

1.1 M moves to amend S.F. No. 427; H.F. No.
1.2 2092, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 "2005 OMNIBUS RETIREMENT BILL

1.5 ARTICLE 1

1.6 CLARIFICATION/RECODIFICATION OF

1.7 STATEWIDE SPECIALTY RETIREMENT PLANS

1.8 Section 1. Minnesota Statutes 2004, section 3A.01,
1.9 subdivision 1, is amended to read:

1.10 Subdivision 1. **PURPOSES.** Each of the terms defined in
1.11 this section, for the purposes of this chapter shall be
1.12 given has the meanings meaning ascribed to them.

1.13 Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended
1.14 by adding a subdivision to read:

1.15 Subd. 1a. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"
1.16 means the condition of one allowance or benefit having an equal
1.17 actuarial present value to another allowance or benefit,
1.18 determined by the actuary retained under section 356.214 as of a
1.19 given date at a specified age with each actuarial present value
1.20 based on the mortality table applicable for the plan and
1.21 approved under section 356.215, subdivision 18, and using the
1.22 applicable preretirement or postretirement interest rate
1.23 assumption specified in section 356.215, subdivision 8.

1.24 Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended
1.25 by adding a subdivision to read:

1.26 Subd. 1b. **AVERAGE MONTHLY SALARY.** "Average monthly
1.27 salary" means the average of the member's highest five
1.28 successive years of salary that was received as a member of the
1.29 legislature and upon which the member has made contributions
1.30 under section 3A.03, subdivision 1, or for which the member of
1.31 the legislature has made payments for past service under section
1.32 3A.02, subdivision 2, or has made, before July 1, 1994, payments
1.33 in lieu of contributions under Minnesota Statutes 1992, section
1.34 3A.031.

1.35 Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended
1.36 by adding a subdivision to read:

2.1 Subd. 1c. CONSTITUTIONAL OFFICER. "Constitutional
 2.2 officer" means a person who was duly elected, qualifies for, and
 2.3 serves as the governor, the lieutenant governor, the attorney
 2.4 general, the secretary of state, or the state auditor of the
 2.5 state of Minnesota.

2.6 Sec. 5. Minnesota Statutes 2004, section 3A.01,
 2.7 subdivision 2, is amended to read:

2.8 Subd. 2. **DEPENDENT CHILD.** (a) "Dependent child" means
 2.9 any natural or adopted child of a deceased member of the
 2.10 legislature or a former legislator who is under the age of 18,
 2.11 or who is under the age of 22 and is a full-time student, and
 2.12 who, in either case, is unmarried and was actually dependent for
 2.13 more than one-half of support upon ~~such~~ the legislator for a
 2.14 period of at least 90 days immediately ~~prior to~~ before the
 2.15 legislator's death. ~~It~~

2.16 (b) The term also includes any child of the member of the
 2.17 legislature or former legislator who was conceived during the
 2.18 lifetime of, and who was born after the death of, the member or
 2.19 former legislator. ~~This subdivision shall be retroactive as to~~
 2.20 ~~any dependent child under the age of 22 years as of April 1,~~
 2.21 ~~1975.~~

2.22 Sec. 6. Minnesota Statutes 2004, section 3A.01,
 2.23 subdivision 6, is amended to read:

2.24 Subd. 6. **DIRECTOR.** "Director" means the executive
 2.25 director of the Minnesota State Retirement System who was
 2.26 appointed under section 352.03, subdivision 5.

2.27 Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended
 2.28 by adding a subdivision to read:

2.29 Subd. 6b. FORMER LEGISLATOR. "Former legislator" means a
 2.30 legislator who has ceased to be a member of the legislature for
 2.31 any reason, including, but not limited to, the expiration of the
 2.32 term for which a member of the legislature was elected or the
 2.33 death of the member.

2.34 Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended
 2.35 by adding a subdivision to read:

2.36 Subd. 6c. MEMBER OF THE LEGISLATURE. "Member of the

3.1 legislature" means a person who was a member of the House of
3.2 Representatives or of the Senate of the state of Minnesota who
3.3 has subscribed to the oath of office after July 1, 1965, and who
3.4 was first elected to a legislative office before July 1, 1997,
3.5 and retained coverage by the plan under Laws 1997, chapter 233,
3.6 article 2, section 15.

3.7 Sec. 9. Minnesota Statutes 2004, section 3A.01,
3.8 subdivision 8, is amended to read:

3.9 Subd. 8. **NORMAL RETIREMENT AGE.** "Normal retirement age"
3.10 means the age of ~~60 years with regard to any member of the~~
3.11 ~~legislature whose service terminates prior to the beginning of~~
3.12 ~~the 1981 legislative session, and the age of 62 years with~~
3.13 ~~regard to any member of the legislature whose service terminates~~
3.14 ~~after the beginning of the 1981 session.~~

3.15 Sec. 10. Minnesota Statutes 2004, section 3A.01, is
3.16 amended by adding a subdivision to read:

3.17 Subd. 9. **RETIREMENT.** "Retirement" means the period of
3.18 time after which a former legislator is entitled to a retirement
3.19 allowance.

3.20 Sec. 11. Minnesota Statutes 2004, section 3A.01, is
3.21 amended by adding a subdivision to read:

3.22 Subd. 10. **SALARY.** (a) "Salary" means the regular
3.23 compensation payable under law to a member of the legislature
3.24 and paid to the person for service as a legislator.

3.25 (b) The term includes the monthly compensation paid to the
3.26 member of the legislature and the per diem payments paid during
3.27 a regular or special session to the member of the legislature.

3.28 (c) The term does not include per diem payments paid to a
3.29 member of the legislature other than during the regular or
3.30 special session; additional compensation attributable to a
3.31 leadership position under section 3.099, subdivision 3; living
3.32 expense payments under section 3.101; and special session living
3.33 expense payments under section 3.103.

3.34 Sec. 12. Minnesota Statutes 2004, section 3A.011, is
3.35 amended to read:

3.36 3A.011 **ADMINISTRATION OF PLAN.**

4.1 The executive director and the board of directors of the
4.2 Minnesota State Retirement System shall administer the
4.3 legislators retirement plan in accordance with this chapter and
4.4 chapter 356A.

4.5 Sec. 13. Minnesota Statutes 2004, section 3A.02,
4.6 subdivision 1, is amended to read:

4.7 Subdivision 1. **QUALIFICATIONS.** (a) A former legislator
4.8 is entitled, upon written application to the director, to
4.9 receive a retirement allowance monthly, if the person:

4.10 (1) has either served at least six full years, without
4.11 regard to the application of section 3A.10, subdivision 2, or
4.12 has served during all or part of four regular sessions as a
4.13 member of the legislature, which service need not be continuous;

4.14 (2) has attained the normal retirement age;

4.15 (3) has retired as a member of the legislature; and

4.16 (4) has made all contributions provided for in section
4.17 3A.03, has made payments for past service under subdivision 2,
4.18 or has made payments in lieu of contributions under Minnesota
4.19 Statutes 1992, section 3A.031, ~~prior to~~ before July 1, 1994.

4.20 (b) ~~This paragraph applies to members of the legislature~~
4.21 ~~who terminate service as a legislator before July 1, 1997. For~~
4.22 ~~service rendered before the beginning of the 1979 legislative~~
4.23 ~~session, but not to exceed eight years of service, the~~
4.24 ~~retirement allowance is an amount equal to five percent per year~~
4.25 ~~of service of that member's average monthly salary. For service~~
4.26 ~~in excess of eight years rendered before the beginning of the~~
4.27 ~~1979 legislative session, and for service rendered after the~~
4.28 ~~beginning of the 1979 legislative session, Unless the former~~
4.29 ~~legislator has legislative service before January 1, 1979, the~~
4.30 retirement allowance is an amount equal to 2-1/2 percent per
4.31 year of service of that member's average monthly salary-

4.32 (c) ~~This paragraph applies to members of the legislature~~
4.33 ~~who terminate service as a legislator after June 30, 1997. The~~
4.34 ~~retirement allowance is an amount equal to the applicable rate~~
4.35 ~~or rates under paragraph (b) per year of service of the member's~~
4.36 ~~average monthly salary and adjusted for that person on an~~

5.1 actuarial equivalent basis to reflect the change in the
5.2 postretirement interest rate actuarial assumption under section
5.3 356.215, subdivision 8, from five percent to six percent. The
5.4 adjustment must be calculated by or, alternatively, the
5.5 adjustment procedure must be specified by, the actuary retained
5.6 ~~by the Legislative Commission on Pensions and Retirement~~ under
5.7 section 356.214. The purpose of this adjustment is to ensure
5.8 that the total amount of benefits that the actuary predicts an
5.9 individual member will receive over the member's lifetime under
5.10 this paragraph will be the same as the total amount of benefits
5.11 the actuary predicts the individual member would receive over
5.12 the member's lifetime under the law in effect before enactment
5.13 of this paragraph. If the former legislator has legislative
5.14 service before January 1, 1979, the person's benefit must
5.15 include the additional benefit amount in effect on January 1,
5.16 1979, and adjusted as otherwise provided in this paragraph.

5.17 ~~(d)~~ (c) The retirement allowance accrues beginning with the
5.18 first day of the month of receipt of the application, but not
5.19 before age 60, and for the remainder of the former legislator's
5.20 life, if the former legislator is not serving as a member of the
5.21 legislature or as a constitutional officer ~~or commissioner~~ as
5.22 defined in ~~section 352C.021, subdivisions 2 and 3~~ subdivision 1b.
5.23 The annuity does not begin to accrue ~~prior to~~ before the
5.24 person's retirement as a legislator. No annuity payment may be
5.25 made retroactive for more than 180 days before the date that the
5.26 annuity application is filed with the director.

5.27 ~~(e)~~ (d) Any member who has served during all or part of
5.28 four regular sessions is considered to have served eight years
5.29 as a member of the legislature.

5.30 ~~(f)~~ (e) The retirement allowance ceases with the last
5.31 payment that accrued to the retired legislator during the
5.32 retired legislator's lifetime, except that the surviving spouse,
5.33 if any, is entitled to receive the retirement allowance of the
5.34 retired legislator for the calendar month in which the retired
5.35 legislator died.

5.36 Sec. 14. Minnesota Statutes 2004, section 3A.02,

6.1 subdivision 1b, is amended to read:

6.2 Subd. 1b. **REDUCED RETIREMENT ALLOWANCE.** (a) Upon
6.3 separation from service after the beginning of the 1981
6.4 legislative session, a former member of the legislature who has
6.5 attained the age set by the board of directors of the Minnesota
6.6 State Retirement System and who is otherwise qualified ~~in~~
6.7 ~~accordance with~~ under subdivision 1 is entitled, upon making
6.8 written application on ~~forms supplied~~ a form prescribed by the
6.9 director, to a reduced retirement allowance ~~in~~. The reduced
6.10 retirement allowance is an amount equal to the retirement
6.11 allowance specified in subdivision 1, paragraph (b), that is
6.12 reduced so that the reduced annuity allowance is the actuarial
6.13 equivalent of the annuity allowance that would be payable if the
6.14 former member of the legislature deferred receipt of the annuity
6.15 allowance and the annuity allowance amount were was augmented
6.16 at an annual rate of three percent compounded annually from the
6.17 date the annuity allowance begins to accrue until age 62.

6.18 (b) The age set by the board of directors under paragraph
6.19 (a) cannot be ~~less~~ an earlier age than the early retirement age
6.20 under section 352.116, subdivision 1a.

6.21 (c) If there is an actuarial cost to the plan of resetting
6.22 the early retirement age under paragraph (a), the retired
6.23 legislator is required to pay an additional amount to cover the
6.24 full actuarial value. The additional amount must be paid in a
6.25 lump sum within 30 days of the certification of the amount by
6.26 the executive director.

6.27 (d) The executive director of the Minnesota State
6.28 Retirement System shall report to the Legislative Commission on
6.29 Pensions and Retirement on the utilization of this
6.30 provision annually on or before September 1, ~~2000~~.

6.31 Sec. 15. Minnesota Statutes 2004, section 3A.02,
6.32 subdivision 3, is amended to read:

6.33 Subd. 3. **APPROPRIATION.** The amounts required for payment
6.34 of retirement allowances provided by this section are
6.35 appropriated annually to the director from the participation of
6.36 the legislators retirement plan in the Minnesota postretirement

7.1 investment fund ~~and shall~~. The retirement allowance must be
7.2 paid monthly to the recipients entitled thereto to those
7.3 retirement allowances.

7.4 Sec. 16. Minnesota Statutes 2004, section 3A.02,
7.5 subdivision 4, is amended to read:

7.6 Subd. 4. **DEFERRED ANNUITIES AUGMENTATION.** (a) The
7.7 deferred ~~annuity~~ retirement allowance of any former legislator
7.8 must be augmented as provided herein.

7.9 (b) The required reserves applicable to the
7.10 deferred ~~annuity~~ retirement allowance, determined as of the date
7.11 the benefit begins to accrue using an appropriate mortality
7.12 table and an interest assumption of six percent, must be
7.13 augmented from the first of the month following the termination
7.14 of active service, or July 1, 1973, whichever is later, to the
7.15 first day of the month in which the ~~annuity~~ allowance begins to
7.16 accrue, at the following annually compounded rate of or rates:

7.17 ~~five percent per annum compounded annually until January 1,~~
7.18 ~~1981, and thereafter at the rate of three percent per annum~~
7.19 ~~compounded annually until January 1 of the year in which the~~
7.20 ~~former legislator attains age 55. From that date to the~~
7.21 ~~effective date of retirement, the rate is five percent~~
7.22 ~~compounded annually.~~

<u>rate</u>	<u>period</u>
7.24 <u>(1) five percent</u>	<u>until January 1, 1981</u>
7.25 <u>(2) three percent</u>	<u>from January 1, 1981, or from the</u>
7.26	<u>first day of the month following</u>
7.27	<u>the termination of active service,</u>
7.28	<u>whichever is later, until January 1</u>
7.29	<u>of the year in which the former</u>
7.30	<u>legislator attains age 55</u>
7.32 <u>(3) five percent</u>	<u>from the period end date under</u>
7.33	<u>clause (2) to the effective date</u>
7.34	<u>of retirement.</u>

7.35 ~~(b) The retirement allowance of, or the survivor benefit~~
7.36 ~~payable on behalf of, a former member of the legislature who~~

~~8.1 terminated service before July 1, 1997, which is not first
8.2 payable until after June 30, 1997, must be increased on an
8.3 actuarial equivalent basis to reflect the change in the
8.4 postretirement interest rate actuarial assumption under section
8.5 356.215, subdivision 8, from five percent to six percent under a
8.6 calculation procedure and tables adopted by the board of
8.7 directors of the Minnesota State Retirement System and approved
8.8 by the actuary retained by the Legislative Commission on
8.9 Pensions and Retirement.~~

8.10 Sec. 17. Minnesota Statutes 2004, section 3A.02,
8.11 subdivision 5, is amended to read:

8.12 Subd. 5. **OPTIONAL ANNUITIES.** (a) The board of directors
8.13 shall establish an optional retirement annuity in the form of a
8.14 joint and survivor annuity and an optional retirement annuity in
8.15 the form of a period certain and life thereafter. Except as
8.16 provided in paragraph (b), these optional annuity forms must be
8.17 actuarially equivalent to the normal annuity allowance computed
8.18 under this section, plus the actuarial value of any surviving
8.19 spouse benefit otherwise potentially payable at the time of
8.20 retirement under section 3A.04, subdivision 1. An individual
8.21 selecting an optional annuity under this subdivision ~~waives and~~
8.22 the person's spouse waive any rights to surviving spouse
8.23 benefits under section 3A.04, subdivision 1.

8.24 (b) If a retired legislator selects the joint and survivor
8.25 annuity option, the retired legislator must receive a normal
8.26 single-life annuity allowance if the designated optional annuity
8.27 beneficiary dies before the retired legislator and no reduction
8.28 may be made in the annuity to provide for restoration of the
8.29 normal single-life annuity allowance in the event of the death
8.30 of the designated optional annuity beneficiary.

8.31 (c) The surviving spouse of a legislator who has attained
8.32 at least age 60 and who dies while a member of the legislature
8.33 may elect an optional joint and survivor annuity under paragraph
8.34 (a), in lieu of surviving spouse benefits under section 3A.04,
8.35 subdivision 1.

8.36 Sec. 18. Minnesota Statutes 2004, section 3A.03,

9.1 subdivision 1, is amended to read:

9.2 Subdivision 1. **PERCENTAGE.** (a) Every member of the
9.3 legislature shall contribute nine percent of total salary~~7~~.

9.4 (b) The contribution must be made by payroll deduction~~7~~
9.5 ~~to~~ and must be paid into the state treasury and deposited in the
9.6 general fund. ~~It shall be the duty of~~

9.7 (c) The director ~~to~~ must record the periodic contributions
9.8 of each member of the legislature and must credit ~~such~~ each
9.9 contribution to the member's account.

9.10 Sec. 19. Minnesota Statutes 2004, section 3A.03,
9.11 subdivision 2, is amended to read:

9.12 Subd. 2. **REFUND.** (a) A former member who has made
9.13 contributions under subdivision 1 and who is no longer a member
9.14 of the legislature is entitled to receive, upon written
9.15 application to the executive director on a form prescribed by
9.16 the executive director, a refund from the general fund of all
9.17 contributions credited to the member's account with interest
9.18 computed as provided in section 352.22, subdivision 2.

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

9.22 (c) If the former member of the legislature again becomes a
9.23 member of the legislature after having taken a refund as
9.24 provided in paragraph (a), the member ~~must be considered~~ is a
9.25 ~~new~~ member of ~~this plan~~ the unclassified employees retirement
9.26 program of the Minnesota State Retirement System.

9.27 (d) However, the member may reinstate the rights and credit
9.28 for service previously forfeited under this chapter if the
9.29 member repays all refunds taken, plus interest at an annual rate
9.30 of 8.5 percent compounded annually from the date on which the
9.31 refund was taken to the date on which the refund is repaid.

9.32 ~~(d)~~ (e) No person may be required to apply for or to accept
9.33 a refund.

9.34 Sec. 20. Minnesota Statutes 2004, section 3A.04,
9.35 subdivision 1, is amended to read:

9.36 Subdivision 1. **SURVIVING SPOUSE.** (a) Upon the death of a

10.1 member of the legislature while serving as ~~such a member after~~
10.2 ~~June 30, 1973~~, or upon the death of a former member of the
10.3 legislature with at least ~~the number of~~ six full years of
10.4 service as ~~required by section 3A.02, subdivision 1, clause~~
10.5 ~~(1)~~ or service in all or part of four regular legislative
10.6 sessions, the surviving spouse ~~shall be paid~~ is entitled to a
10.7 survivor benefit ~~in the amount of~~.

10.8 (b) The surviving spouse benefit is one-half of the
10.9 retirement allowance of the member of the legislature computed
10.10 as though the member were at least normal retirement age on the
10.11 date of death and based upon the member's allowable service
10.12 or upon eight years, whichever is greater. The augmentation
10.13 provided in section 3A.02, subdivision 4, if applicable, ~~shall~~
10.14 must be applied for the period up to, and including, the month
10.15 of death.

10.16 (c) Upon the death of a former legislator receiving a
10.17 retirement allowance, the surviving spouse ~~shall be~~ is entitled
10.18 to one-half of the amount of the retirement allowance being paid
10.19 to the legislator. ~~Such~~

10.20 (d) The surviving spouse benefit shall be paid during is
10.21 payable for the lifetime of the surviving spouse.

