transferred records of the association up to December
134.17 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
134.18 30, 2011.

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

134.20 Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

134.21 **353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE**
134.22 **AND SALARY CREDIT.**

134.23 A furloughed employee of the University of Minnesota who is a member of the public
134.24 employees police and fire plan may obtain allowable service and salary credit for the furlough
134.25 period. The allowable service and salary credit authorization is a leave of absence
134.26 authorization for purposes of section 353.0161 and the purchase payment procedure of
134.27 section 353.0161, subdivision 2, applies 353.0162.

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

134.29 Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

134.30 Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without
134.31 having designated a beneficiary or if the beneficiary should die before making application
134.32 for refund, and if there is no surviving spouse, and if the legal representative of such member

135.1 or former member does not apply for refund within five years from the date of death of the
135.2 member or former member, the accumulated deductions to the member or former member's
135.3 credit at the time of death shall be disposed of in the manner provided in section ~~353.34,~~
135.4 ~~subdivision 6~~ 356.631.

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

135.6 Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

135.7 Subd. 29. **Vesting; vested.** ~~(a) "Vesting" or "vested" means having entitlement to a~~
135.8 ~~nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association~~
135.9 ~~coordinated member program administered by a teachers retirement fund association by~~
135.10 ~~having credit for sufficient allowable service under paragraph (b) or (c), whichever applies~~
135.11 when the teacher has accrued credit for at least three years of allowable service.

135.12 ~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
135.13 ~~of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher~~
135.14 ~~has accrued credit for at least three years of service.~~

135.15 ~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
135.16 ~~of the Duluth Teachers Retirement Fund Association.~~

135.17 ~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when~~
135.18 ~~the teacher has accrued at least three years of service; and~~

135.19 ~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when~~
135.20 ~~the teacher has accrued at least five years of service.~~

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

135.22 Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

135.23 **354A.095 PARENTAL AND MATERNITY LEAVE.**

135.24 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
135.25 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~ who
135.26 are granted parental or maternity leave of absence by the employing authority, are entitled
135.27 to obtain service credit not to exceed one year for the period of leave upon payment to the
135.28 ~~applicable~~ fund by the end of the fiscal year following the fiscal year in which the leave of
135.29 absence terminated. The amount of the payment must include the total required employee
135.30 and employer contributions for the period of leave prescribed in section 354A.12. Payment
135.31 must be based on the member's average monthly salary rate upon return to teaching service,

and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

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

Sec. 6. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the actuarial value of assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

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

Sec. 7. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers Retirement Fund Association member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the Duluth Teachers Retirement Fund Association fund.~~

~~(f)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul Teachers Retirement Fund Association basic or coordinated program member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

~~(g)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

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

Sec. 8. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who dies prior to retirement may elect to

138.1 receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100
138.2 percent joint and survivor annuity the member could have qualified for had the member
138.3 terminated service on the date of death. The surviving spouse eligible for a surviving spouse
138.4 benefit under this paragraph may apply for the annuity at any time after the date on which
138.5 the deceased employee would have attained the required age for retirement based on the
138.6 employee's allowable service. A surviving spouse eligible for surviving spouse benefits
138.7 under paragraph (b) or (c) may apply for an annuity at any time after the member's death.
138.8 The member's surviving spouse shall be paid a joint and survivor annuity under section
138.9 354A.32 and computed under section 354A.31.

138.10 (b) If the member was under age 55 and has credit for at least 30 years of allowable
138.11 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
138.12 and survivor annuity based on the age of the member and surviving spouse on the date of
138.13 death. The annuity is payable using the full early retirement reduction under section 354A.31,
138.14 subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from
138.15 age 55 to the age payment begins.

138.16 ~~(c) If a vested member of the Duluth Teachers Retirement Fund Association was under~~
138.17 ~~age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may~~
138.18 ~~elect to receive the 100 percent joint and survivor annuity based on the age of the member~~
138.19 ~~and the survivor at the time of death. The annuity is payable using the full early retirement~~
138.20 ~~reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early~~
138.21 ~~retirement reduction from age 55 to the date payment begins.~~

138.22 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was
138.23 under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse
138.24 may elect to receive the 100 percent joint and survivor annuity based on the age of the
138.25 member and the survivor at the time of death. The annuity is payable using the full early
138.26 retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of
138.27 the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial
138.28 equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of
138.29 the annuity that would be payable to the member if the member deferred receipt of the
138.30 annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded
138.31 annually from the day the annuity begins to accrue until the normal retirement age.