10.22 Sec. 21. Minnesota Statutes 2004, section 3A.04,
10.23 subdivision 2, is amended to read:

10.24 Subd. 2. **DEPENDENT CHILDREN.** (a) Upon the death of a
10.25 member of the legislature while serving as a member, or upon the
10.26 death of a former member of the legislature who has rendered at
10.27 least ~~the number of~~ six full years of service as ~~required by~~
10.28 ~~section 3A.02, subdivision 1, clause (1)~~ or service in all or
10.29 part of four regular legislative sessions and who was not
10.30 receiving a retirement allowance, each dependent child of the
10.31 member or former legislator ~~shall be~~ is entitled to receive a
10.32 survivor benefit in the following amount:

10.33 (1) for the first dependent child, a monthly ~~allowance~~
10.34 ~~which equals~~ benefit equal to 25 percent of the monthly
10.35 retirement allowance of the member of the legislature or the
10.36 former legislator computed as though the member or the former

11.1 legislator had attained at least the normal retirement age on
11.2 the date of death and based upon the average monthly salary as
11.3 of the date of death or as of the date of termination, whichever
11.4 ~~is applicable~~ applies, and the member's allowable service or
11.5 eight years, whichever is greater;

11.6 (2) for each additional dependent child, a monthly
11.7 ~~allowance which equals~~ benefit equal to 12-1/2 percent of the
11.8 monthly retirement allowance of the member or the former
11.9 legislator computed as provided ~~in the case of the first child~~
11.10 clause (1); ~~but~~ and

11.11 (3) the total amount paid to the surviving spouse and to
11.12 the dependent child or children ~~shall~~ may not exceed, in any
11.13 one month, 100 percent of the monthly retirement allowance of
11.14 the member or of the former legislator computed as provided in
11.15 ~~the case of the first child~~ clause (1).

11.16 (b) The augmentation provided in section 3A.02, subdivision
11.17 4, if applicable, ~~shall be applied~~ applies from the first day of
11.18 the month next following the date of the termination of the
11.19 person from service as a member of the legislature to the month
11.20 of the death of the person.

11.21 (c) Upon the death of a former legislator who was receiving
11.22 a retirement allowance, ~~the~~ a surviving dependent child ~~shall be~~
11.23 is entitled to the applicable percentage specified ~~above~~ in
11.24 paragraph (a), clause (1) or (2), whichever applies, of the
11.25 amount of the allowance which was paid to the former legislator
11.26 for the month immediately ~~prior to~~ before the date of death of of
11.27 the former legislator.

11.28 (d) The payments for dependent children ~~shall~~ must be made
11.29 to the surviving spouse or to the guardian of the estate of the
11.30 dependent children, if there is one.

11.31 Sec. 22. Minnesota Statutes 2004, section 3A.04,
11.32 subdivision 3, is amended to read:

11.33 Subd. 3. **PAYMENT.** The surviving ~~spouse's~~ spouse and
11.34 dependent ~~children's~~ child or children survivor benefits payable
11.35 under this section ~~shall be paid~~ are payable by the director
11.36 monthly in the same manner as retirement allowances are

12.1 authorized to be paid by this chapter.

12.2 Sec. 23. Minnesota Statutes 2004, section 3A.04,

12.3 subdivision 4, is amended to read:

12.4 Subd. 4. **DEATH REFUNDS.** (a) Upon the death of a member
12.5 of the legislature or of a former legislator who was not
12.6 receiving a retirement allowance, without leaving either a
12.7 surviving spouse or a dependent child or dependent children, the
12.8 last designated beneficiary named on a form that was filed with
12.9 the director before the death of the legislator, or if no
12.10 designation is filed, the estate of the member or the former
12.11 legislator, upon application, ~~shall be~~ is entitled to a refund.

12.12 (b) The refund is the amount of contributions credited to
12.13 the person's account plus interest as provided in section 3A.03,
12.14 subdivision 2, ~~clause (2)~~ paragraph (a).

12.15 Sec. 24. Minnesota Statutes 2004, section 3A.04, is
12.16 amended by adding a subdivision to read:

12.17 Subd. 5. APPROPRIATION. The survivor benefits and the
12.18 death refunds authorized by this section are appropriated to the
12.19 director from the general fund when they are due and payable.

12.20 Sec. 25. Minnesota Statutes 2004, section 3A.05, is
12.21 amended to read:

12.22 3A.05 **APPLICATION FOR SURVIVOR BENEFIT.**

12.23 (a) Applications for survivor benefits ~~pursuant to~~ under
12.24 section 3A.04 ~~shall~~ must be filed with the director by the
12.25 surviving spouse and dependent child or children entitled to
12.26 benefits ~~pursuant to~~ under section 3A.04, or by the guardian of
12.27 the estate, if there is one, of the dependent child or children.

12.28 (b) Survivor benefits ~~shall~~ accrue as of the first day of
12.29 the month following the death of the member of the legislature
12.30 or former legislator and payments ~~shall~~ commence as of the first
12.31 of the month next following the filing of the application,
12.32 and ~~shall be~~ are retroactive to the date the benefit accrues;
12.33 ~~provided, however, that no payment shall be retroactive for more~~
12.34 ~~than~~ or the first of the month occurring 12 months ~~prior~~
12.35 ~~to~~ before the month in which the application is filed with the
12.36 director, whichever is earlier.

13.1 Sec. 26. Minnesota Statutes 2004, section 3A.07, is

13.2 amended to read:

13.3 3A.07 **APPLICATION.**

13.4 (a) Except as provided in paragraph (b), this chapter
13.5 applies to members of the legislature in service after July 1,
13.6 1965, who otherwise meet the requirements of this chapter.

13.7 (b) Members of the legislature who were elected for the
13.8 first time after June 30, 1997, or members of the legislature
13.9 who were elected before July 1, 1997, and who, after July 1,
13.10 1998, elect not to be members of the plan established by this
13.11 chapter are covered by the unclassified employees retirement
13.12 program governed by chapter 352D.

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

13.18 Sec. 27. Minnesota Statutes 2004, section 3A.10,
13.19 subdivision 1, is amended to read:

13.20 Subdivision 1. **SERVICE CREDIT FOR LEGISLATIVE TERM.** (a)
13.21 In the case of a member of the house of representatives, one
13.22 full term of office shall must be considered two full years of
13.23 service, notwithstanding the fact that the oath of office ~~may be~~
13.24 was taken on different days each biennium.

13.25 (b) In the case of a member of the senate, one full term of
13.26 office ~~shall~~ must be considered four full years of service,
13.27 notwithstanding the fact that the oath of office ~~may be~~ was
13.28 taken on different days at the start of each term.

13.29 (c) For purposes of this chapter, a legislative term ~~shall~~
13.30 must be deemed to commence on January ~~1st~~ 1 and to end on
13.31 December ~~31st~~ 31.

13.32 Sec. 28. Minnesota Statutes 2004, section 3A.12, is
13.33 amended to read:

13.34 3A.12 **COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR**
13.35 **ASSOCIATION.**

13.36 Subdivision 1. **ENTITLEMENT TO ANNUITY.** (a) Any

14.1 legislator who has been ~~an employee covered by~~ a member of a
14.2 retirement plan listed in paragraph (b) is entitled, when
14.3 otherwise qualified, to a retirement allowance or annuity from
14.4 each plan if the total allowable service in all plans or in any
14.5 two of these plans totals ten or more years.

14.6 (b) This section applies to any retirement plan or program
14.7 administered by the Minnesota State Retirement System, or a
14.8 ~~member of~~ any retirement plan administered by the Public
14.9 Employees Retirement Association, including the Public Employees
14.10 Retirement Association police and fire fund, or the Teachers
14.11 Retirement Association, or the Minneapolis employees
14.12 retirement Fund plan, or the State Patrol retirement fund plan,
14.13 or any other public employee retirement system in the state of
14.14 Minnesota having a like provision but excluding all.

14.15 (c) This section does not apply to other funds retirement
14.16 plans providing benefits for police or firefighters, shall be
14.17 ~~entitled when qualified to an annuity from each fund if the~~
14.18 ~~total allowable service for which the legislator has credit in~~
14.19 ~~all funds or in any two of these funds totals ten or more years,~~
14.20 provided.

14.21 (d) No portion of the allowable service upon which the
14.22 retirement annuity from one fund plan is based is again used in
14.23 the computation for benefits from another fund plan. The
14.24 annuity from each fund shall plan must be determined by the
14.25 appropriate provisions of the law, except that the requirement
14.26 that a person must have at least ten a minimum number of years
14.27 of allowable service in the respective system or
14.28 association shall does not apply for the purposes of this
14.29 section provided if the combined service in two or more of these
14.30 funds plans equals ten or more years. The augmentation of
14.31 deferred annuities provided in section 3A.02, subdivision
14.32 4, shall apply applies to the annuities accruing hereunder under
14.33 this section.

14.34 Subd. 2. **REFUND REPAYMENT.** Any A former legislator who
14.35 has received a refund as provided in section 3A.03, subdivision
14.36 2, who is a currently contributing member of a retirement fund

15.1 plan specified in subdivision 1, paragraph (b), may repay the
15.2 refund as provided in section 3A.03, subdivision 2. ~~Any~~ A
15.3 member of the legislature who has received a refund from any of
15.4 the ~~funds~~ retirement plans specified in subdivision 1, may repay
15.5 the refund to the respective ~~fund~~ plan under such terms and
15.6 conditions consistent with the law governing ~~such fund~~ the
15.7 retirement plan if the law governing ~~such fund~~ the plan permits
15.8 the repayment of refunds. If the total amount to be repaid,
15.9 including principal and interest exceeds \$2,000, repayment may
15.10 be made in three equal installments over a period of 18 months,
15.11 with the interest accrued during the period of the repayment
15.12 added to the final installment.

15.13 Sec. 29. Minnesota Statutes 2004, section 3A.13, is
15.14 amended to read:

15.15 3A.13 **EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM**
15.16 **DEDUCTION.**

15.17 (a) The provisions of section 352.15 ~~shall~~ apply to the
15.18 legislators retirement plan, chapter 3A.

15.19 (b) The executive director of the Minnesota State
15.20 Retirement System must, at the request of a retired legislator
15.21 who is enrolled in a health insurance plan covering state
15.22 employees, deduct the person's health insurance premiums from
15.23 the person's annuity and transfer the amount of the premium to a
15.24 health insurance carrier covering state employees.

15.25 Sec. 30. **352C.001 RETIREMENT PLAN; APPLICATION.**

15.26 (a) The retirement plan applicable to a former
15.27 constitutional officer who was first elected to a constitutional
15.28 office after July 1, 1967, and before July 1, 1997, is the
15.29 applicable portions of this chapter and chapter 356 in effect on
15.30 the date on which the person terminated active service as a
15.31 constitutional officer.

15.32 (b) Nothing in this section or section 2 or 3 is intended
15.33 to reduce the benefits of former constitutional officers or to
15.34 adversely modify their eligibility for benefits in effect as of
15.35 the day before the effective date of this section.

15.36 Sec. 31. Minnesota Statutes 2004, section 352C.091,

16.1 subdivision 1, is amended to read:

16.2 Subdivision 1. **ADMINISTRATIVE AGENCY AND STANDARDS.** ~~This~~

16.3 ~~chapter~~ (a) The elected officers retirement plan must be

16.4 administered by the board of directors and the executive

16.5 director of the Minnesota State Retirement System.

16.6 (b) The elected state officers retirement plan must be

16.7 administered consistent with ~~this chapter~~ the applicable

16.8 statutory provisions governing the plan and chapters 356 and

16.9 356A.

16.10 Sec. 32. Minnesota Statutes 2004, section 490.121,

16.11 subdivision 1, is amended to read:

16.12 Subdivision 1. **SCOPE.** For purposes of sections 490.121

16.13 to 490.132, unless the context clearly indicates otherwise, each

16.14 of the terms defined in this section ~~have~~ has the ~~meanings~~

16.15 meaning given ~~them unless the context clearly indicates~~

16.16 ~~otherwise~~ it.

16.17 Sec. 33. Minnesota Statutes 2004, section 490.121, is

16.18 amended by adding a subdivision to read:

16.19 Subd. 2a. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"

16.20 means the condition of one annuity or benefit having an equal

16.21 actuarial present value as another annuity or benefit,

16.22 determined as of a given date with each actuarial present value

16.23 based on the appropriate mortality table adopted by the board of

16.24 trustees based on the experience of the fund as recommended by

16.25 the actuary retained under section 356.214 and using the

16.26 applicable preretirement or postretirement interest rate

16.27 assumption specified in section 356.215, subdivision 8.

16.28 Sec. 34. Minnesota Statutes 2004, section 490.121,

16.29 subdivision 4, is amended to read:

16.30 Subd. 4. **ALLOWABLE SERVICE.** (a) "Allowable service"

16.31 means any calendar month, subject to the service credit limit in

16.32 subdivision 22, served as a judge at any time, ~~or~~ during which

16.33 the judge received compensation for that service from the state,

16.34 municipality, or county, whichever applies, and for which the

16.35 judge made any required member contribution. It also includes

16.36 any month served as a referee in probate for all referees in

17.1 probate who were in office ~~prior to~~ before January 1, 1974.

17.2 (b) "Allowable service" does not mean service as a retired
17.3 judge.

17.4 Sec. 35. Minnesota Statutes 2004, section 490.121,
17.5 subdivision 6, is amended to read:

17.6 Subd. 6. **ANNUITY.** "Annuity" means the payments that are
17.7 made each year to an annuitant from the judges' retirement fund,
17.8 pursuant to the provisions of ~~under~~ sections 490.121 to 490.132.

17.9 Sec. 36. Minnesota Statutes 2004, section 490.121,
17.10 subdivision 7, is amended to read:

17.11 Subd. 7. **ANNUITANT.** "Annuitant" means a former judge, a
17.12 surviving spouse, or a dependent child who is entitled to and is
17.13 receiving an annuity under ~~the provisions of~~ sections 490.121 to
17.14 490.132.

17.15 Sec. 37. Minnesota Statutes 2004, section 490.121, is
17.16 amended by adding a subdivision to read:

17.17 Subd. 7a. **APPROVED ACTUARY.** "Approved actuary" means an
17.18 actuary as defined in section 356.215, subdivision 1, paragraph
17.19 (c).

17.20 Sec. 38. Minnesota Statutes 2004, section 490.121, is
17.21 amended by adding a subdivision to read:

17.22 Subd. 7b. **COURT.** "Court" means any court of this state
17.23 that is established by the Minnesota Constitution.

17.24 Sec. 39. Minnesota Statutes 2004, section 490.121, is
17.25 amended by adding a subdivision to read:

17.26 Subd. 7c. **DEPENDENT SURVIVING CHILD.** "Dependent
17.27 surviving child" means any natural or adopted child of a
17.28 deceased judge who has not reached the age of 18 years, or
17.29 having reached the age of 18, is under age 22 and who is a
17.30 full-time student throughout the normal school year, is
17.31 unmarried, and is actually dependent for more than one-half of
17.32 the child's support upon the judge for a period of at least 90
17.33 days before the judge's death. It also includes any natural
17.34 child of the judge who was born after the death of the judge.

17.35 Sec. 40. Minnesota Statutes 2004, section 490.121,
17.36 subdivision 13, is amended to read:

18.1 Subd. 13. **DISABILITY.** "Disability" means the permanent
18.2 inability of a judge to continue to perform the functions of
18.3 judge by reason of a physical or mental impairment resulting
18.4 from a sickness or an injury.

18.5 Sec. 41. Minnesota Statutes 2004, section 490.121,
18.6 subdivision 14, is amended to read:

18.7 Subd. 14. **DISABILITY RETIREMENT DATE.** "Disability
18.8 retirement date" means the last day of the first month after the
18.9 date on which the governor determines, upon receipt of the
18.10 voluntary application by the judge or otherwise, that a judge
18.11 suffers from a disability.

18.12 Sec. 42. Minnesota Statutes 2004, section 490.121,
18.13 subdivision 15, is amended to read:

18.14 Subd. 15. **DISABILITY RETIREMENT ANNUITY.** "Disability
18.15 retirement annuity" means an annuity to which a judge is
18.16 entitled under section 490.124, subdivisions 1 and 4, after the
18.17 retirement ~~for reason~~ of the judge because of a disability.

18.18 Sec. 43. Minnesota Statutes 2004, section 490.121, is
18.19 amended by adding a subdivision to read:

18.20 Subd. 15a. **EARLY RETIREMENT DATE.** "Early retirement date"
18.21 means the last day of the month after a judge attains the age of
18.22 60 but before the judge reaches the normal retirement date.

18.23 Sec. 44. Minnesota Statutes 2004, section 490.121, is
18.24 amended by adding a subdivision to read:

18.25 Subd. 15b. **EARLY RETIREMENT ANNUITY.** "Early retirement
18.26 annuity" means an annuity to which a judge is entitled under
18.27 section 490.124, subdivisions 1 and 3, upon retirement by the
18.28 judge at an early retirement date.

18.29 Sec. 45. Minnesota Statutes 2004, section 490.121,
18.30 subdivision 21, is amended to read:

18.31 Subd. 21. **FINAL AVERAGE COMPENSATION.** "Final average
18.32 compensation" means the total amount of the salary payable to a
18.33 judge in the highest five years out of the last ten years ~~prior~~
18.34 ~~to before~~ the event of maturity of benefits termination of
18.35 judicial service, divided by five; provided, however, that if
18.36 the number of years of service by the judge equals or exceeds

19.1 ten. If the number of years of service by the judge is less
19.2 than ten, but more than five, the highest five ~~shall~~ years of
19.3 salary must be counted, ~~and~~. If the number of years of service
19.4 by the judge is less than five, the aggregate salary ~~in such~~ for
19.5 the period ~~shall~~ of service must be divided by the number of
19.6 months in ~~such~~ the period and multiplied by 12.

19.7 Sec. 46. Minnesota Statutes 2004, section 490.121, is
19.8 amended by adding a subdivision to read:

19.9 Subd. 21a. **JUDGE.** "Judge" means a judge or a justice of
19.10 any court as defined under subdivision 7b.

19.11 Sec. 47. Minnesota Statutes 2004, section 490.121, is
19.12 amended by adding a subdivision to read:

19.13 Subd. 21b. **JUDGES' RETIREMENT FUND.** "Judges' retirement
19.14 fund," "retirement fund," or "fund" means the fund created by
19.15 section 490.123.

19.16 Sec. 48. Minnesota Statutes 2004, section 490.121, is
19.17 amended by adding a subdivision to read:

19.18 Subd. 21c. **MANDATORY RETIREMENT DATE.** "Mandatory
19.19 retirement date" means the last day of the month in which a
19.20 judge has attained 70 years of age.

19.21 Sec. 49. Minnesota Statutes 2004, section 490.121, is
19.22 amended by adding a subdivision to read:

19.23 Subd. 21d. **NORMAL RETIREMENT ANNUITY.** Except as
19.24 otherwise provided in sections 490.121 to 490.132, "normal
19.25 retirement annuity" means an annuity to which a judge is
19.26 entitled under section 490.124, subdivision 1, upon retirement
19.27 on or after the normal retirement date of the judge.

19.28 Sec. 50. Minnesota Statutes 2004, section 490.121, is
19.29 amended by adding a subdivision to read:

19.30 Subd. 21e. **NORMAL RETIREMENT DATE.** "Normal retirement
19.31 date" means the last day of the month in which a judge attains
19.32 the age of 65.

19.33 Sec. 51. Minnesota Statutes 2004, section 490.121,
19.34 subdivision 22, is amended to read:

19.35 Subd. 22. **SERVICE CREDIT LIMIT.** "Service credit limit"
19.36 means the greater of: (1) 24 years of allowable service

20.1 under this chapter ~~490~~; or (2) for judges with allowable service
20.2 rendered ~~prior to~~ before July 1, 1980, the number of years of
20.3 allowable service under chapter 490, which, when multiplied by
20.4 the percentage listed in section 356.315, subdivision 7 or 8,
20.5 whichever is applicable to each year of service, equals 76.8.

20.6 Sec. 52. Minnesota Statutes 2004, section 490.121, is
20.7 amended by adding a subdivision to read:

20.8 Subd. 23. SURVIVING SPOUSE. "Surviving spouse" means the
20.9 surviving legally married spouse of a deceased judge.

20.10 Sec. 53. Minnesota Statutes 2004, section 490.121, is
20.11 amended by adding a subdivision to read:

20.12 Subd. 24. SURVIVOR'S ANNUITY. "Survivor's annuity" means
20.13 an annuity to which a surviving spouse or dependent child is
20.14 entitled under section 490.124, subdivision 9.

20.15 Sec. 54. Minnesota Statutes 2004, section 490.122, is
20.16 amended to read:

20.17 490.122 **ADMINISTRATION OF JUDGES' RETIREMENT.**

20.18 Subdivision 1. ADMINISTRATION. The policy-making,
20.19 management, and administrative functions governing the operation
20.20 of the judges' retirement fund and the administration
20.21 of ~~sections 490.121 to 490.132~~ this chapter are vested in the
20.22 board of directors and executive director of the Minnesota State
20.23 Retirement System ~~with such~~. In administering the plan and
20.24 fund, the board and the director have the same duties,
20.25 authority, and responsibility as are provided in chapter 352.

20.26 Subd. 2. INAPPLICABILITY OF CERTAIN LAWS. Except as
20.27 otherwise specified, no provision of chapter 352 applies to the
20.28 judges' retirement fund or any judge.

20.29 Subd. 3. FIDUCIARY RESPONSIBILITY. Fiduciary
20.30 activities ~~of~~ relating to the uniform judges' retirement ~~and~~
20.31 ~~Survivors' Annuities for Judges~~ plan must be undertaken in a
20.32 manner consistent with chapter 356A.

20.33 Sec. 55. Minnesota Statutes 2004, section 490.123,
20.34 subdivision 1, is amended to read:

20.35 Subdivision 1. **FUND CREATION; REVENUE AND AUTHORIZED**
20.36 **DISBURSEMENTS.** (a) There is created a special fund to be known

21.1 as the "judges' retirement fund".

21.2 (b) The judges' retirement fund must be credited with all
 21.3 contributions; all interest, dividends, and other investment
 21.4 proceeds; and all other income authorized by this chapter or
 21.5 other applicable law.

21.6 (c) From this fund there are appropriated the payments
 21.7 authorized by sections 490.121 to 490.132, in the amounts and at
 21.8 the times provided, including the necessary and reasonable
 21.9 expenses of the Minnesota State Retirement System in
 21.10 administering the fund and the transfers to the Minnesota
 21.11 postretirement investment fund.

21.12 Sec. 56. Minnesota Statutes 2004, section 490.123,
 21.13 subdivision 1a, is amended to read:

21.14 Subd. 1a. **MEMBER CONTRIBUTION RATES.** (a) A judge who is
 21.15 covered by the federal Old Age, Survivors, Disability, and
 21.16 Health Insurance Program and whose service does not exceed the
 21.17 service credit limit in section 490.121, subdivision 22, shall
 21.18 contribute to the fund from each salary payment a sum equal to
 21.19 8.00 percent of salary.

21.20 (b) ~~A judge not so covered whose service does not exceed~~
 21.21 ~~the service credit limit in section 490.121, subdivision 22,~~
 21.22 ~~shall contribute to the fund from each salary payment a sum~~
 21.23 ~~equal to 8.15 percent of salary.~~

21.24 (e) The contribution under this subdivision is payable by
 21.25 salary deduction. The deduction must be made by the state court
 21.26 administrator under section 352.04, subdivisions 4, 5, and 8.

21.27 Sec. 57. Minnesota Statutes 2004, section 490.123,
 21.28 subdivision 1b, is amended to read:

21.29 Subd. 1b. **EMPLOYER CONTRIBUTION RATE.** (a) The employer
 21.30 contribution rate to the fund on behalf of a judge is 20.5
 21.31 percent of salary ~~and~~. The employer obligation continues after
 21.32 a judge exceeds the service credit limit in section 490.121,
 21.33 subdivision 22.

21.34 (b) The employer contribution must be paid by the state
 21.35 court administrator ~~and~~. The employer contribution is payable
 21.36 at the same time as member contributions are made under

22.1 subdivision 1a or as employee contributions are made to the
22.2 unclassified ~~plan in~~ program governed by chapter 352D for judges
22.3 whose service exceeds the limit in section 490.121, subdivision
22.4 22, are remitted.

22.5 Sec. 58. Minnesota Statutes 2004, section 490.123,
22.6 subdivision 1c, is amended to read:

22.7 Subd. 1c. **ADDITIONAL EMPLOYER CONTRIBUTION.** ~~In the event~~
22.8 ~~that~~ If the employer contribution under subdivision 1b and the
22.9 assets of the judges retirement fund are insufficient to meet
22.10 reserve transfers to the Minnesota postretirement investment
22.11 fund or payments of survivor benefits ~~before July 1, 1993~~ in a
22.12 month, the necessary amount is appropriated from the general
22.13 fund to the executive director of the Minnesota State Retirement
22.14 System, upon the certification of the required amount by the
22.15 executive director to the commissioner of finance.

22.16 Sec. 59. Minnesota Statutes 2004, section 490.123,
22.17 subdivision 2, is amended to read:

22.18 Subd. 2. **COMMISSIONER OF FINANCE.** The commissioner of
22.19 finance ~~shall be~~ is the ex officio treasurer of the judges'
22.20 retirement fund ~~and the~~. The commissioner's general bond to the
22.21 state ~~shall~~ must be ~~so~~ conditioned ~~as~~ to cover all liability for
22.22 acting as the treasurer of ~~this~~ the fund. All ~~moneys~~ money
22.23 received by the commissioner ~~pursuant to~~ under this section
22.24 ~~shall~~ must be set aside in the state treasury to the credit of
22.25 the judges' retirement fund. ~~The commissioner shall transmit~~
22.26 ~~monthly to the executive director described in section 352.03,~~
22.27 ~~subdivision 5, a detailed statement of all amounts so received~~
22.28 ~~and credited to the fund. The commissioner shall pay out the~~
22.29 ~~fund only upon vouchers signed by said executive director;~~
22.30 ~~provided that vouchers for investment may be signed by the~~
22.31 ~~secretary of the State Board of Investment.~~

22.32 Sec. 60. Minnesota Statutes 2004, section 490.123,
22.33 subdivision 3, is amended to read:

22.34 Subd. 3. **INVESTMENT.** (a) The executive director ~~referred~~
22.35 ~~to in subdivision 2~~ of the Minnesota State Retirement System
22.36 shall, from time to time, certify to the State Board of

23.1 Investment such portions of the judges' retirement fund as in
23.2 the director's judgment may not be required for immediate use.

23.3 (b) Assets from the judges' retirement fund ~~shall~~ must be
23.4 transferred to the Minnesota postretirement investment fund for
23.5 retirement and disability benefits as provided in sections
23.6 11A.18 and 352.119.

23.7 (c) The State Board of Investment shall thereupon invest
23.8 and reinvest sums so transferred, or certified, in such
23.9 securities as are duly authorized legal investments for such
23.10 purposes under section 11A.24 in compliance with sections
23.11 356A.04 and 356A.06.

23.12 Sec. 61. Minnesota Statutes 2004, section 490.124,
23.13 subdivision 1, is amended to read:

23.14 Subdivision 1. **BASIC RETIREMENT ANNUITY.** (a) Except as
23.15 qualified hereinafter from and after the mandatory retirement
23.16 date, the normal retirement date, the early retirement date, or
23.17 one year from the disability retirement date, as the case may
23.18 be, a retiring judge is eligible to receive a retirement annuity
23.19 ~~shall be payable to a retiring judge~~ from the judges' retirement
23.20 fund ~~in~~.

23.21 (b) The retirement annuity is an amount equal to: (1) the
23.22 percent specified in section 356.315, subdivision 7, multiplied
23.23 by the judge's final average compensation with that result then
23.24 multiplied by the number of years and fractions of years of
23.25 allowable service rendered ~~prior to~~ before July 1, 1980; plus
23.26 (2) the percent specified in section 356.315, subdivision 8,
23.27 multiplied by the judge's final average compensation with that
23.28 result then multiplied by the number of years and fractions of
23.29 years of allowable service rendered after June 30, 1980.

23.30 (c) Service that exceeds the service credit limit in
23.31 section 490.121, subdivision 22, must be excluded in calculating
23.32 the retirement annuity, but the compensation earned by the judge
23.33 during this period of judicial service must be used in
23.34 determining a judge's final average compensation and calculating
23.35 the retirement annuity.

23.36 Sec. 62. Minnesota Statutes 2004, section 490.124,

24.1 subdivision 2, is amended to read:

24.2 Subd. 2. **MINIMUM SERVICE REQUIREMENT; ~~EXTENSION OF TERM.~~**

24.3 ~~No~~ (a) Unless section 356.30 applies, a judge shall be is not

24.4 eligible for an annuity at the normal retirement date or the

24.5 early retirement date if the judge has less than five years of

24.6 allowable service.

24.7 (b) A judge who ~~shall retire~~ retires on or, as permitted

24.8 under sections 490.121 to 490.132, after the judge's mandatory

24.9 retirement date, ~~shall be~~ is entitled to a proportionate annuity

24.10 based upon the allowable service of the judge at the date of

24.11 retirement.

24.12 ~~A judge who was in office on December 31, 1973, and~~

24.13 ~~thereafter and who, by the date on which the current term~~

24.14 ~~expires, would not be eligible to retire with full benefits~~

24.15 ~~under statutes in effect on December 31, 1973, may apply to the~~

24.16 ~~governor for an extension to serve up to three additional years,~~

24.17 ~~stating the intention of the judge to retire upon attaining~~

24.18 ~~eligibility to receive a retirement allowance. Notwithstanding~~

24.19 ~~section 490.125, the governor shall forthwith make a written~~

24.20 ~~order accepting the retirement application, and extending the~~

24.21 ~~term of office of the judge for the period of time, not to~~

24.22 ~~exceed three years, as may be necessary to make the judge~~

24.23 ~~eligible for retirement, solely for purposes of computing~~

24.24 ~~benefits hereunder.~~

24.25 Sec. 63. Minnesota Statutes 2004, section 490.124,

24.26 subdivision 3, is amended to read:

24.27 Subd. 3. **EARLY REDUCED RETIREMENT.** The retirement

24.28 annuity ~~provided by~~ under subdivision 1 of any judge electing

24.29 who elects to retire at an early retirement date ~~shall~~ must be

24.30 reduced by one-half of one percent per month from the retirement

24.31 date to the normal retirement date.

24.32 Sec. 64. Minnesota Statutes 2004, section 490.124,

24.33 subdivision 4, is amended to read:

24.34 Subd. 4. **DISABILITY RETIREMENT.** (a) When the governor

24.35 determines that a judge is disabled under section 490.121,

24.36 subdivision 13, notice of the governor's determination must be

25.1 sent to the judge, to the chief justice of the Supreme Court, to
25.2 the state court administrator, and to the executive director of
25.3 the Minnesota State Retirement System.

25.4 (b) From and after disability retirement date, a disabled
25.5 judge ~~shall be~~ is entitled to continuation of the judge's full
25.6 salary payable by the judge's employer, as if the judge's office
25.7 were not vacated by retirement, for a period of up to one full
25.8 year, but in no event beyond the judge's mandatory retirement
25.9 date. During this year the judge ~~will~~ is entitled to earn
25.10 additional service credit in the judges' retirement plan. The
25.11 salary ~~earned will be~~ payable to a disabled judge is subject to
25.12 retirement deductions and ~~will~~ must be included in computing
25.13 final average compensation of the judge. ~~Thereafter~~

25.14 (c) At the conclusion of the year of continued salary
25.15 following a disability or upon the judge's mandatory retirement
25.16 date, whichever is earlier, the disabled judge is entitled to a
25.17 disability retirement annuity computed as provided in
25.18 subdivision 1 ~~shall be paid, provided that.~~ If the computed
25.19 retirement annuity is a smaller amount, the judge ~~shall~~ is
25.20 entitled to receive a minimum annuity of 25 percent of the
25.21 judge's final average compensation.

25.22 Sec. 65. Minnesota Statutes 2004, section 490.124,
25.23 subdivision 5, is amended to read:

25.24 Subd. 5. **DEFERRED BENEFITS.** (a) ~~Any~~ A benefit to which a
25.25 judge is entitled under this section may be deferred until the
25.26 early or normal retirement date or later, notwithstanding the
25.27 termination of ~~such~~ the judge's service prior thereto.

25.28 (b) The retirement annuity of, or the survivor benefit
25.29 payable on behalf of, a former judge, who terminated service
25.30 before July 1, 1997, which is not first payable until after June
25.31 30, 1997, must be increased on an actuarial equivalent basis to
25.32 reflect the change in the postretirement interest rate actuarial
25.33 assumption under section 356.215, subdivision 8, from five
25.34 percent to six percent under a calculation procedure and tables
25.35 adopted by the board of directors of the Minnesota State
25.36 Retirement System and approved by the actuary retained ~~by the~~

26.1 ~~Legislative Commission on Pensions and Retirement~~ under section
26.2 356.214.

26.3 Sec. 66. Minnesota Statutes 2004, section 490.124,
26.4 subdivision 8, is amended to read:

26.5 Subd. 8. **EXCLUSIVE NORMAL RETIREMENT BENEFITS.** ~~Any~~ (a)
26.6 Except as provided in paragraph (b), a judge who retires after
26.7 December 31, 1973, shall be is entitled to a retirement pension,
26.8 retirement compensation or other retirement payment under
26.9 statutes applicable solely to judges ~~pursuant to~~ under this
26.10 section only, ~~except that any such.~~

26.11 (b) A judge who was in office prior to before January 1,
26.12 1974, who retires at or after normal retirement age may then
26.13 elect to receive during the judge's lifetime a normal retirement
26.14 annuity computed on the basis of retirement compensation
26.15 provided for such judge under statutes in effect on December 31,
26.16 1973, in lieu of the amount of normal retirement annuity
26.17 otherwise computed under sections 490.121 to 490.132.

26.18 ~~For purposes of this subdivision, the Conciliation Court of~~
26.19 ~~the city of Duluth shall be deemed to have been a court of~~
26.20 ~~record by the statutes in effect on December 31, 1973.~~

26.21 Sec. 67. Minnesota Statutes 2004, section 490.124,
26.22 subdivision 9, is amended to read:

26.23 Subd. 9. **SURVIVORS' ANNUITY.** (a) Upon the death of a
26.24 judge ~~prior to before~~ retirement, or upon the death of a person
26.25 who has qualified for an annuity under this section but who
26.26 ceases to be a judge ~~prior to before~~ retirement and has who not
26.27 received a refund of contributions ~~pursuant to~~ under subdivision
26.28 12, a surviving spouse is entitled to, or, if there be no
26.29 surviving spouse, dependent children, ~~shall~~ are entitled to
26.30 receive an annuity, payable monthly, equal in total to 60
26.31 percent of the normal retirement annuity which would have been
26.32 payable to the judge or former judge had the date of death been
26.33 the normal retirement date, ~~provided that the.~~

26.34 (b) The annuity payable to a surviving spouse or to
26.35 dependent children shall receive an annuity is an amount of not
26.36 less than 25 percent of the judge's or the former judge's final

27.1 average compensation.

27.2 ~~If a judge, whose surviving spouse was not entitled to~~
27.3 ~~survivors benefits provided solely for judges under statutes in~~
27.4 ~~effect prior to January 1, 1974, shall have died prior to~~
27.5 ~~retirement on or after May 23, 1973 and before January 1, 1974,~~
27.6 ~~a surviving spouse and dependent children, if any, shall be~~
27.7 ~~entitled to survivors benefits as provided hereunder as if such~~
27.8 ~~judge had died on January 1, 1974.~~

27.9 Sec. 68. Minnesota Statutes 2004, section 490.124,
27.10 subdivision 10, is amended to read:

27.11 Subd. 10. **PRIOR SURVIVORS' BENEFITS; LIMITATION.** (a)
27.12 Benefits provided ~~pursuant to~~ under Minnesota Statutes 2004,
27.13 section 490.102, subdivision 6, or 490.1091, for a surviving
27.14 spouse of a retired judge, payable after the death of the judge,
27.15 ~~shall be~~ are limited to:

27.16 ~~(a) spouses of judges who have retired prior to~~ before
27.17 ~~January 1, 1974; and .~~

27.18 ~~(b) spouses of judges in office on December 31, 1973 and~~
27.19 ~~thereafter who elect to continue contributions pursuant to~~
27.20 ~~section 490.102, subdivision 6 or 490.109. The contributions~~
27.21 ~~shall be in addition to contributions pursuant to section~~
27.22 ~~490.123, and upon retirement the judge may not elect to receive~~
27.23 ~~any optional annuity pursuant to subdivision 11 unless the judge~~
27.24 ~~and the spouse shall waive any benefits pursuant to section~~
27.25 ~~490.102, subdivision 6 or 490.1091.~~

27.26 (b) No other judge in office on or after January 1, 1974,
27.27 ~~shall be~~ is required to contribute ~~pursuant to~~ under Minnesota
27.28 Statutes 2004, section 490.102, subdivision 6, or 490.109.

27.29 Sec. 69. Minnesota Statutes 2004, section 490.124,
27.30 subdivision 11, is amended to read:

27.31 Subd. 11. **LIMITATION ON SURVIVOR BENEFITS; OPTIONAL**
27.32 **ANNUITIES.** (a) No survivor or death benefits may be paid in
27.33 connection with the death of a judge who retires after December
27.34 31, 1973, except as otherwise provided in sections 490.121 to
27.35 490.132.

27.36 (b) Except as provided in subdivision 10, a judge may elect

28.1 to receive, instead of the normal retirement annuity, an
28.2 optional retirement annuity in the form of either (1) an annuity
28.3 payable for a period certain and for life after that period, (2)
28.4 a joint and survivor annuity without reinstatement ~~in the event~~
28.5 ~~of~~ if the designated beneficiary ~~predeceasing~~ predeceases the
28.6 retired judge, or (3) a joint and survivor annuity with
28.7 reinstatement ~~in the event of~~ if the designated beneficiary
28.8 ~~predeceasing~~ predeceases the retired judge.

28.9 (c) An optional retirement annuity must be actuarially
28.10 equivalent to a single-life annuity with no term certain and
28.11 must be established by the board of directors of the Minnesota
28.12 State Retirement System. In establishing these optional
28.13 retirement annuity forms, the board shall obtain the written
28.14 recommendation of the actuary retained ~~by the Legislative~~
28.15 ~~Commission on Pensions and Retirement~~ under section 356.214.
28.16 The recommendations must be retained as a part of the permanent
28.17 records of the board.

28.18 Sec. 70. Minnesota Statutes 2004, section 490.124,
28.19 subdivision 12, is amended to read:

28.20 Subd. 12. **REFUND.** (a) A person who ceases to be a
28.21 judge ~~but who does not qualify for a retirement annuity or other~~
28.22 ~~benefit under section 490.121~~ is entitled to a refund in an
28.23 amount that is equal to all of the member's employee
28.24 contributions to the judges' retirement fund plus interest
28.25 computed under section 352.22, subdivision 2.

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

28.29 (c) A person who becomes a judge again after taking a
28.30 refund under paragraph (a) may reinstate the previously
28.31 terminated allowable service ~~credits~~ credit, rights, and
28.32 benefits by repaying the total amount of the previously received
28.33 refund. The refund repayment must include interest on the total
28.34 amount previously received at an annual rate of 8.5 percent,
28.35 compounded annually, from the date on which the refund was
28.36 received until the date on which the refund is repaid.

29.1 Sec. 71. Minnesota Statutes 2004, section 490.124,
29.2 subdivision 13, is amended to read:
29.3 Subd. 13. **DEATH REFUND.** If a judge who has not received
29.4 other benefits under this chapter dies and there are no survivor
29.5 benefits payable under this chapter, a refund plus interest as
29.6 provided in subdivision 12 is payable to the last designated
29.7 beneficiary named on a form filed with the director before the
29.8 death of the judge, or, if no designation is on file, ~~the refund~~
29.9 ~~is payable~~ to the estate of the deceased judge.

29.10 Sec. 72. Minnesota Statutes 2004, section 490.125,
29.11 subdivision 1, is amended to read:

29.12 Subdivision 1. **MANDATORY RETIREMENT AGE.** Except as
29.13 otherwise provided in sections 490.121 to 490.132, ~~each~~ a judge
29.14 shall retire terminate active service as a judge on the judge's
29.15 mandatory retirement date.