138.32 ~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or
138.33 surviving spouse benefit payable under this section. The benefits are payable for the life of
138.34 the surviving spouse, or upon expiration of the term certain benefit payment under subdivision
138.35 2b.

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

139.2 Sec. 9. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

139.3 Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement
139.4 annuities on the amount of retirement annuity reductions after reemployed annuitant earnings
139.5 limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or
139.6 354.44, subdivision 5.

139.7 ~~(b) This section also applies to the balance of annual retirement annuities on the amount~~
139.8 ~~of retirement annuity reductions under section 354A.31, subdivision 3, for members of the~~
139.9 ~~Duluth Teachers Retirement Fund Association whose effective date of retirement is before~~
139.10 ~~July 1, 2013.~~

139.11 ~~(e)~~ (b) This section also applies to the balance of annual retirement annuities on the
139.12 amount of retirement annuity reductions under section 354A.31, subdivision 3, for members
139.13 of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is
139.14 before July 1, 2013.

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

139.16 Sec. 10. **REPEALER.**

139.17 Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed."

139.18 Delete the title and insert:

139.19 "A bill for an act

139.20 relating to making administrative changes to the Minnesota State Retirement
139.21 System, Teachers Retirement Association, Public Employees Retirement
139.22 Association, and St. Paul Teachers Retirement Fund Association; clarifying refund
139.23 repayment procedures; modifying executive director credentials; clarifying service
139.24 requirements; revising appeal procedures; modifying service credit purchase
139.25 procedures; establishing new procedures for disability applications due to private
139.26 disability insurance requirements; clarifying disability benefit payment provisions;
139.27 modifying annual benefit limitations for federal tax code compliance; authorizing
139.28 use of IRS correction procedures; clarifying benefit offsets for certain refund
139.29 payments; clarifying police and fire plan coverage for certain Hennepin Healthcare
139.30 System supervisors; modifying various economic actuarial assumptions; authorizing
139.31 the transfer of assets and members from the voluntary statewide volunteer firefighter
139.32 retirement plan to a volunteer firefighter relief association; adopting
139.33 recommendations of the Volunteer Firefighter Relief Association Working Group;
139.34 increasing relief association lump-sum service pension maximums; lowering certain
139.35 vesting requirements for Eden Prairie Volunteer Firefighters Relief Association;
139.36 modifying the Brook Park volunteer firefighters service pension level; permitting
139.37 alternative allocation of fire state aid for city of Austin; establishing a tire state
139.38 aid work group; modifying various Department of Human Services and Department
139.39 of Corrections employment classifications eligible for correctional retirement
139.40 coverage; adopting definition of the Hometown Heroes Act related to public safety
139.41 officer death benefits; allowing service credit purchase and Rule of 90 eligibility