29.16 Sec. 73. Minnesota Statutes 2004, section 490.126, is
29.17 amended to read:

29.18 490.126 **PROCEDURES.**

29.19 Subdivision 1. **COMPULSORY RETIREMENT.** Proceedings for
29.20 compulsory retirement of a judge, if necessary, ~~shall~~ must be
29.21 conducted in accordance with rules issued by the Supreme Court
29.22 ~~pursuant to~~ under section 490.16.

29.23 Subd. 2. **VACANCIES.** Any judge may make written
29.24 application to the governor for retirement. The governor
29.25 thereupon shall direct the judge's retirement by written order
29.26 which, when filed in the Office of the Secretary of State, ~~shall~~
29.27 ~~effect~~ effects a vacancy in the office to be filled as provided
29.28 by law.

29.29 Subd. 3. **APPLICATION FOR ANNUITY OR REFUND.** An
29.30 application for an annuity or a refund under sections 490.121 to
29.31 490.132 may be made by the potential annuitant or by someone
29.32 authorized to act for the potential annuitant. Every
29.33 application for an annuity or refund, ~~with~~ accompanied by a
29.34 proof of age and by a record of years of service when
29.35 required, ~~shall~~ must be submitted to the ~~governing~~
29.36 ~~body~~ executive director of the Minnesota State Retirement System

30.1 in a form prescribed by ~~it~~ the director.

30.2 Subd. 4. **MANNER OF PAYMENT.** Unless otherwise

30.3 specifically provided by statute or agreed upon by the annuitant

30.4 and the ~~governing body~~ board of directors of the Minnesota State

30.5 Retirement System, annuities payable under sections 490.121 to

30.6 490.132 ~~shall~~ must be paid in the manner and at the intervals as

30.7 prescribed by the executive director of the Minnesota State

30.8 Retirement System. The annuity ~~shall cease~~ ceases with the last

30.9 payment received by the annuitant while living.

30.10 Subd. 5. **EXEMPTION FROM PROCESS; NO ASSIGNMENT.** None of

30.11 the money, annuities, or other benefits provided in this chapter

30.12 is assignable either in law or equity or is subject to state

30.13 estate tax, or to execution, levy, attachment, garnishment, or

30.14 other legal process, except as provided in section 518.58,

30.15 518.581, or 518.6111.

30.16 Sec. 74. Minnesota Statutes 2004, section 490.133, is

30.17 amended to read:

30.18 490.133 **RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO**

30.19 **COURT OF APPEALS.**

30.20 (a) If a judge to whom or to whose survivors benefits would

30.21 be payable under Minnesota Statutes 2004, sections 490.101 to

30.22 490.12, is elected or appointed to the Court of Appeals, that

30.23 judge and the judge's survivors, ~~shall~~ continue to be eligible

30.24 for benefits under those sections and not under sections 490.121

30.25 to 490.132.

30.26 (b) In ~~that~~ the case of a judge to whom paragraph (a)

30.27 applies, the service of the judge in the Court of Appeals ~~shall~~

30.28 must be added to the prior service as district judge, probate

30.29 judge, or judge of any other court of record in determining

30.30 eligibility and the compensation of a judge of the Court of

30.31 Appeals at the time of the judge's death, disability, or

30.32 retirement ~~shall be~~ is the "compensation allotted to the office"

30.33 for the purposes of calculating benefit amounts.

30.34 (c) All other judges of the Court of Appeals and their

30.35 survivors ~~shall be~~ are subject to the retirement and survivor's

30.36 annuity provisions of sections 490.121 to 490.132.

31.1 Sec. 75. **490A.01 BOARD OF JUDICIAL STANDARDS;**

31.2 **ESTABLISHMENT.**

31.3 Subdivision 1. **ESTABLISHMENT; COMPOSITION.** The Board on
31.4 Judicial Standards is established. The board is a continuation
31.5 of the board established by Laws 1971, chapter 909, sections 1
31.6 and 2, as amended.

31.7 Subd. 2. **COMPOSITION; APPOINTMENT.** (a) The board
31.8 consists of one judge of the Court of Appeals, three trial court
31.9 judges, two lawyers who have practiced law in the state for at
31.10 least ten years, and four citizens who are not judges, retired
31.11 judges, or lawyers.

31.12 (b) All members must be appointed by the governor with the
31.13 advice and consent of the senate. Senate confirmation is not
31.14 required for judicial members.

31.15 Subd. 3. **TERM MAXIMUM; MEMBERSHIP TERMINATION.** No member
31.16 may serve more than two full four-year terms or their equivalent.
31.17 Membership terminates if a member ceases to hold the position
31.18 that qualified the member for appointment.

31.19 Subd. 4. **MEMBER TERMS; COMPENSATION; REMOVAL.** The
31.20 membership terms, compensation, removal of members, and filling
31.21 of vacancies on the board are as provided in section 15.0575.

31.22 Subd. 5. **EXECUTIVE SECRETARY APPOINTMENT; SALARY.** (a)
31.23 The board shall appoint the executive secretary.

31.24 (b) The salary of the executive secretary of the board is
31.25 85 percent of the maximum salary provided for an administrative
31.26 law judge under section 15A.083, subdivision 6a.

31.27 Sec. 76. **490A.02 JUDICIAL STANDARDS BOARD; POWERS.**

31.28 Subdivision 1. **JUDICIAL DISQUALIFICATION.** A judge is
31.29 disqualified from acting as a judge, without a loss of salary,
31.30 while there is pending an indictment or any information charging
31.31 the judge with a crime that is punishable as a felony under
31.32 either Minnesota law or federal law, or while there is pending a
31.33 recommendation to the Supreme Court by the Board on Judicial
31.34 Standards for the judge's removal or retirement.

31.35 Subd. 2. **JUDICIAL SUSPENSION.** On receipt of a
31.36 recommendation of the Board on Judicial Standards or on its own

32.1 motion, the Supreme Court may suspend a judge from office
32.2 without salary when the judge pleads guilty to or no contest to
32.3 or is found guilty of a crime that is punishable as a felony
32.4 under either Minnesota law or federal law or any other crime
32.5 that involves moral turpitude. If the conviction is reversed,
32.6 the suspension terminates and the judge must be paid a salary
32.7 for the period of suspension. If the judge is suspended and the
32.8 conviction becomes final, the Supreme Court shall remove the
32.9 judge from office.

32.10 Subd. 3. **JUDICIAL DISABILITY.** On receipt of a
32.11 recommendation of the Board on Judicial Standards, the Supreme
32.12 Court may retire a judge for a disability that the court
32.13 determines seriously interferes with the performance of the
32.14 judge's duties and is or is likely to become permanent, and
32.15 censure or remove a judge for an action or inaction that may
32.16 constitute persistent failure to perform the judge's duties,
32.17 incompetence in performing the judge's duties, habitual
32.18 intemperance, or conduct prejudicial to the administration of
32.19 justice that brings the judicial office into disrepute.

32.20 Subd. 4. **AUTHORITY TO REOPEN MATTERS.** The board is
32.21 specifically empowered to reopen any matter wherein any
32.22 information or evidence was previously precluded by a statute of
32.23 limitations or by a previously existing provision of time
32.24 limitation.

32.25 Subd. 5. **RETIREMENT STATUS.** (a) A judge who is retired
32.26 by the Supreme Court must be considered to have retired
32.27 voluntarily.

32.28 (b) This section and section 490A.01 must not affect the
32.29 right of a judge who is suspended, retired, or removed hereunder
32.30 from qualifying for any pension or other retirement benefits to
32.31 which the judge would otherwise be entitled by law to receive.

32.32 Subd. 6. **ELIGIBILITY FOR JUDICIAL OFFICE; PRACTICE**
32.33 **LAW.** A judge removed by the Supreme Court is ineligible for any
32.34 future service in a judicial office. The question of the right
32.35 of a removed judge to practice law in this state must be
32.36 referred to the proper authority for review.

33.1 Subd. 7. SUPREME COURT RULES. The Supreme Court shall
33.2 make rules to implement this section.

33.3 Sec. 77. REPEALER; EFFECT ON BENEFIT COVERAGE.

33.4 Subdivision 1. LEGISLATORS RETIREMENT PLAN; REPEALED AS
33.5 OBSOLETE. Minnesota Statutes 2004, sections 3A.01, subdivisions
33.6 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04, subdivision 1; and
33.7 3A.09, are repealed.

33.8 Subd. 2. ELECTIVE STATE OFFICERS RETIREMENT PLAN;
33.9 REPEALED AS OBSOLETE. Minnesota Statutes 2004, sections
33.10 352C.01; 352C.011; 352C.021; 352C.031; 352C.033; 352C.04;
33.11 352C.051; 352C.09; and 352C.091, subdivisions 2 and 3, are
33.12 repealed.

33.13 Subd. 3. JUDICIAL RETIREMENT PLANS; REPEALED AS
33.14 OBSOLETE. Minnesota Statutes 2004, sections 490.021; 490.025,
33.15 subdivisions 1, 2, 3, 4, and 6; 490.101; 490.102; 490.103;
33.16 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12;
33.17 and 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18,
33.18 19, and 20, are repealed.

33.19 Subd. 4. JUDICIAL STANDARDS BOARD; REPEALED FOR
33.20 RELOCATION AS MINNESOTA STATUTES, CHAPTER 490A. Minnesota
33.21 Statutes 2004, sections 490.021; 490.025, subdivisions 1, 2, 3,
33.22 4, and 6; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107;
33.23 490.108; 490.109; 490.1091; 490.12; and 490.121, subdivisions 2,
33.24 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19, and 20, are repealed.

33.25 Subd. 5. UNIFORM JUDICIAL RETIREMENT PLAN; NO BENEFIT
33.26 DIMINISHMENT INTENDED; PROCEDURE. Sections 32 to 76 are not
33.27 intended to reduce or increase the entitlement of active,
33.28 deferred, or retired judges to retirement annuities or benefits
33.29 as of July 1, 2005, as reflected in the records of the Minnesota
33.30 State Retirement System. If the executive director of the
33.31 Minnesota State Retirement System determines that any provisions
33.32 of sections 32 to 76 functions to modify, impair, or diminish
33.33 the retirement annuity or benefit entitlement of any judge that
33.34 had accrued or earned before July 1, 2005, the executive
33.35 director shall certify that determination and a recommendation
33.36 as to the required legislative correction to the chair of the

34.1 Legislative Commission on Pensions and Retirement, the chair of
 34.2 the Senate State and Local Governmental Operations Committee,
 34.3 the chair of the House Governmental Operations and Veterans
 34.4 Affairs Policy Committee, and the executive director of the
 34.5 Legislative Commission on Pensions and Retirement on or before
 34.6 the October 1 next following that determination.

34.7 Sec. 78. **EFFECTIVE DATE.**

34.8 Sections 1 to 77 are effective on July 1, 2005.

34.9 ARTICLE 2

34.10 COVERED SALARY; AVERAGE SALARY

34.11 Section 1. Minnesota Statutes 2004, section 352.01, is
 34.12 amended by adding a subdivision to read:

34.13 Subd. 14a. **AVERAGE SALARY.** (a) "Average salary" means
 34.14 the average of the highest five successive years of salary upon
 34.15 which the employee has made contributions to the retirement fund
 34.16 by payroll deductions. Average salary must be based upon all
 34.17 allowable service if this service is less than five years.

34.18 (b) "Average salary" does not include the payment of
 34.19 accrued unused annual leave or overtime paid at time of final
 34.20 separation from state service if paid in a lump sum nor does it
 34.21 include the reduced salary, if any, paid during the period the
 34.22 employee is entitled to workers' compensation benefit payments
 34.23 for temporary disability.

34.24 (c) For an employee covered by the correctional state
 34.25 employees retirement plan, "average salary" means the average of
 34.26 the monthly salary during the employee's highest five successive
 34.27 years of salary as an employee covered by the general state
 34.28 employees retirement plan, or the correctional state employees
 34.29 retirement plan, or by a combination of the two. If the total
 34.30 of the covered service is less than five years, the
 34.31 determination of average salary must be based on all allowable
 34.32 service.

34.33 Sec. 2. Minnesota Statutes 2004, section 352.115,
 34.34 subdivision 2, is amended to read:

34.35 Subd. 2. ~~**AVERAGE SALARY**~~ **NORMAL RETIREMENT ANNUITY.** The
 34.36 retirement annuity hereunder payable at normal retirement age or

35.1 thereafter must be computed in accordance with the applicable
35.2 provisions of the formula stated in subdivision 3, on the basis
35.3 of the employee's average salary for the period of allowable
35.4 service. This retirement annuity is known as the "normal"
35.5 retirement annuity.

35.6 ~~For each year of allowable service, "average salary" of an~~
35.7 ~~employee in determining a retirement annuity means the average~~
35.8 ~~of the highest five successive years of salary upon which the~~
35.9 ~~employee has made contributions to the retirement fund by~~
35.10 ~~payroll deductions. Average salary must be based upon all~~
35.11 ~~allowable service if this service is less than five years.~~

35.12 ~~"Average salary" does not include the payment of accrued~~
35.13 ~~unused annual leave or overtime paid at time of final separation~~
35.14 ~~from state service if paid in a lump sum nor does it include the~~
35.15 ~~reduced salary, if any, paid during the period the employee is~~
35.16 ~~entitled to workers' compensation benefit payments for temporary~~
35.17 ~~disability.~~

35.18 Sec. 3. Minnesota Statutes 2004, section 352.115,
35.19 subdivision 3, is amended to read:

35.20 Subd. 3. **RETIREMENT ANNUITY FORMULA.** (a) This paragraph,
35.21 in conjunction with section 352.116, subdivision 1, applies to a
35.22 person who became a covered employee or a member of a pension
35.23 fund listed in section 356.30, subdivision 3, before July 1,
35.24 1989, unless paragraph (b), in conjunction with section 352.116,
35.25 subdivision 1a, produces a higher annuity amount, in which case
35.26 paragraph (b) will apply. The employee's average salary, as
35.27 defined in section 352.01, subdivision ~~2~~ 14a, multiplied by the
35.28 percent specified in section 356.315, subdivision 1, per year of
35.29 allowable service for the first ten years and the percent
35.30 specified in section 356.315, subdivision 2, for each later year
35.31 of allowable service and pro rata for completed months less than
35.32 a full year shall determine the amount of the retirement annuity
35.33 to which the employee is entitled.

35.34 (b) This paragraph applies to a person who has become at
35.35 least 55 years old and first became a covered employee after
35.36 June 30, 1989, and to any other covered employee who has become

36.1 at least 55 years old and whose annuity amount, when calculated
36.2 under this paragraph and in conjunction with section 352.116,
36.3 subdivision 1a, is higher than it is when calculated under
36.4 paragraph (a), in conjunction with section 352.116, subdivision
36.5 1. The employee's average salary, as defined in section 352.01,
36.6 subdivision ~~2~~ 14a, multiplied by the percent specified in
36.7 section 356.315, subdivision 2, for each year of allowable
36.8 service and pro rata for months less than a full year shall
36.9 determine the amount of the retirement annuity to which the
36.10 employee is entitled.

36.11 Sec. 4. Minnesota Statutes 2004, section 352.87,
36.12 subdivision 3, is amended to read:

36.13 Subd. 3. **RETIREMENT ANNUITY FORMULA.** A person specified
36.14 in subdivision 1 ~~will have~~ is entitled to receive a retirement
36.15 annuity applicable for allowable service credit under this
36.16 section calculated by multiplying the employee's average salary,
36.17 as defined in section ~~352.115~~ 352.01, subdivision ~~2~~ 14a, by the
36.18 percent specified in section 356.315, subdivision 2a, for each
36.19 year or portions of a year of allowable service credit. No
36.20 reduction for retirement ~~prior to~~ before the normal retirement
36.21 age, as specified in section 352.01, subdivision 25, applies to
36.22 service to which this section applies.

36.23 Sec. 5. Minnesota Statutes 2004, section 352.93,
36.24 subdivision 1, is amended to read:

36.25 Subdivision 1. **BASIS OF ANNUITY; WHEN TO APPLY.** After
36.26 separation from state service, an employee covered under section
36.27 352.91 who has reached age 55 years and has credit for at least
36.28 three years of covered correctional service or a combination of
36.29 covered correctional service and ~~regular Minnesota general~~
36.30 employees state retirement System plan service is entitled upon
36.31 application to a retirement annuity under this section, based
36.32 only on covered correctional employees' service. Application
36.33 may be made no earlier than 60 days before the date the employee
36.34 is eligible to retire by reason of both age and service
36.35 requirements.

36.36 ~~In this section, "average salary" means the average of the~~

~~37.1 monthly salary during the employee's highest five successive~~
~~37.2 years of salary as an employee covered by the Minnesota State~~
~~37.3 Retirement System. Average salary must be based upon all~~
~~37.4 allowable service if this service is less than five years.~~

37.5 Sec. 6. Minnesota Statutes 2004, section 352C.021, is
37.6 amended by adding a subdivision to read:

37.7 Subd. 1a. **AVERAGE SALARY.** "Average salary," for purposes
37.8 of calculating the normal retirement annuity under section
37.9 352C.031, subdivision 4, means the average of the highest five
37.10 successive years of salary upon which contributions have been
37.11 made under section 352C.09.

37.12 Sec. 7. Minnesota Statutes 2004, section 353.01,
37.13 subdivision 10, is amended to read:

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

37.15 (1) the periodic compensation of a public employee, before
37.16 deductions for deferred compensation, supplemental retirement
37.17 plans, or other voluntary salary reduction programs, and also
37.18 means "wages" and includes net income from fees;

37.19 (2) for a public employee who is covered by a supplemental
37.20 retirement plan under section 356.24, subdivision 1, clause (8),
37.21 (9), or (10), which require all plan contributions be made by
37.22 the employer, the contribution to the applicable supplemental
37.23 retirement plan when the contribution is from mandatory
37.24 withholdings from employees' wages; and

37.25 ~~(2)~~ (3) for a public employee who has prior service covered
37.26 by a local police or firefighters relief association that has
37.27 consolidated with the Public Employees Retirement Association or
37.28 to which section 353.665 applies and who has elected coverage
37.29 either under the public employees police and fire fund benefit
37.30 plan under section 353A.08 following the consolidation or under
37.31 section 353.665, subdivision 4, the rate of salary upon which
37.32 member contributions to the special fund of the relief
37.33 association were made prior to the effective date of the
37.34 consolidation as specified by law and by bylaw provisions
37.35 governing the relief association on the date of the initiation
37.36 of the consolidation procedure and the actual periodic

38.1 compensation of the public employee after the effective date of
38.2 consolidation.

38.3 (b) Salary does not mean:

38.4 (1) the fees paid to district court reporters, unused
38.5 annual vacation or sick leave payments, in lump-sum or periodic
38.6 payments, severance payments, reimbursement of expenses,
38.7 lump-sum settlements not attached to a specific earnings period,
38.8 or workers' compensation payments;

38.9 (2) employer-paid amounts used by an employee toward the
38.10 cost of insurance coverage, employer-paid fringe benefits,
38.11 flexible spending accounts, cafeteria plans, health care expense
38.12 accounts, day care expenses, or any payments in lieu of any
38.13 employer-paid group insurance coverage, including the difference
38.14 between single and family rates that may be paid to a member
38.15 with single coverage and certain amounts determined by the
38.16 executive director to be ineligible;

38.17 (3) the amount equal to that which the employing
38.18 governmental subdivision would otherwise pay toward single or
38.19 family insurance coverage for a covered employee when, through a
38.20 contract or agreement with some but not all employees, the
38.21 employer:

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

38.25 (ii) makes the employee solely responsible for all
38.26 contributions toward the cost of the employee's selected
38.27 insurance coverages under a group plan offered by the employer,
38.28 including any amount the employer makes toward other employees'
38.29 selected insurance coverages under a group plan offered by the
38.30 employer; and

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

38.33 (4) except as provided in section 353.86 or 353.87,
38.34 compensation of any kind paid to volunteer ambulance service
38.35 personnel or volunteer firefighters, as defined in subdivision
38.36 35 or 36; and

39.1 (5) the amount of compensation that exceeds the limitation
39.2 provided in section 356.611.

39.3 (c) Amounts provided to an employee by the employer through
39.4 a grievance proceeding or a legal settlement are salary only if
39.5 the settlement is reviewed by the executive director and the
39.6 amounts are determined by the executive director to be
39.7 consistent with paragraph (a) and prior determinations.

39.8 Sec. 8. Minnesota Statutes 2004, section 353.01, is
39.9 amended by adding a subdivision to read:

39.10 Subd. 17a. AVERAGE SALARY. (a) "Average salary," for
39.11 purposes of calculating a retirement annuity under section
39.12 353.29, subdivision 3, means an amount equivalent to the average
39.13 of the highest salary of the member, police officer, or
39.14 firefighter, whichever applies, upon which employee
39.15 contributions were paid for any five successive years of
39.16 allowable service, based on dates of salary periods as listed on
39.17 salary deduction reports. Average salary must be based upon all
39.18 allowable service if this service is less than five years.

39.19 (b) "Average salary" may not include any reduced salary
39.20 paid during a period in which the employee is entitled to
39.21 benefit payments from workers' compensation for temporary
39.22 disability, unless the average salary is higher, including this
39.23 period.

39.24 Sec. 9. Minnesota Statutes 2004, section 353.29,
39.25 subdivision 3, is amended to read:

39.26 Subd. 3. **RETIREMENT ANNUITY FORMULA.** (a) This paragraph,
39.27 in conjunction with section 353.30, subdivisions 1, 1a, 1b, and
39.28 1c, applies to any member who first became a public employee or
39.29 a member of a pension fund listed in section 356.30, subdivision
39.30 3, before July 1, 1989, unless paragraph (b), in conjunction
39.31 with section 353.30, subdivision 5, produces a higher annuity
39.32 amount, in which case paragraph (b) will apply. The average
39.33 salary as defined in section 353.01, subdivision 2 17a,
39.34 multiplied by the percent specified in section 356.315,
39.35 subdivision 3, for each year of allowable service for the first
39.36 ten years and thereafter by the percent specified in section

40.1 356.315, subdivision 4, per year of allowable service and
40.2 completed months less than a full year for the "basic member,"
40.3 and the percent specified in section 356.315, subdivision 1, for
40.4 each year of allowable service for the first ten years and
40.5 thereafter by the percent specified in section 356.315,
40.6 subdivision 2, per year of allowable service and completed
40.7 months less than a full year for the "coordinated member," shall
40.8 determine the amount of the "normal" retirement annuity.

40.9 (b) This paragraph applies to a member who has become at
40.10 least 55 years old and first became a public employee after June
40.11 30, 1989, and to any other member whose annuity amount, when
40.12 calculated under this paragraph and in conjunction with section
40.13 353.30, subdivision 5, is higher than it is when calculated
40.14 under paragraph (a), in conjunction with section 353.30,
40.15 subdivisions 1, 1a, 1b, and 1c. The average salary, as defined
40.16 in section 353.01, subdivision ~~2~~ 17a, multiplied by the percent
40.17 specified in section 356.315, subdivision 4, for each year of
40.18 allowable service and completed months less than a full year for
40.19 a basic member and the percent specified in section 356.315,
40.20 subdivision 2, per year of allowable service and completed
40.21 months less than a full year for a coordinated member, shall
40.22 determine the amount of the normal retirement annuity.

40.23 Sec. 10. Minnesota Statutes 2004, section 353.33,
40.24 subdivision 3, is amended to read:

40.25 Subd. 3. **COMPUTATION OF BENEFITS.** This disability
40.26 benefit is an amount equal to the normal annuity payable to a
40.27 member who has reached normal retirement age with the same
40.28 number of years of allowable service and the same average
40.29 salary, as provided in section 353.01, subdivision 17a, and
40.30 section 353.29, ~~subdivisions 2 and subdivision 3~~.

40.31 A basic member shall receive a supplementary monthly
40.32 benefit of \$25 to age 65 or the five-year anniversary of the
40.33 effective date of the disability benefit, whichever is later.

40.34 If the disability benefits under this subdivision exceed
40.35 the average salary as defined in section ~~353.29~~ 353.01,
40.36 subdivision ~~2~~ 17a, the disability benefits must be reduced to an

41.1 amount equal to ~~said~~ the average salary.

41.2 Sec. 11. Minnesota Statutes 2004, section 353.651,

41.3 subdivision 3, is amended to read:

41.4 Subd. 3. **RETIREMENT ANNUITY FORMULA.** The average salary
41.5 as defined in section 353.01, subdivision ~~2~~ 17a, multiplied by
41.6 the percent specified in section 356.315, subdivision 6, per
41.7 year of allowable service determines the amount of the normal
41.8 retirement annuity. If the member has earned allowable service
41.9 for performing services other than those of a police officer or
41.10 firefighter, the annuity representing ~~such~~ that service ~~is~~ must
41.11 be computed under sections 353.29 and 353.30.

41.12 Sec. 12. Minnesota Statutes 2004, section 353.656,

41.13 subdivision 1, is amended to read:

41.14 Subdivision 1. **IN LINE OF DUTY; COMPUTATION OF BENEFITS.**

41.15 A member of the police and fire plan who becomes disabled and
41.16 physically unfit to perform duties as a police officer,
41.17 firefighter, or paramedic as defined under section 353.64,
41.18 subdivision 10, as a direct result of an injury, sickness, or
41.19 other disability incurred in or arising out of any act of duty,
41.20 which has or is expected to render the member physically or
41.21 mentally unable to perform the duties as a police officer,
41.22 firefighter, or paramedic as defined under section 353.64,
41.23 subdivision 10, for a period of at least one year, shall receive
41.24 disability benefits during the period of such disability. The
41.25 benefits must be in an amount equal to 60 percent of the
41.26 "average salary" as defined in section ~~353.651~~ 353.01,
41.27 subdivision ~~2~~ 17a, plus an additional percent specified in
41.28 section 356.315, subdivision 6, of that average salary for each
41.29 year of service in excess of 20 years. If the disability under
41.30 this subdivision occurs before the member has at least five
41.31 years of allowable service credit in the police and fire plan,
41.32 the disability benefit must be computed on the "average salary"
41.33 from which deductions were made for contribution to the police
41.34 and fire fund.

41.35 Sec. 13. Minnesota Statutes 2004, section 354.05, is

41.36 amended by adding a subdivision to read:

42.1 Subd. 13a. AVERAGE SALARY. (a) "Average salary," for the
42.2 purpose of determining the member's retirement annuity, means
42.3 the average salary upon which contributions were made for the
42.4 highest five successive years of formula service credit.

42.5 (b) "Average salary" may not include any more than the
42.6 equivalent of 60 monthly salary payments.

42.7 (c) "Average salary" must be based upon all years of
42.8 formula service credit if this service credit is less than five
42.9 years.

42.10 Sec. 14. Minnesota Statutes 2004, section 354.44,
42.11 subdivision 6, is amended to read:

42.12 Subd. 6. **COMPUTATION OF FORMULA PROGRAM RETIREMENT**

42.13 **ANNUITY.** (a) The formula retirement annuity must be computed in
42.14 accordance with the applicable provisions of the formulas stated
42.15 in paragraph (b) or (d) on the basis of each member's average
42.16 salary under section 354.05, subdivision 13a, for the period of
42.17 the member's formula service credit.

42.18 ~~For all years of formula service credit, "average salary,"~~
42.19 ~~for the purpose of determining the member's retirement annuity,~~
42.20 ~~means the average salary upon which contributions were made and~~
42.21 ~~upon which payments were made to increase the salary limitation~~
42.22 ~~provided in Minnesota Statutes 1971, section 354.511, for the~~
42.23 ~~highest five successive years of formula service credit~~
42.24 ~~provided, however, that such "average salary" shall not include~~
42.25 ~~any more than the equivalent of 60 monthly salary payments.~~
42.26 ~~Average salary must be based upon all years of formula service~~
42.27 ~~credit if this service credit is less than five years.~~

42.28 (b) This paragraph, in conjunction with paragraph (c),
42.29 applies to a person who first became a member of the association
42.30 or a member of a pension fund listed in section 356.30,
42.31 subdivision 3, before July 1, 1989, unless paragraph (d), in
42.32 conjunction with paragraph (e), produces a higher annuity
42.33 amount, in which case paragraph (d) applies. The average salary
42.34 as defined in ~~paragraph (a)~~ section 354.05, subdivision 13a,
42.35 multiplied by the following percentages per year of formula
42.36 service credit shall determine the amount of the annuity to

43.1 which the member qualifying therefor is entitled:

43.2		Coordinated Member	Basic Member
43.3	Each year of service	the percent	the percent
43.4	during first ten	specified in	specified in
43.5		section 356.315,	section 356.315,
43.6		subdivision 1,	subdivision 3,
43.7		per year	per year
43.8	Each year of service	the percent	the percent
43.9	thereafter	specified in	specified in
43.10		section 356.315,	section 356.315,
43.11		subdivision 2,	subdivision 4,
43.12		per year	per year

43.13 (c)(i) This paragraph applies only to a person who first
 43.14 became a member of the association or a member of a pension fund
 43.15 listed in section 356.30, subdivision 3, before July 1, 1989,
 43.16 and whose annuity is higher when calculated under paragraph (b),
 43.17 in conjunction with this paragraph than when calculated under
 43.18 paragraph (d), in conjunction with paragraph (e).

43.19 (ii) Where any member retires prior to normal retirement
 43.20 age under a formula annuity, the member shall be paid a
 43.21 retirement annuity in an amount equal to the normal annuity
 43.22 provided in paragraph (b) reduced by one-quarter of one percent
 43.23 for each month that the member is under normal retirement age at
 43.24 the time of retirement except that for any member who has 30 or
 43.25 more years of allowable service credit, the reduction shall be
 43.26 applied only for each month that the member is under age 62.

43.27 (iii) Any member whose attained age plus credited allowable
 43.28 service totals 90 years is entitled, upon application, to a
 43.29 retirement annuity in an amount equal to the normal annuity
 43.30 provided in paragraph (b), without any reduction by reason of
 43.31 early retirement.

43.32 (d) This paragraph applies to a member who has become at
 43.33 least 55 years old and first became a member of the association
 43.34 after June 30, 1989, and to any other member who has become at
 43.35 least 55 years old and whose annuity amount when calculated
 43.36 under this paragraph and in conjunction with paragraph (e), is

44.1 higher than it is when calculated under paragraph (b), in
44.2 conjunction with paragraph (c). The average salary, as defined
44.3 in ~~paragraph (a)~~ section 354.05, subdivision 13a, multiplied by
44.4 the percent specified by section 356.315, subdivision 4, for
44.5 each year of service for a basic member and by the percent
44.6 specified in section 356.315, subdivision 2, for each year of
44.7 service for a coordinated member shall determine the amount of
44.8 the retirement annuity to which the member is entitled.

44.9 (e) This paragraph applies to a person who has become at
44.10 least 55 years old and first becomes a member of the association
44.11 after June 30, 1989, and to any other member who has become at
44.12 least 55 years old and whose annuity is higher when calculated
44.13 under paragraph (d) in conjunction with this paragraph than when
44.14 calculated under paragraph (b), in conjunction with paragraph
44.15 (c). An employee who retires under the formula annuity before
44.16 the normal retirement age shall be paid the normal annuity
44.17 provided in paragraph (d) reduced so that the reduced annuity is
44.18 the actuarial equivalent of the annuity that would be payable to
44.19 the employee if the employee deferred receipt of the annuity and
44.20 the annuity amount were augmented at an annual rate of three
44.21 percent compounded annually from the day the annuity begins to
44.22 accrue until the normal retirement age.

44.23 (f) No retirement annuity is payable to a former employee
44.24 with a salary that exceeds 95 percent of the governor's salary
44.25 unless and until the salary figures used in computing the
44.26 highest five successive years average salary under paragraph (a)
44.27 have been audited by the Teachers Retirement Association and
44.28 determined by the executive director to comply with the
44.29 requirements and limitations of section 354.05, subdivisions 35
44.30 and 35a.

44.31 Sec. 15. Minnesota Statutes 2004, section 354A.011, is
44.32 amended by adding a subdivision to read:

44.33 Subd. 7a. **AVERAGE SALARY.** "Average salary," for purposes
44.34 of computing a normal coordinated program retirement annuity
44.35 under section 354A.31, subdivision 4 or 4a, means an amount
44.36 equal to the average salary upon which contributions were made

45.1 for the highest five successive years of service credit but may
45.2 not in any event include any more than the equivalent of 60
45.3 monthly salary payments. Average salary must be based upon all
45.4 years of service credit if this service credit is less than five
45.5 years.

45.6 Sec. 16. Minnesota Statutes 2004, section 354A.31,
45.7 subdivision 4, is amended to read:

45.8 Subd. 4. **COMPUTATION OF THE NORMAL COORDINATED RETIREMENT**
45.9 **ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.** (a) This subdivision
45.10 applies to the coordinated programs of the Minneapolis Teachers
45.11 Retirement Fund Association and the St. Paul Teachers Retirement
45.12 Fund Association.

45.13 (b) The normal coordinated retirement annuity ~~shall be~~ is
45.14 an amount equal to a retiring coordinated member's average
45.15 salary under section 354A.011, subdivision 7a, multiplied by the
45.16 retirement annuity formula percentage. ~~Average salary for~~
45.17 ~~purposes of this section shall mean an amount equal to the~~
45.18 ~~average salary upon which contributions were made for the~~
45.19 ~~highest five successive years of service credit, but which shall~~
45.20 ~~not in any event include any more than the equivalent of 60~~
45.21 ~~monthly salary payments. Average salary must be based upon all~~
45.22 ~~years of service credit if this service credit is less than five~~
45.23 ~~years.~~

45.24 (c) This paragraph, in conjunction with subdivision 6,
45.25 applies to a person who first became a member or a member in a
45.26 pension fund listed in section 356.30, subdivision 3, before
45.27 July 1, 1989, unless paragraph (d), in conjunction with
45.28 subdivision 7, produces a higher annuity amount, in which case
45.29 paragraph (d) will apply. The retirement annuity formula
45.30 percentage for purposes of this paragraph is the percent
45.31 specified in section 356.315, subdivision 1, per year for each
45.32 year of coordinated service for the first ten years and the
45.33 percent specified in section 356.315, subdivision 2, for each
45.34 year of coordinated service thereafter.

45.35 (d) This paragraph applies to a person who has become at
45.36 least 55 years old and who first becomes a member after June 30,

46.1 1989, and to any other member who has become at least 55 years
46.2 old and whose annuity amount, when calculated under this
46.3 paragraph and in conjunction with subdivision 7 is higher than
46.4 it is when calculated under paragraph (c), in conjunction with
46.5 the provisions of subdivision 6. The retirement annuity formula
46.6 percentage for purposes of this paragraph is the percent
46.7 specified in section 356.315, subdivision 2, for each year of
46.8 coordinated service.

46.9 Sec. 17. Minnesota Statutes 2004, section 354A.31,
46.10 subdivision 4a, is amended to read:

46.11 Subd. 4a. **COMPUTATION OF THE NORMAL COORDINATED**

46.12 **RETIREMENT ANNUITY; DULUTH FUND.** (a) This subdivision applies
46.13 to the new law coordinated program of the Duluth Teachers
46.14 Retirement Fund Association.

46.15 (b) The normal coordinated retirement annuity is an amount
46.16 equal to a retiring coordinated member's average salary under
46.17 section 354A.011, subdivision 7a, multiplied by the retirement
46.18 annuity formula percentage. ~~Average salary for purposes of this~~
46.19 ~~section means an amount equal to the average salary upon which~~
46.20 ~~contributions were made for the highest five successive years of~~
46.21 ~~service credit, but may not in any event include any more than~~
46.22 ~~the equivalent of 60 monthly salary payments. Average salary~~
46.23 ~~must be based upon all years of service credit if this service~~
46.24 ~~credit is less than five years.~~

46.25 (c) This paragraph, in conjunction with subdivision 6,
46.26 applies to a person who first became a member or a member in a
46.27 pension fund listed in section 356.30, subdivision 3, before
46.28 July 1, 1989, unless paragraph (d), in conjunction with
46.29 subdivision 7, produces a higher annuity amount, in which case
46.30 paragraph (d) applies. The retirement annuity formula
46.31 percentage for purposes of this paragraph is the percent
46.32 specified in section 356.315, subdivision 1, per year for each
46.33 year of coordinated service for the first ten years and the
46.34 percent specified in section 356.315, subdivision 2, for each
46.35 subsequent year of coordinated service.

46.36 (d) This paragraph applies to a person who is at least 55

47.1 years old and who first becomes a member after June 30, 1989,
47.2 and to any other member who is at least 55 years old and whose
47.3 annuity amount, when calculated under this paragraph and in
47.4 conjunction with subdivision 7, is higher than it is when
47.5 calculated under paragraph (c) in conjunction with subdivision
47.6 6. The retirement annuity formula percentage for purposes of
47.7 this paragraph is the percent specified in section 356.315,
47.8 subdivision 2, for each year of coordinated service.

47.9 Sec. 18. Minnesota Statutes 2004, section 422A.01, is
47.10 amended by adding a subdivision to read:

47.11 Subd. 4a. **AVERAGE SALARY.** (a) "Average salary" means the
47.12 arithmetic average annual salary, wages or compensation of the
47.13 member from the city for any five calendar years out of the last
47.14 ten calendar years of service, except as provided for in section
47.15 422A.16, which may include the year in which the employee
47.16 retires, as selected by the employee.

47.17 (b) A member with more than five calendar years of service
47.18 but less than ten calendar years may select any five calendar
47.19 years of service to determine the average salary. A member with
47.20 less than five years of service with the city shall use all
47.21 earnings to determine the average salary.

47.22 Sec. 19. Minnesota Statutes 2004, section 422A.15,
47.23 subdivision 1, is amended to read:

47.24 Subdivision 1. **FORMULA PENSION AND ANNUITY.** Except as
47.25 otherwise provided in subdivision 3, each contributing member
47.26 who, at the time of retirement, fulfills the conditions
47.27 necessary to enable the member to retire, ~~shall~~ is entitled to
47.28 receive what shall be known as a "formula pension and annuity"
47.29 equal to two percent for each year of allowable service for the
47.30 first ten years and thereafter 2.5 percent per year of allowable
47.31 service of the arithmetic average annual salary, wages or
47.32 compensation of the member from the city for any five calendar
47.33 years out of the last ten calendar years of service except as
47.34 provided for in section 422A.16, which may include the year in
47.35 which the employee retires, as selected by the employee,
47.36 multiplied by the years of service credited by the retirement

48.1 fund. The formula pension and annuity ~~shall~~ must be computed on
48.2 the single life plan but subject to the option selections
48.3 provided for in section 422A.17.

48.4 In order to be entitled to the formula pension and annuity
48.5 herein provided for, the retiring employee at the time of
48.6 cessation of employment and of actual retirement ~~shall~~ must have
48.7 attained the age of 60 years or have been employed by the city
48.8 not less than 30 years, or meet the qualifications provided for
48.9 in section 422A.16, and in addition thereto have contributed to
48.10 the retirement fund at the percentage rate prescribed by the
48.11 retirement law applicable when the salary, wages or compensation
48.12 was paid on all salaries, wages, or compensation received from
48.13 the city or from an applicable employing unit. The years of
48.14 service to be applied in the formula pension and annuity ~~shall~~
48.15 must be found and determined by the retirement board, except
48.16 that no credit ~~shall~~ may be allowed for any year in which a back
48.17 charge is owing at time of retirement and the earnings from any
48.18 year in which a back charge is owing ~~shall~~ may not be used in
48.19 determining the average ~~annual~~ salary.