140.1 for certain Minnesota Department of Transportation employees; authorizing
140.2 MnSCU employees to elect retroactive and prospective TRA coverage; authorizing
140.3 MnSCU employee to transfer past service from IRAP to PERA; increasing
140.4 maximum employer contribution to a supplemental laborers pension fund;
140.5 authorizing certain additional sources of retirement plan funding; making technical
140.6 and conforming changes; amending Minnesota Statutes 2016, sections 3A.03,
140.7 subdivisions 2, 3; 16A.14, subdivision 2a; 352.01, subdivisions 2a, 2b; 352.03,
140.8 subdivisions 5, 6; 352.113, subdivisions 2, 4, 14; 352.23; 352.91, subdivisions 3f,
140.9 3g, by adding a subdivision; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3;
140.10 352D.05, subdivision 4; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162;
140.11 353.03, subdivision 3; 353.29, subdivisions 4, 7; 353.32, subdivisions 1, 4; 353.34,
140.12 subdivision 2; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision
140.13 10; 353F.02, subdivision 5a; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06;
140.14 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision
140.15 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05,
140.16 subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.44,
140.17 subdivisions 3, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48,
140.18 subdivision 1; 354.512; 354.52, subdivisions 4, 4d; 354.55, subdivision 11; 354.66,
140.19 subdivision 2; 354.72, subdivision 1; 354A.011, subdivision 29; 354A.093,
140.20 subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivision 3c; 354A.31,
140.21 subdivision 3; 354A.35, subdivision 2; 354A.38; 356.215, subdivision 8; 356.24,
140.22 subdivision 1; 356.32, subdivision 2; 356.47, subdivisions 1, 3; 356.50, subdivision
140.23 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96,
140.24 subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02,
140.25 subdivision 3; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002,
140.26 subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015,
140.27 subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02,
140.28 subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision
140.29 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20, subdivision 4;
140.30 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes,
140.31 chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections
140.32 352.04, subdivision 11; 353.0161; 353.34, subdivision 6; 354A.12, subdivision
140.33 2c; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02,
140.34 subdivision 13."

APPENDIX
Article locations in S0545-2A

ARTICLE 1	MINNESOTA STATE RETIREMENT SYSTEMADMINISTRATIVE PROVISIONS	Page.Ln 1.5
ARTICLE 2	PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONADMINISTRATIVE PROVISIONS	Page.Ln 17.23
ARTICLE 3	TEACHERS RETIREMENT ASSOCIATIONADMINISTRATIVE PROVISIONS	Page.Ln 37.27
ARTICLE 4	ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONADMINISTRATIVE PROVISIONS	Page.Ln 49.4
ARTICLE 5	RETIREMENT SYSTEMS, GENERALLYADMINISTRATIVE PROVISIONS	Page.Ln 51.5
ARTICLE 6	ACTUARIAL ASSUMPTION CHANGES	Page.Ln 66.9
ARTICLE 7	VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS	Page.Ln 71.29
ARTICLE 8	MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS	Page.Ln 108.15
ARTICLE 9	PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS	Page.Ln 112.13
ARTICLE 10	GENERALLY APPLICABLE RETIREMENT CHANGES	Page.Ln 119.10
ARTICLE 11	SMALL GROUP RETIREMENT CHANGES	Page.Ln 122.6
ARTICLE 12	TECHNICAL CORRECTIONS	Page.Ln 131.23

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352.04 STATE EMPLOYEES RETIREMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 11. **Gifts and bequests.** The director may credit to the retirement fund any money received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived from it.

353.0161 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (5), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

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

(b) If payment is received by the executive director within one year from the date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave period until the last day of the month in which payment is received.

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

Subd. 3. **Restriction on subsequent purchases.** To purchase salary credit or service credit for a subsequent authorized leave of absence period, the member must return to public service and render a minimum of three months of allowable service credit.

353.34 RIGHTS UPON TERMINATION OF MEMBERSHIP.

Subd. 6. **Additions to fund.** The board of trustees may credit to the general employees retirement fund any money received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise.

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 2c. **Duluth Teachers Retirement Fund Association; employer contributions for reemployed annuitants.** The school district shall make the regular employer contributions and additional employer contributions specified in subdivision 2a on behalf of any retired member of the Duluth Teachers Retirement Fund Association who is reemployed by Independent School District No. 709, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.

Subd. 3. **Maximum benefit limitations.** An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

APPENDIX

Repealed Minnesota Statutes: S0545-2A

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to a defined contribution plan for any limitation year shall not exceed the applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

Subd. 4. **Compensation.** For purposes of this section, compensation means a member's compensation actually paid or made available for any limitation year including all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in subdivision 2.

Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section is the calendar year or fiscal year, whichever is applicable.

356.96 PENSION PLAN APPEAL PROCEDURES.

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the defined benefit relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one defined benefit volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total amount of service credit of ten years or more, if the bylaws of every affected relief association do not specify only a five-year service vesting requirement, or five years or more, if the bylaws of every affected relief association require only a five-year service vesting requirement, as a member of two or more relief associations otherwise qualified. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent relief association secretary.