48.20 Sec. 20. Minnesota Statutes 2004, section 422A.16,
48.21 subdivision 9, is amended to read:

48.22 Subd. 9. **INCOMPETENCY OR DEATH OF MEMBER.** Any member of
48.23 the contributing class who becomes permanently separated from
48.24 the service of the city under subdivision 8, may, by an
48.25 instrument in writing, filed with the municipal employees
48.26 retirement board within 30 days after ~~such~~ the separation
48.27 becomes permanent, elect to allow the member contributions
48.28 to ~~such~~ the fund to the date of separation to remain on deposit
48.29 in ~~such~~ the fund, and in ~~such~~ the event the member ~~shall be~~
48.30 is entitled to receive a retirement allowance at age 65,
48.31 provided the member, or someone acting in the member's behalf if
48.32 the member be incompetent, ~~shall~~ must make a written application
48.33 for ~~such~~ the retirement allowance in the same manner provided
48.34 for in section 422A.17 and in accordance with the provisions of
48.35 section 422A.15, subdivision 1, except for determining
48.36 average ~~annual~~ salary. ~~A member with more than five calendar~~

49.1 ~~years of service but less than ten calendar years may select any~~
49.2 ~~five calendar years of service to determine the average annual~~
49.3 ~~salary. A member with less than five years of service with the~~
49.4 ~~city shall use all earnings to determine the average annual~~
49.5 ~~salary.~~

49.6 If the contributing member dies before reaching the age of
49.7 65 years, or having attained the age of 65 years without having
49.8 made the election provided for herein, the net accumulated
49.9 amount of deductions from the member's salary, pay or
49.10 compensation, plus interest, to the member's credit on date of
49.11 death ~~shall be paid~~ is payable to ~~such~~ the person or persons as
49.12 have been nominated by written designation filed with the
49.13 retirement board, in ~~such~~ the form as ~~that~~ the retirement board
49.14 ~~shall require~~ requires.

49.15 If the employee fails to make a designation, or if the
49.16 person or persons designated by ~~such~~ the employee predeceases
49.17 ~~such~~ the employee, the net accumulated credit to ~~such~~ the
49.18 employee's account on date of death ~~shall be paid~~ is payable to
49.19 ~~such~~ the employee's estate.

49.20 The provisions of subdivisions 4, 5, and 6 ~~shall~~ also apply
49.21 to any member qualifying for benefits under this subdivision,
49.22 except for purposes of this subdivision the age referred to in
49.23 subdivision 4 ~~shall be~~ is 65 years.

49.24 Sec. 21. Minnesota Statutes 2004, section 490.121,
49.25 subdivision 21, is amended to read:

49.26 Subd. 21. **FINAL AVERAGE COMPENSATION.** "Final average
49.27 compensation" means the total amount of salary ~~payable~~ paid to a
49.28 judge in the highest five years of the last ten years ~~prior to~~
49.29 before the event of maturity of benefits, divided by five;
49.30 ~~provided, however, that.~~ If the number of years of service is
49.31 less than ten, the highest five ~~shall~~ years of salary must be
49.32 counted, ~~and.~~ If the number of years of service is less than
49.33 five, the aggregate salary ~~in such~~ during the period ~~shall~~ must
49.34 be divided by the number of months in ~~such~~ the period and
49.35 multiplied by 12.

49.36 Sec. 22. **REPEALER.**

50.1 Minnesota Statutes 2004, sections 352C.031, subdivision 3;
50.2 353.29, subdivision 2; and 353.651, subdivision 2, are repealed.

50.3 Sec. 23. **EFFECTIVE DATE.**

50.4 Sections 1 to 22 are effective July 1, 2005.

50.5 ARTICLE 3

50.6 ALLOWABLE SERVICE CREDIT

50.7 Section 1. **356.095 SERVICE CREDIT PURCHASE PROCEDURES**

50.8 **FOR STRIKE PERIODS.**

50.9 Subdivision 1. **COVERED PLANS.** This section applies to

50.10 all defined benefit plans specified in section 356.30,

50.11 subdivision 3.

50.12 Subd. 2 **PURCHASE PROCEDURE FOR STRIKE PERIODS.** (a) An

50.13 employee covered by a plan specified in subdivision 1 may

50.14 purchase allowable service credit in the applicable plan for any

50.15 period of time during which the employee was on a public

50.16 employee strike without pay, not to exceed a period of one year,

50.17 if the employee makes a payment in lieu of salary deductions as

50.18 specified in paragraphs (b) and (c), whichever is applicable.

50.19 The employing unit, at its option, may pay the employer portion

50.20 of the amount specified in paragraph (b) on behalf of its

50.21 employees.

50.22 (b) If payment is received by the applicable pension plan

50.23 executive director within one year from the end of the strike,

50.24 the payment amount is equal to the applicable employee and

50.25 employer contribution rates specified in law for the applicable

50.26 plan during the strike period, applied to the employee's rate of

50.27 salary in effect at the conclusion of the strike for the period

50.28 of the strike without pay, plus compound interest at a monthly

50.29 rate of 0.71 percent from the last day of the strike period

50.30 until the date payment is received.

50.31 (c) If payment is received by the applicable pension fund

50.32 director after one year and before five years from the end of

50.33 the strike, the payment amount is the amount determined under

50.34 section 356.551.

50.35 (d) Payments may not be made more than five years after the

50.36 end of the strike.

51.1 Sec. 2. Minnesota Statutes 2004, section 490.121,
 51.2 subdivision 4, is amended to read:
 51.3 Subd. 4. **ALLOWABLE SERVICE.** (a) "Allowable service"
 51.4 means any calendar month, subject to the service credit limit in
 51.5 subdivision 22, served as a judge at any time, or served as a
 51.6 referee in probate for all referees in probate who were in
 51.7 office prior to January 1, 1974.

51.8 (b) "Allowable service" also means a period of authorized
 51.9 leave of absence for which the judge has made a payment in lieu
 51.10 of contributions, not in an amount in excess of the service
 51.11 credit limit under subdivision 22. To obtain the service
 51.12 credit, the judge shall pay an amount equal to the member and
 51.13 employer contribution rates under section 490.123, subdivisions
 51.14 1a and 1b, applied to the judge's average monthly salary rate
 51.15 during the authorized leave of absence and multiplied by the
 51.16 number of months of the authorized leave of absence, plus annual
 51.17 compound interest at the rate of 8.5 percent from the date of
 51.18 the termination of the leave to the date on which payment is
 51.19 made. The payment must be made within one year of the date on
 51.20 which the authorized leave of absence terminated. Service
 51.21 credit for an authorized leave of absence is in addition to a
 51.22 uniformed service leave under section 490.1211.

51.23 Sec. 3. **METRO TRANSIT STRIKE PROVISION.**

51.24 Notwithstanding the payment deadline specified in section
 51.25 1, subdivision 2, paragraph (b), a Metro Transit employee
 51.26 covered by the general state employees retirement plan of the
 51.27 Minnesota State Retirement System who was on strike on or after
 51.28 January 1, 2004, and before the effective date of this section,
 51.29 is authorized to make a payment under that paragraph on or
 51.30 before one year after the effective date of this section.

51.31 Sec. 4. **EFFECTIVE DATE.**

51.32 (a) Sections 1 and 3 are effective on the day following
 51.33 final enactment.

51.34 (b) Section 2 is effective retroactively to January 1,
 51.35 2005, and applies to any person who was in active service as a
 51.36 judge on or after that date and applies to an authorized leave

52.1 of absence that occurred before or after that date.

52.2 ARTICLE 4

52.3 ACTUARIAL AND FINANCIAL

52.4 REPORTING CHANGES

52.5 Section 1. Minnesota Statutes 2004, section 352.01,

52.6 subdivision 12, is amended to read:

52.7 Subd. 12. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"

52.8 means the condition of one annuity or benefit having an equal

52.9 actuarial present value as another annuity or benefit,

52.10 determined as of a given date at a specified age with each

52.11 actuarial present value based on the appropriate mortality table

52.12 adopted by the board of directors based on the experience of the

52.13 fund as recommended by the actuary retained ~~by the Legislative~~

52.14 ~~Commission on Pensions and Retirement~~ under section 356.214, and

52.15 approved under section 356.215, subdivision 18, and using the

52.16 applicable preretirement or postretirement interest rate

52.17 assumption specified in section 356.215, subdivision 8.

52.18 Sec. 2. Minnesota Statutes 2004, section 353.01,

52.19 subdivision 14, is amended to read:

52.20 Subd. 14. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"

52.21 means the condition of one annuity or benefit having an equal

52.22 actuarial present value as another annuity or benefit,

52.23 determined as of a given date with each actuarial present value

52.24 based on the appropriate mortality table adopted by the board of

52.25 trustees based on the experience of the fund as recommended by

52.26 the actuary retained ~~by the Legislative Commission on Pensions~~

52.27 ~~and Retirement~~ under section 356.214, and approved under section

52.28 356.215, subdivision 18, and using the applicable preretirement

52.29 or postretirement interest rate assumption specified in section

52.30 356.215, subdivision 8.

52.31 Sec. 3. Minnesota Statutes 2004, section 354.05,

52.32 subdivision 7, is amended to read:

52.33 Subd. 7. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"

52.34 means the condition of one annuity or benefit having an equal

52.35 actuarial present value as another annuity or benefit,

52.36 determined as of a given date with each actuarial present value

53.1 based on the appropriate mortality table adopted by the board of
53.2 trustees based on the experience of the association as
53.3 recommended by the actuary retained ~~by the Legislative~~
53.4 ~~Commission on Pensions and Retirement~~ under section 356.214, and
53.5 approved under section 356.215, subdivision 18, and using the
53.6 applicable preretirement or postretirement interest rate
53.7 assumption specified in section 356.215, subdivision 8.

53.8 Sec. 4. Minnesota Statutes 2004, section 354A.011,
53.9 subdivision 3a, is amended to read:

53.10 Subd. 3a. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"
53.11 means the condition of one annuity or benefit having an equal
53.12 actuarial present value as another annuity or benefit,
53.13 determined as of a given date with each actuarial present value
53.14 based on the appropriate mortality table adopted by the
53.15 appropriate board of trustees based on the experience of that
53.16 retirement fund association as recommended by the actuary
53.17 retained ~~by the Legislative Commission on Pensions and~~
53.18 ~~Retirement~~ under section 356.214, and approved under section
53.19 356.215, subdivision 18, and using the applicable preretirement
53.20 or postretirement interest rate assumption specified in section
53.21 356.215, subdivision 8.

53.22 Sec. 5. Minnesota Statutes 2004, section 356.20,
53.23 subdivision 4, is amended to read:

53.24 Subd. 4. **CONTENTS OF FINANCIAL REPORT.** (a) The financial
53.25 report required by this section must contain financial
53.26 statements and disclosures that indicate the financial
53.27 operations and position of the retirement plan and fund. The
53.28 report must conform with generally accepted governmental
53.29 accounting principles, applied on a consistent basis. The
53.30 report must be audited. The report must include, as part of its
53.31 exhibits or its footnotes, an actuarial disclosure item based on
53.32 the actuarial valuation calculations prepared by the
53.33 ~~commission-retained~~ actuary retained under section 356.214 or by
53.34 the actuary retained by the retirement fund or plan, ~~if~~
53.35 ~~applicable~~ whichever applies, according to applicable actuarial
53.36 requirements enumerated in section 356.215, and specified in the

54.1 most recent standards for actuarial work adopted by the
 54.2 Legislative Commission on Pensions and Retirement. The accrued
 54.3 assets, the accrued liabilities, including accrued reserves, and
 54.4 the unfunded actuarial accrued liability of the fund or plan
 54.5 must be disclosed. The disclosure item must contain a
 54.6 declaration by the actuary retained ~~by the Legislative~~
 54.7 ~~Commission on Pensions and Retirement~~ under section 356.214 or
 54.8 the actuary retained by the fund or plan, whichever applies,
 54.9 specifying that the required reserves for any retirement,
 54.10 disability, or survivor benefits provided under a benefit
 54.11 formula are computed in accordance with the entry age actuarial
 54.12 cost method and in accordance with the most recent applicable
 54.13 standards for actuarial work adopted by the Legislative
 54.14 Commission on Pensions and Retirement.

54.15 (b) Assets of the fund or plan contained in the disclosure
 54.16 item must include the following statement of the actuarial value
 54.17 of current assets as defined in section 356.215, subdivision 1:

	Value	Value
	at cost	at market
54.20 Cash, cash equivalents, and		
54.21 short-term securities
54.22 Accounts receivable
54.23 Accrued investment income
54.24 Fixed income investments
54.25 Equity investments other		
54.26 than real estate
54.27 Real estate investments
54.28 Equipment
54.29 Equity <u>Participation</u> in the Minnesota		
54.30 postretirement investment		
54.31 fund <u>or the retirement</u>		
54.32 <u>benefit fund</u>
54.33 Other
54.34		
54.35 Total assets		
54.36 Value at cost	

55.1 Value at market

55.2 Actuarial value of current assets

55.3 (c) The unfunded actuarial accrued liability of the fund or
55.4 plan contained in the disclosure item must include the following
55.5 measures of unfunded actuarial accrued liability, using
55.6 the actuarial value of current assets:

55.7 (1) the unfunded actuarial accrued liability, determined by
55.8 subtracting the current assets and the present value of future
55.9 normal costs from the total current and expected future benefit
55.10 obligations; and

55.11 (2) the unfunded pension benefit obligation, determined by
55.12 subtracting the current assets from the actuarial present value
55.13 of credited projected benefits.

55.14 If the current assets of the fund or plan exceed the
55.15 actuarial accrued liabilities, the excess must be disclosed and
55.16 indicated as a surplus.

55.17 (d) The pension benefit obligations schedule included in
55.18 the disclosure must contain the following information on the
55.19 benefit obligations:

55.20 (1) the pension benefit obligation, determined as the
55.21 actuarial present value of credited projected benefits on
55.22 account of service rendered to date, separately identified as
55.23 follows:

55.24 (i) for annuitants;

55.25 retirement annuities;

55.26 disability benefits;

55.27 surviving spouse and child benefits;

55.28 (ii) for former members without vested rights;

55.29 (iii) for deferred annuitants' benefits, including
55.30 any augmentation;

55.31 (iv) for active employees;

55.32 accumulated employee contributions,

55.33 including allocated investment income;

55.34 employer-financed benefits vested;

55.35 employer-financed benefits nonvested;

55.36 total pension benefit obligation; and

56.1 (2) if there are additional benefits not appropriately
56.2 covered by the foregoing items of benefit obligations, a
56.3 separate identification of the obligation.

56.4 (e) The report must contain an itemized exhibit describing
56.5 the administrative expenses of the plan, including, but not
56.6 limited to, the following items, classified on a consistent
56.7 basis from year to year, and with any further meaningful detail:

- 56.8 (1) personnel expenses;
56.9 (2) communication-related expenses;
56.10 (3) office building and maintenance expenses;
56.11 (4) professional services fees; and
56.12 (5) other expenses.

56.13 (f) The report must contain an itemized exhibit describing
56.14 the investment expenses of the plan, including, but not limited
56.15 to, the following items, classified on a consistent basis from
56.16 year to year, and with any further meaningful detail:

- 56.17 (1) internal investment-related expenses; and
56.18 (2) external investment-related expenses.

56.19 (g) Any additional statements or exhibits or more detailed
56.20 or subdivided itemization of a disclosure item that will enable
56.21 the management of the fund to portray a true interpretation of
56.22 the fund's financial condition must be included in the
56.23 additional statements or exhibits.

56.24 Sec. 6. Minnesota Statutes 2004, section 422A.01,
56.25 subdivision 6, is amended to read:

56.26 Subd. 6. **PRESENT WORTH OR PRESENT VALUE.** "Present worth"
56.27 or "present value" means that the present amount of money if
56.28 increased at the applicable postretirement or preretirement
56.29 interest rate assumption specified in section 356.215,
56.30 subdivision 8, and based on the mortality table adopted by the
56.31 board of trustees based on the experience of the fund as
56.32 recommended by the actuary retained ~~by the Legislative~~
56.33 ~~Commission on Pensions and Retirement~~ under section 356.214, and
56.34 approved under section 356.215, subdivision 18, will at
56.35 retirement equal the actuarial accrued liability of the annuity
56.36 already earned.

57.1 Sec. 7. Minnesota Statutes 2004, section 490.121,
 57.2 subdivision 20, is amended to read:
 57.3 Subd. 20. **ACTUARIAL EQUIVALENT.** "Actuarial equivalent"
 57.4 means the condition of one annuity or benefit having an equal
 57.5 actuarial present value as another annuity or benefit,
 57.6 determined as of a given date with each actuarial present value
 57.7 based on the appropriate mortality table adopted by the board of
 57.8 ~~trustees~~ directors of the Minnesota State Retirement System
 57.9 based on the experience of the fund as recommended by
 57.10 the ~~commission retained~~ actuary retained under section 356.214,
 57.11 and approved under section 356.215, subdivision 18, and using
 57.12 the applicable preretirement or postretirement interest rate
 57.13 assumption specified in section 356.215, subdivision 8.

57.14 Sec. 8. **EFFECTIVE DATE.**
 57.15 (a) Sections 1 to 4, 6, and 7 are effective on July 1, 2005.
 57.16 (b) Section 5 is effective the day following final
 57.17 enactment and applies to annual financial reporting occurring on
 57.18 or after June 30, 2005.

ARTICLE 5

MEMBERSHIP INCLUSIONS

AND EXCLUSIONS

57.22 Section 1. Minnesota Statutes 2004, section 69.011, is
 57.23 amended by adding a subdivision to read:

57.24 Subd. 2c. **INELIGIBILITY OF CERTAIN POLICE OFFICERS.** A
 57.25 police officer employed by the University of Minnesota who is
 57.26 required by the Board of Regents to the University of Minnesota
 57.27 faculty retirement plan is not eligible to be included in any
 57.28 police state aid certification under this section.

57.29 Sec. 2. Minnesota Statutes 2004, section 352.01,
 57.30 subdivision 2a, is amended to read:

57.31 Subd. 2a. **INCLUDED EMPLOYEES.** (a) "State employee"
 57.32 includes:

- 57.33 (1) employees of the Minnesota Historical Society;
- 57.34 (2) employees of the State Horticultural Society;
- 57.35 (3) employees of the Disabled American Veterans, Department
- 57.36 of Minnesota, Veterans of Foreign Wars, Department of Minnesota,

58.1 if employed before July 1, 1963;

58.2 (4) employees of the Minnesota Crop Improvement

58.3 Association;

58.4 (5) employees of the adjutant general who are paid from

58.5 federal funds and who are not covered by any federal civilian

58.6 employees retirement system;

58.7 (6) employees of the Minnesota State Colleges and

58.8 Universities employed under the university or college activities

58.9 program;

58.10 (7) currently contributing employees covered by the system

58.11 who are temporarily employed by the legislature during a

58.12 legislative session or any currently contributing employee

58.13 employed for any special service as defined in subdivision 2b,

58.14 clause (8);

58.15 (8) employees of the Armory Building Commission;

58.16 (9) employees of the legislature appointed without a limit

58.17 on the duration of their employment and persons employed or

58.18 designated by the legislature or by a legislative committee or

58.19 commission or other competent authority to conduct a special

58.20 inquiry, investigation, examination, or installation;

58.21 (10) trainees who are employed on a full-time established

58.22 training program performing the duties of the classified

58.23 position for which they will be eligible to receive immediate

58.24 appointment at the completion of the training period;

58.25 (11) employees of the Minnesota Safety Council;

58.26 (12) any employees on authorized leave of absence from the

58.27 Transit Operating Division of the former Metropolitan Transit

58.28 Commission who are employed by the labor organization which is

58.29 the exclusive bargaining agent representing employees of the

58.30 Transit Operating Division;

58.31 (13) employees of the Metropolitan Council, Metropolitan

58.32 Parks and Open Space Commission, Metropolitan Sports Facilities

58.33 Commission, Metropolitan Mosquito Control Commission, or

58.34 Metropolitan Radio Board unless excluded or covered by another

58.35 public pension fund or plan under section 473.415, subdivision

58.36 3;

59.1 (14) judges of the Tax Court;

59.2 (15) personnel employed on June 30, 1992, by the University
59.3 of Minnesota in the management, operation, or maintenance of its
59.4 heating plant facilities, whose employment transfers to an
59.5 employer assuming operation of the heating plant facilities, so
59.6 long as the person is employed at the University of Minnesota
59.7 heating plant by that employer or by its successor organization;
59.8 and

59.9 (16) seasonal help in the classified service employed by
59.10 the Department of Revenue; and

59.11 (17) persons employed by the Department of Commerce in the
59.12 Insurance Fraud Prevention under section 45.0135 who have
59.13 attained the mandatory retirement age specified in section
59.14 43A.34, subdivision 4.

59.15 (b) Employees specified in paragraph (a), clause (15), are
59.16 included employees under paragraph (a) if employer and employee
59.17 contributions are made in a timely manner in the amounts
59.18 required by section 352.04. Employee contributions must be
59.19 deducted from salary. Employer contributions are the sole
59.20 obligation of the employer assuming operation of the University
59.21 of Minnesota heating plant facilities or any successor
59.22 organizations to that employer.

59.23 Sec. 3. Minnesota Statutes 2004, section 352.91, is
59.24 amended by adding a subdivision to read:

59.25 Subd. 4a. PROCESS FOR EVALUATING AND RECOMMENDING
59.26 POTENTIAL EMPLOYMENT POSITIONS FOR MEMBERSHIP INCLUSION. (a)
59.27 The Department of Corrections and the Department of Human
59.28 Services must establish a procedure for evaluating periodic
59.29 requests by department employees for qualification for
59.30 recommendation by the commissioner for inclusion of the
59.31 employment position in the correctional facility or human
59.32 services facility in the correctional retirement plan and for
59.33 periodically determining employment positions that no longer
59.34 qualify for continued correctional retirement plan coverage.

59.35 (b) The procedure must provide for an evaluation of the
59.36 extent of the employee's working time spent in direct contact

60.1 with patients or inmates, the extent of the physical hazard that
60.2 the employee is routinely subjected to in the course of
60.3 employment, and the extent of intervention routinely expected of
60.4 the employee in the event of a facility incident. The
60.5 percentage of routine direct contact with inmates or patients
60.6 may not be less than 75 percent.

60.7 (c) The applicable commissioner shall notify the employee
60.8 of the determination of the appropriateness of recommending the
60.9 employment position for inclusion in the correctional retirement
60.10 plan, if the evaluation procedure results in a finding that the
60.11 employee:

60.12 (1) routinely spends 75 percent of the employee's time in
60.13 direct contact with inmates or patients; and

60.14 (2) is regularly engaged in the rehabilitation, treatment,
60.15 custody, or supervision of inmates or patients.

60.16 (d) After providing the affected employee an opportunity to
60.17 dispute or clarify any evaluation determinations, if the
60.18 commissioner determines that the employment position is
60.19 appropriate for inclusion in the correctional retirement plan,
60.20 the commissioner shall forward that recommendation and
60.21 supporting documentation to the chair of the Legislative
60.22 Commission on Pensions and Retirement, the chair of the State
60.23 and Local Governmental Operations Committee of the senate, the
60.24 chair of the Governmental Operations and Veterans Affairs Policy
60.25 Committee of the house of representatives, and the executive
60.26 director of the Legislative Commission on Pensions and
60.27 Retirement in the form of the appropriate proposed legislation.
60.28 The recommendation must be forwarded to the legislature before
60.29 January 15 for the recommendation to be considered in that
60.30 year's legislative session.

60.31 Sec. 4. Minnesota Statutes 2004, section 352B.01,
60.32 subdivision 2, is amended to read:

60.33 Subd. 2. **MEMBER.** "Member" means:

60.34 (1) a State Patrol member currently employed after June 30,
60.35 1943, under section 299D.03 by the state, who is a peace officer
60.36 under section 626.84, and whose salary or compensation is paid

61.1 out of state funds;

61.2 (2) a conservation officer employed under section 97A.201,
61.3 currently employed by the state, whose salary or compensation is
61.4 paid out of state funds;

61.5 (3) a crime bureau officer who was employed by the crime
61.6 bureau and was a member of the Highway Patrolmen's retirement
61.7 fund on July 1, 1978, whether or not that person has the power
61.8 of arrest by warrant after that date, or who is employed as
61.9 police personnel, with powers of arrest by warrant under section
61.10 299C.04, and who is currently employed by the state, and whose
61.11 salary or compensation is paid out of state funds;

61.12 (4) a person who is employed by the state in the Department
61.13 of Public Safety in a data processing management position with
61.14 salary or compensation paid from state funds, who was a crime
61.15 bureau officer covered by the State Patrol retirement plan on
61.16 August 15, 1987, and who was initially hired in the data
61.17 processing management position within the department during
61.18 September 1987, or January 1988, with membership continuing for
61.19 the duration of the person's employment in that position,
61.20 whether or not the person has the power of arrest by warrant
61.21 after August 15, 1987;

61.22 (5) a public safety employee defined as a peace officer in
61.23 section 626.84, subdivision 1, paragraph (c), and employed with
61.24 the Division of Alcohol and Gambling Enforcement under section
61.25 299L.01; ~~and~~

61.26 (6) a Fugitive Apprehension Unit officer after October 31,
61.27 2000, employed by the Office of Special Investigations of the
61.28 Department of Corrections who is a peace officer under section
61.29 626.84; and

61.30 (7) a commerce employee defined as a peace officer in
61.31 section 626.84, subdivision 1, paragraph (c), employed with the
61.32 Division of Insurance Fraud Prevention under section 45.0135
61.33 after January 1, 2005, and who has not attained the mandatory
61.34 retirement age specified in section 43A.34, subdivision 4.

61.35 Sec. 5. Minnesota Statutes 2004, section 353.01,
61.36 subdivision 6, is amended to read:

62.1 Subd. 6. **GOVERNMENTAL SUBDIVISION.** (a) "Governmental
62.2 subdivision" means a county, city, town, school district within
62.3 this state, or a department or unit of state government, or any
62.4 public body whose revenues are derived from taxation, fees,
62.5 assessments or from other sources.

62.6 (b) Governmental subdivision also means the Public
62.7 Employees Retirement Association, the League of Minnesota
62.8 Cities, the Association of Metropolitan Municipalities, public
62.9 hospitals owned or operated by, or an integral part of, a
62.10 governmental subdivision or governmental subdivisions, the
62.11 Association of Minnesota Counties, the Metropolitan Intercounty
62.12 Association, the Minnesota Municipal Utilities Association, the
62.13 Metropolitan Airports Commission, the University of Minnesota
62.14 with respect to police officers covered by the public employees
62.15 police and fire retirement plan, the Minneapolis Employees
62.16 Retirement Fund for employment initially commenced after June
62.17 30, 1979, the Range Association of Municipalities and Schools,
62.18 soil and water conservation districts, economic development
62.19 authorities created or operating under sections 469.090 to
62.20 469.108, the Port Authority of the city of St. Paul, the Spring
62.21 Lake Park Fire Department, incorporated, the Lake Johanna
62.22 Volunteer Fire Department, incorporated, the Red Wing
62.23 Environmental Learning Center, and the Dakota County
62.24 Agricultural Society.

62.25 (c) Governmental subdivision does not mean any municipal
62.26 housing and redevelopment authority organized under the
62.27 provisions of sections 469.001 to 469.047; or any port authority
62.28 organized under sections 469.048 to 469.089 other than the Port
62.29 Authority of the city of St. Paul; or any hospital district
62.30 organized or reorganized prior to July 1, 1975, under sections
62.31 447.31 to 447.37 or the successor of the district, nor the
62.32 Minneapolis Community Development Agency.

62.33 Sec. 6. Minnesota Statutes 2004, section 353.64, is
62.34 amended by adding a subdivision to read:

62.35 Subd. 6a. UNIVERSITY OF MINNESOTA POLICE OFFICERS;
62.36 EXCLUSION. (a) Unless paragraph (b) applies, a person who is

63.1 employed as a peace officer by the University of Minnesota at
 63.2 any campus or facility of the university, who is required by the
 63.3 university to be and is licensed as a peace officer by the
 63.4 Minnesota Peace Officer Standards and Training Board under
 63.5 section 626.84 to 626.863, and who has the full power of arrest
 63.6 is a member of the police and fire retirement plan.

63.7 (b) A police officer employed by the University of
 63.8 Minnesota who is required by the Board of Regents to contribute
 63.9 to the University of Minnesota faculty retirement plan is not
 63.10 eligible to be a member of the public employees police and fire
 63.11 fund.

63.12 Sec. 7. **EFFECTIVE DATE.**

63.13 (a) Sections 1, 3, 5, and 6 are effective on July 1, 2005.

63.14 (b) Sections 2 and 4 are effective retroactively to January
 63.15 1, 2005.

63.16 ARTICLE 6

63.17 RETIREMENT CONTRIBUTIONS

63.18 Section 1. Minnesota Statutes 2004, section 353.28,
 63.19 subdivision 5, is amended to read:

63.20 Subd. 5. **INTEREST CHARGES CHARGEABLE ON AMOUNTS DUE.** Any
 63.21 amount due under this section or section 353.27, subdivision 4,
 63.22 is payable with interest at an annual compound rate of 8.5
 63.23 percent ~~compounded annually~~ from the date due until the date
 63.24 payment is received by the association, with a minimum interest
 63.25 charge of \$10. ~~Interest for past due payments of excess police~~
 63.26 ~~state aid under section 69.031, subdivision 5, must be charged~~
 63.27 ~~at an annual rate of 8.5 percent compounded annually.~~

63.28 Sec. 2. Minnesota Statutes 2004, section 353.28,
 63.29 subdivision 6, is amended to read:

63.30 Subd. 6. ~~FAILURE TO PAY~~ **COLLECTION OF UNPAID AMOUNTS.** (a)
 63.31 If ~~the~~ a governmental subdivision which receives the direct
 63.32 proceeds of property taxation fails to pay ~~amounts~~ an amount due
 63.33 under ~~chapters~~ chapter 353, 353A, 353B, 353C, and or 353D ~~or~~
 63.34 ~~fails to make payments of excess police state aid to the public~~
 63.35 ~~employees police and fire fund under section 69.031, subdivision~~
 63.36 ~~5,~~ the executive director shall certify ~~those amounts~~ the amount

64.1 to the governmental subdivision for payment. If the
 64.2 governmental subdivision fails to remit the sum so due in a
 64.3 timely fashion, the executive director shall certify ~~amounts~~ the
 64.4 amount to the applicable county auditor for collection. The
 64.5 county auditor shall collect ~~such amounts~~ the amount out of the
 64.6 revenue of the governmental subdivision, or shall add ~~them~~ the
 64.7 amount to the levy of the governmental subdivision and make
 64.8 payment directly to the association. This tax ~~shall~~ must be
 64.9 levied, collected, and apportioned in the manner that other
 64.10 taxes are levied, collected, and apportioned.

64.11 (b) If a governmental subdivision which is not funded
 64.12 directly from the proceeds of property taxation fails to pay an
 64.13 amount due under this chapter, the executive director shall
 64.14 certify the amount to the governmental subdivision for payment.
 64.15 If the governmental subdivision fails to pay the amount for a
 64.16 period of 60 days after certification, the executive director
 64.17 shall certify the amount to the commissioner of finance, who
 64.18 shall deduct the amount from any subsequent state-aid payment or
 64.19 state appropriation amount applicable to the governmental
 64.20 subdivision.

64.21 Sec. 3. **EFFECTIVE DATE.**

64.22 Sections 1 and 2 are effective July 1, 2005.

64.23 ARTICLE 7

64.24 PENSION BENEFITS UPON PRIVATIZATION

64.25 Section 1. Minnesota Statutes 2004, section 353F.02,
 64.26 subdivision 4, is amended to read:

64.27 Subd. 4. **MEDICAL FACILITY.** "Medical facility" means:

- 64.28 (1) Bridges Medical Services;
- 64.29 (2) the Fair Oaks Lodge, Wadena;
- 64.30 ~~(2)~~ (3) the Glencoe Area Health Center;
- 64.31 ~~(3)~~ (4) the Hutchinson Area Health Care;
- 64.32 (5) the Kanabec Hospital;
- 64.33 ~~(4)~~ (6) the Luverne Public Hospital;
- 64.34 (7) the Northfield Hospital;
- 64.35 ~~(5)~~ (8) the RenVilla Nursing Home;
- 64.36 ~~(6)~~ (9) the Renville County Hospital in Olivia;

65.1 ~~(7)~~ (10) the St. Peter Community Healthcare Center; and

65.2 ~~(8)~~ (11) the Waconia-Ridgeview Medical Center.

65.3 Sec. 2. Laws 2004, chapter 267, article 12, section 4, is
65.4 amended to read:

65.5 Sec. 4. **EFFECTIVE DATE.**

65.6 (a) Section 1, relating to the Fair Oaks Lodge, Wadena, is
65.7 effective upon the latter of:

65.8 (1) the day after the governing body of Todd County and its
65.9 chief clerical officer timely complete their compliance with
65.10 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

65.11 (2) the day after the governing body of Wadena County and
65.12 its chief clerical officer timely complete their compliance with
65.13 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

65.14 (b) Section 1, relating to the RenVilla Nursing Home, is
65.15 effective upon the latter of:

65.16 (1) the day after the governing body of the city of
65.17 Renville and its chief clerical officer timely complete their
65.18 compliance with Minnesota Statutes, section 645.021,
65.19 subdivisions 2 and 3, except that the certificate of approval
65.20 must be filed before January 1, 2006; and

65.21 (2) the first day of the month next following certification
65.22 to the governing body of the city of Renville by the executive
65.23 director of the Public Employees Retirement Association that the
65.24 actuarial accrued liability of the special benefit coverage
65.25 proposed for extension to the privatized RenVilla Nursing Home
65.26 employees under section 1 does not exceed the actuarial gain
65.27 otherwise to be accrued by the Public Employees Retirement
65.28 Association, as calculated by the consulting actuary retained by
65.29 the Legislative Commission on Pensions and Retirement, or the
65.30 actuary retained under Minnesota Statutes, section 356.214,
65.31 whichever is applicable.

65.32 (c) The cost of the actuarial calculations must be borne by
65.33 the city of Renville or the purchaser of the RenVilla Nursing
65.34 Home.

65.35 (d) Section 1, relating to the St. Peter Community
65.36 Healthcare Center, is effective upon the latter of:

66.1 (1) the day after the governing body of the city of St.
 66.2 Peter and its chief clerical officer timely complete their
 66.3 compliance with Minnesota Statutes, section 645.021,
 66.4 subdivisions 2 and 3; and

66.5 (2) the first day of the month next following certification
 66.6 to the governing body of the city of St. Peter by the executive
 66.7 director of the Public Employees Retirement Association that the
 66.8 actuarial accrued liability of the special benefit coverage
 66.9 proposed for extension to the privatized St. Peter Community
 66.10 Healthcare Center employees under section 1 does not exceed the
 66.11 actuarial gain otherwise to be accrued by the Public Employees
 66.12 Retirement Association, as calculated by the consulting actuary
 66.13 retained by the Legislative Commission on Pensions and
 66.14 Retirement, or the actuary retained under Minnesota Statutes,
 66.15 section 356.214, whichever is applicable.

66.16 (e) The cost of the actuarial calculations must be borne by
 66.17 the city of St. Peter or the purchaser of the St. Peter
 66.18 Community Healthcare Center.

66.19 (f) If the required actions under paragraphs (b) and (c)
 66.20 occur, section 1 applies retroactively to the RenVilla Nursing
 66.21 Home as of the date of privatization.

66.22 (g) If the required actions under paragraph (a) occur,
 66.23 section 1 applies retroactively to Fair Oaks Lodge, Wadena, as
 66.24 of January 1, 2004.

66.25 (h) Sections 2 and 3 are effective on the day following
 66.26 final enactment. of January 1, 2004.

66.27 Sec. 3. **EFFECTIVE DATE.**

66.28 (a) Section 1, relating to Bridges Medical Services, is
 66.29 effective upon the later of:

66.30 (1) the day after the governing body of the city of Ada and
 66.31 its chief clerical officer timely complete their compliance with
 66.32 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

66.33 (2) the first day of the month next following certification
 66.34 to the governing body of the city of Ada by the executive
 66.35 director of the Public Employees Retirement Association that the
 66.36 actuarial accrued liability of the special benefit coverage

67.1 proposed for extension to the privatized Bridges Medical
67.2 Services employees under section 1 does not exceed the actuarial
67.3 gain otherwise to be accrued by the Public Employees Retirement
67.4 Association, as calculated by the consulting actuary retained
67.5 under Minnesota Statutes, section 356.214.

67.6 (b) Section 1, relating to the Hutchinson Area Health Care,
67.7 is effective upon the later of:

67.8 (1) the day after the governing body of the city of
67.9 Hutchinson and its chief clerical officer timely complete their
67.10 compliance with Minnesota Statutes, section 645.021,
67.11 subdivisions 2 and 3; and

67.12 (2) the first day of the month next following certification
67.13 to the governing body of the city of Hutchinson by the executive
67.14 director of the Public Employees Retirement Association that the
67.15 actuarial accrued liability of the special benefit coverage
67.16 proposed for extension to the privatized Hutchinson Area Health
67.17 Care employees under section 1 does not exceed the actuarial
67.18 gain otherwise to be accrued by the Public Employees Retirement
67.19 Association, as calculated by the consulting actuary retained by
67.20 the Legislative Commission on Pensions and Retirement.

67.21 (c) Section 1, relating to the Northfield Hospital, is
67.22 effective upon the later of:

67.23 (1) the day after the governing body of the city of
67.24 Hutchinson and its chief clerical officer timely complete their
67.25 compliance with Minnesota Statutes, section 645.021,
67.26 subdivisions 2 and 3; and

67.27 (2) the first day of the month next following certification
67.28 to the governing body of the city of Hutchinson by the executive
67.29 director of the Public Employees Retirement Association that the
67.30 actuarial accrued liability of the special benefit coverage
67.31 proposed for extension to the privatized Hutchinson Area Health
67.32 Care employees under section 1 does not exceed the actuarial
67.33 gain otherwise to be accrued by the Public Employees Retirement
67.34 Association, as calculated by the consulting actuary retained by
67.35 the Legislative Commission on Pensions and Retirement.

67.36 (d) The cost of the actuarial calculations must be borne by

68.1 the facility, the city in which the facility is located, or the
68.2 purchaser of the facility.

68.3 (e) If the required actions in paragraphs (a), (b), or (c)
68.4 and (d) occur, section 1 applies retroactively to the date of
68.5 privatization.

68.6 (f) Section 2 is effective on the day following final
68.7 enactment.

68.8 ARTICLE 8
68.9 FIRST CLASS CITY TEACHER

68.10 RETIREMENT FUND ASSOCIATIONS

68.11 Section 1. Minnesota Statutes 2004, section 354A.021, is
68.12 amended by adding a subdivision to read:

68.13 Subd. 9. UPDATED ARTICLES OF INCORPORATION AND BYLAWS;

68.14 **FILING.** (a) On or before July 1, 2006, and within six months of
68.15 the date of the approval of any amendment to the articles of
68.16 incorporation or bylaws, the chief administrative officer of
68.17 each first class city teacher retirement fund association shall
68.18 prepare and publish an updated compilation of the articles of
68.19 incorporation and the bylaws of the association.

68.20 (b) The chief administrative officer of the first class
68.21 city teacher retirement fund association must certify the
68.22 accuracy and the completeness of the compilation.

68.23 (c) The compilation of the articles of incorporation and
68.24 bylaws of a first class city teacher retirement fund association
68.25 must contain an index.

68.26 (d) The compilation must be made available to association
68.27 members and other interested parties. The association may
68.28 charge a fee for a copy that reflects the price of printing or
68.29 otherwise producing the copy. Two copies of the compilation
68.30 must be filed, without charge, by each retirement fund
68.31 association with the Legislation Commission on Pensions and
68.32 Retirement, the Legislative Reference Library, the state
68.33 auditor, the commissioner of education, the chancellor of the
68.34 Minnesota State Colleges and Universities System, and the
68.35 superintendent of the applicable school district.

68.36 (e) A first class city teacher retirement fund association

69.1 may contract with the revisor of statutes for the preparation of
69.2 the compilation.

69.3 (f) If a first class city teacher retirement fund
69.4 association makes an updated copy of its articles of
69.5 incorporation and bylaws available on its Web site, the
69.6 retirement fund association is not obligated to file a hard copy
69.7 of the documents under paragraph (d) for the applicable filing
69.8 period.

69.9 Sec. 2. **EFFECTIVE DATE.**

69.10 Section 1 is effective July 1, 2005.

69.11 ARTICLE 9

69.12 MNSCU IRAP CHANGES

69.13 Section 1. Minnesota Statutes 2004, section 354B.25,
69.14 subdivision 2, is amended to read:

69.15 Subd. 2. **INVESTMENT OPTIONS.** (a) The plan administrator
69.16 shall arrange for the purchase of investment products.

69.17 (b) The investment products must be purchased with
69.18 contributions under section 354B.23 or with money or assets
69.19 otherwise provided by law by authority of the board.

69.20 (c) Various investment accounts offered through the
69.21 Minnesota supplemental investment fund established under section
69.22 11A.17 and administered by the State Board of Investment is one
69.23 of the may be included as investment products for the individual
69.24 retirement account plan. Direct access must also be provided to
69.25 lower expense and no-load mutual funds, as those terms are
69.26 defined by the federal Securities and Exchange Commission,
69.27 including stock funds, bond funds, and balanced funds. Other
69.28 investment products or combination of investment products which
69.29 may be included are:

69.30 (1) savings accounts at federally insured financial
69.31 institutions;

69.32 (2) life insurance contracts, fixed and variable annuity
69.33 contracts from companies that are subject to regulation by the
69.34 commerce commissioner;

69.35 (3) investment options from open-ended investment companies
69.36 registered under the federal Investment Company Act of 1940,

70.1 United States Code, title 15, sections 80a-1 to 80a-64;
70.2 (4) investment options from a firm that is a registered
70.3 investment advisor under the federal Investment Advisers Act of
70.4 1940, United States Code, title 15, sections 80b-1 to 80b-21;
70.5 and
70.6 (5) investment options of a bank as defined in United
70.7 States Code, title 15, section 80b-2, subsection (a), paragraph
70.8 2, or a bank holding company as defined in the Bank Holding
70.9 Company Act of 1956, United States Code, title 12, section 1841,
70.10 subsection (a), paragraph (1).

70.11 Sec. 2. **EFFECTIVE DATE.**

70.12 Section 1 is effective the day following final enactment.

70.13 ARTICLE 10

70.14 SUPPLEMENTAL RETIREMENT PLANS

70.15 Section 1. Minnesota Statutes 2004, section 356.24,
70.16 subdivision 1, is amended to read:

70.17 Subdivision 1. **RESTRICTION; EXCEPTIONS.** It is unlawful
70.18 for a school district or other governmental subdivision or state
70.19 agency to levy taxes for, or to contribute public funds to a
70.20 supplemental pension or deferred compensation plan that is
70.21 established, maintained, and operated in addition to a primary
70.22 pension program for the benefit of the governmental subdivision
70.23 employees other than:

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

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

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

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

70.32 (5) for employees other than personnel employed by the
70.33 Board of Trustees of the Minnesota State Colleges and
70.34 Universities and covered under the Higher Education Supplemental
70.35 Retirement Plan under chapter 354C, if the supplemental plan
70.36 coverage is provided for in a personnel policy of the public

71.1 employer or in the collective bargaining agreement between the
71.2 public employer and the exclusive representative of public
71.3 employees in an appropriate unit, in an amount matching employee
71.4 contributions on a dollar for dollar basis, but not to exceed an
71.5 employer contribution of \$2,000 a year per employee;

71.6 (i) to the state of Minnesota deferred compensation plan
71.7 under section 352.96; or

71.8 (ii) in payment of the applicable portion of the
71.9 contribution made to any investment eligible under section
71.10 403(b) of the Internal Revenue Code, if the employing unit has
71.11 complied with any applicable pension plan provisions of the
71.12 Internal Revenue Code with respect to the tax-sheltered annuity
71.13 program during the preceding calendar year;

71.14 (6) for personnel employed by the Board of Trustees of the
71.15 Minnesota State Colleges and Universities and not covered by
71.16 clause (5), to the supplemental retirement plan under chapter
71.17 354C, if the supplemental plan coverage is provided for in a
71.18 personnel policy or in the collective bargaining agreement of
71.19 the public employer with the exclusive representative of the
71.20 covered employees in an appropriate unit, in an amount matching
71.21 employee contributions on a dollar for dollar basis, but not to
71.22 exceed an employer contribution of \$2,700 a year for each
71.23 employee;

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

71.31 (8) to the laborer's national industrial pension fund or to
71.32 a laborer's local pension fund for the employees of a
71.33 governmental subdivision who are covered by a collective
71.34 bargaining agreement that provides for coverage by that fund and
71.35 that sets forth a fund contribution rate, but not to exceed an
71.36 employer contribution of ~~\$2,000~~ \$5,000 per year per employee;

72.1 (9) to the plumbers' and pipefitters' national pension fund
 72.2 or to a plumbers' and pipefitters' local pension fund for the
 72.3 employees of a governmental subdivision who are covered by a
 72.4 collective bargaining agreement that provides for coverage by
 72.5 that fund and that sets forth a fund contribution rate, but not
 72.6 to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per
 72.7 employee;

72.8 (10) to the international union of operating engineers
 72.9 pension fund for the employees of a governmental subdivision who
 72.10 are covered by a collective bargaining agreement that provides
 72.11 for coverage by that fund and that sets forth a fund
 72.12 contribution rate, but not to exceed an employer contribution of
 72.13 ~~\$2,000~~ \$5,000 per year per employee; or

72.14 (11) to a supplemental plan organized and operated under
 72.15 the federal Internal Revenue Code, as amended, that is wholly
 72.16 and solely funded by the employee's accumulated sick leave,
 72.17 accumulated vacation leave, and accumulated severance pay at the
 72.18 date of retirement or the termination of active employment.

72.19 Sec. 2. **EFFECTIVE DATE.**

72.20 Section 1 is effective on the day following final enactment.

72.21 ARTICLE 11

72.22 VOLUNTEER FIREFIGHTER RELIEF

72.23 ASSOCIATION CHANGES

72.24 Section 1. Minnesota Statutes 2004, section 69.051,
 72.25 subdivision 1, is amended to read:

72.26 Subdivision 1. **FINANCIAL REPORT AND AUDIT.** The board of
 72.27 each salaried firefighters' relief association, police relief
 72.28 association, and volunteer firefighters' relief association as
 72.29 defined in section 424A.001, subdivision 4, with assets of at
 72.30 least \$200,000 or liabilities of at least \$200,000 in the prior
 72.31 year or in any previous year, according to the ~~most recent~~
 72.32 applicable actuarial valuation or financial report if no
 72.33 valuation is required, shall:

72.34 (1) prepare a financial report covering the special and
 72.35 general funds of the relief association for the preceding fiscal
 72.36 year on a form prescribed by the state auditor. The financial

73.1 report ~~shall~~ must contain financial statements and disclosures
73.2 which present the true financial condition of the relief
73.3 association and the results of relief association operations in
73.4 conformity with generally accepted accounting principles and in
73.5 compliance with the regulatory, financing and funding provisions
73.6 of this chapter and any other applicable laws. The financial
73.7 report ~~shall~~ must be countersigned by the municipal clerk or
73.8 clerk-treasurer of the municipality in which the relief
73.9 association is located if the relief association is a
73.10 firefighters' relief association which is directly associated
73.11 with a municipal fire department or is a police relief
73.12 association, or countersigned by the secretary of the
73.13 independent nonprofit firefighting corporation and by the
73.14 municipal clerk or clerk-treasurer of the largest municipality
73.15 in population which contracts with the independent nonprofit
73.16 firefighting corporation if the Volunteer Firefighter Relief
73.17 Association is a subsidiary of an independent nonprofit
73.18 firefighting corporation;

73.19 (2) file the financial report in its office for public
73.20 inspection and present it to the city council after the close of
73.21 the fiscal year. One copy of the financial report ~~shall~~ must be
73.22 furnished to the state auditor after the close of the fiscal
73.23 year; and

73.24 (3) submit to the state auditor audited financial
73.25 statements which have been attested to by a certified public
73.26 accountant, public accountant, or the state auditor within 180
73.27 days after the close of the fiscal year. The state auditor may
73.28 accept this report in lieu of the report required in clause (2).

73.29 Sec. 2. Minnesota Statutes 2004, section 69.051,
73.30 subdivision 1a, is amended to read:

73.31 Subd. 1a. **FINANCIAL STATEMENT.** (a) The board of each
73.32 volunteer firefighters' relief association, as defined in
73.33 section 424A.001, subdivision 4, ~~with assets of less than~~
73.34 ~~\$200,000 and liabilities less than \$200,000, according to the~~
73.35 ~~most recent financial report, shall~~ that is not required to file
73.36 a financial report and audit under subdivision 1 must prepare a

74.1 detailed statement of the financial affairs for the preceding
74.2 fiscal year of the relief association's special and general
74.3 funds in the style and form prescribed by the state auditor.
74.4 The detailed statement must show the sources and amounts of all
74.5 money received; all disbursements, accounts payable and accounts
74.6 receivable; the amount of money remaining in the treasury; total
74.7 assets including a listing of all investments; the accrued
74.8 liabilities; and all items necessary to show accurately the
74.9 revenues and expenditures and financial position of the relief
74.10 association.

74.11 (b) The detailed financial statement required under
74.12 paragraph (a) must be certified by an independent public
74.13 accountant or auditor or by the auditor or accountant who
74.14 regularly examines or audits the financial transactions of the
74.15 municipality. In addition to certifying the financial condition
74.16 of the special and general funds of the relief association, the
74.17 accountant or auditor conducting the examination shall give an
74.18 opinion as to the condition of the special and general funds of
74.19 the relief association, and shall comment upon any exceptions to
74.20 the report. The independent accountant or auditor ~~shall~~ must
74.21 have at least five years of public accounting, auditing, or
74.22 similar experience, and ~~shall~~ must not be an active, inactive,
74.23 or retired member of the relief association or the fire or
74.24 police department.

74.25 (c) The detailed statement required under paragraph (a)
74.26 must be countersigned by the municipal clerk or clerk-treasurer
74.27 of the municipality, or, where applicable, by the secretary of
74.28 the independent nonprofit firefighting corporation and by the
74.29 municipal clerk or clerk-treasurer of the largest municipality
74.30 in population which contracts with the independent nonprofit
74.31 firefighting corporation if the relief association is a
74.32 subsidiary of an independent nonprofit firefighting corporation.

74.33 (d) The volunteer firefighters' relief association board
74.34 must file the detailed statement required under paragraph (a) in
74.35 the relief association office for public inspection and present
74.36 it to the city council within 45 days after the close of the

75.1 fiscal year, and must submit a copy of the detailed statement to
75.2 the state auditor within 90 days of the close of the fiscal year.

75.3 Sec. 3. Minnesota Statutes 2004, section 69.771, is
75.4 amended to read:

75.5 69.771 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION**
75.6 **FINANCING GUIDELINES ACT; APPLICATION.**

75.7 Subdivision 1. **COVERED RELIEF ASSOCIATIONS.** The
75.8 applicable provisions of sections 69.771 to 69.776 ~~shall~~ apply
75.9 to any firefighters' relief association other than a relief
75.10 association enumerated in section 69.77, subdivision 1a, which
75.11 is organized under any laws of this state, which is composed of
75.12 volunteer firefighters or is composed partially of volunteer
75.13 firefighters and partially of salaried firefighters with
75.14 retirement coverage provided by the public employees police and
75.15 fire fund and which, in either case, operates subject to the
75.16 service pension minimum requirements for entitlement and
75.17 maximums contained in section 424A.02, or subject to a special
75.18 law modifying those requirements or maximums.

75.19 Subd. 2. **AUTHORIZED EMPLOYER SUPPORT FOR A RELIEF**
75.20 **ASSOCIATION.** Notwithstanding any law to the contrary, a
75.21 municipality may lawfully contribute public funds, including the
75.22 transfer of any applicable fire state aid, or may levy property
75.23 taxes for the support of a firefighters' relief association
75.24 specified in subdivision 1, however organized, which provides
75.25 retirement coverage or pays a service pension to retired
75.26 firefighter or a retirement benefit to a disabled firefighter or
75.27 a surviving dependent of either an active or retired firefighter
75.28 for the operation and maintenance of the relief association only
75.29 if the municipality and the relief association both comply with
75.30 the applicable provisions of sections 69.771 to 69.776.

75.31 Subd. 3. **REMEDY FOR NONCOMPLIANCE; DETERMINATION.**

75.32 ~~Any~~ (a) A municipality in which there exists a firefighters'
75.33 relief association as specified in subdivision 1 which does not
75.34 comply with the applicable provisions of sections 69.771 to
75.35 69.776 or the provisions of any applicable special law relating
75.36 to the funding or financing of the association ~~shall~~ does not

76.1 qualify initially to receive, ~~or be~~ and is not entitled
76.2 subsequently to retain, fire state aid ~~pursuant to~~ under
76.3 sections 69.011 to 69.051 until the reason for the
76.4 disqualification specified by the state auditor is remedied,
76.5 whereupon the municipality or relief association, if otherwise
76.6 qualified, ~~shall be~~ is entitled to again receive fire state aid
76.7 for the year occurring immediately subsequent to the year in
76.8 which the disqualification is remedied.

76.9 (b) The state auditor shall determine if a municipality to
76.10 which a firefighters' relief association is directly associated
76.11 or a firefighters' relief association fails to comply with the
76.12 provisions of sections 69.771 to 69.776 or the funding or
76.13 financing provisions of any applicable special law based upon
76.14 the information contained in the annual financial report of the
76.15 firefighters' relief association required ~~pursuant to~~ under
76.16 section 69.051~~-,~~ the actuarial valuation of the relief
76.17 association, if applicable, the relief association officers'
76.18 financial requirements of the relief association and minimum
76.19 municipal obligation determination documentation under section
76.20 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or
76.21 69.774, subdivision 2, if requested to be filed by the state
76.22 auditor, the applicable municipal or nonprofit firefighting
76.23 corporation budget, if requested to be filed by the state
76.24 auditor, and any other relevant documents or reports obtained by
76.25 the state auditor.

76.26 (c) The municipality or nonprofit firefighting corporation
76.27 and the associated relief association are not eligible to
76.28 receive or to retain fire state aid if:

76.29 (1) the relief association fails to prepare or to file the
76.30 financial report or financial statement under section 69.051;

76.31 (2) the relief association treasurer is not bonded in the
76.32 manner and in the amount required by section 69.051, subdivision
76.33 2;

76.34 (3) the relief association officers fail to determine or
76.35 improperly determine the accrued liability and the annual
76.36 accruing liability of the relief association under section

77.1 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if
77.2 applicable;

77.3 (4) if applicable, the relief association officers fail to
77.4 obtain and file a required actuarial valuation or the officers
77.5 file an actuarial valuation that does not contain the special
77.6 fund actuarial liability calculated under the entry age normal
77.7 actuarial cost method, the special fund current assets, the
77.8 special fund unfunded actuarial accrued liability, the special
77.9 fund normal cost under the entry age normal actuarial cost
77.10 method, the amortization requirement for the special fund
77.11 unfunded actuarial accrued liability by the applicable target
77.12 date, a summary of the applicable benefit plan, a summary of the
77.13 membership of the relief association, a summary of the actuarial
77.14 assumptions used in preparing the valuation, and a signed
77.15 statement by the actuary attesting to its results and certifying
77.16 to the qualifications of the actuary as an approved actuary
77.17 under section 356.215, subdivision 1, paragraph (c);

77.18 (5) the municipality failed to provide a municipal
77.19 contribution, or the nonprofit firefighting corporation failed
77.20 to provide a corporate contribution, in the amount equal to the
77.21 minimum municipal obligation if the relief association is
77.22 governed under section 69.772, or the amount necessary, when
77.23 added to the fire state aid actually received in the plan year
77.24 in question, to at least equal in total the calculated annual
77.25 financial requirements of the special fund of the relief
77.26 association if the relief association is governed under section
77.27 69.773, and, if the municipal or corporate contribution is
77.28 deficient, the municipality failed to include the minimum
77.29 municipal obligation certified under section 69.772, subdivision
77.30 3, or 69.773, subdivision 5, in its budget and tax levy or the
77.31 nonprofit firefighting corporation failed to include the minimum
77.32 corporate obligation certified under section 69.774, subdivision
77.33 2, in the corporate budget;

77.34 (6) the relief association did not receive municipal
77.35 ratification for the most recent plan amendment when municipal
77.36 ratification was required under section 69.772, subdivision 6;

78.1 69.773, subdivision 6; or 424A.02, subdivision 10;
78.2 (7) the relief association invested special fund assets in
78.3 an investment security that is not authorized under section
78.4 69.775;
78.5 (8) the relief association had an administrative expense
78.6 that is not authorized under section 69.80 or 424A.05,
78.7 subdivision 3, or the municipality had an expenditure that is
78.8 not authorized under section 424A.08;
78.9 (9) the relief association officers fail to provide a
78.10 complete and accurate public pension plan investment portfolio
78.11 and performance disclosure under section 356.219;
78.12 (10) the relief association fails to obtain the
78.13 acknowledgment from a broker of the statement of investment
78.14 restrictions under section 356A.06, subdivision 8b;
78.15 (11) the relief association officers permitted to occur a
78.16 prohibited transaction under section 356A.06, subdivision 9, or
78.17 424A.001, subdivision 7, or failed to undertake correction of a
78.18 prohibited transaction that did occur; or
78.19 (12) the relief association pays a defined benefit service
78.20 pension in an amount that is in excess of the applicable service
78.21 pension maximum under section 424A.02, subdivision 3.
78.22 Sec. 4. Minnesota Statutes 2004, section 69.772,
78.23 subdivision 3, is amended to read:
78.24 Subd. 3. **FINANCIAL REQUIREMENTS OF RELIEF ASSOCIATION;**
78.25 **MINIMUM OBLIGATION OF MUNICIPALITY.** (a) During the month of
78.26 July, the officers of the relief association shall determine the
78.27 overall funding balance of the special fund for the current
78.28 calendar year, the financial requirements of the special fund
78.29 for the following calendar year and the minimum obligation of
78.30 the municipality with respect to the special fund for the
78.31 following calendar year in accordance with the requirements of
78.32 this subdivision.
78.33 ~~(1)~~ (b) The overall funding balance of the special fund for
78.34 the current calendar year ~~shall~~ must be determined in the
78.35 following manner:
78.36 ~~(a)~~ (1) The total accrued liability of the special fund for

79.1 all active and deferred members of the relief association as of
79.2 December 31 of the current year ~~shall~~ must be calculated
79.3 ~~pursuant to~~ under subdivisions 2 and 2a, if applicable.

79.4 ~~(b)~~ (2) The total present assets of the special fund
79.5 projected to December 31 of the current year, including receipts
79.6 by and disbursements from the special fund anticipated to occur
79.7 on or before December 31 ~~shall~~, must be calculated. To the
79.8 extent possible, for those assets for which a market value is
79.9 readily ascertainable, the current market value as of the date
79.10 of the calculation for those assets ~~shall~~ must be utilized in
79.11 making this calculation. For any asset for which no market
79.12 value is readily ascertainable, the cost value or the book
79.13 value, whichever is applicable, ~~shall~~ must be utilized in making
79.14 this calculation.

79.15 ~~(e)~~ (3) The amount of the total present assets of the
79.16 special fund calculated ~~pursuant to~~ under clause ~~(b)~~ (2)
79.17 must be subtracted from the amount of the total accrued
79.18 liability of the special fund calculated ~~pursuant to~~ under
79.19 clause ~~(a)~~ (1). If the amount of total present assets exceeds
79.20 the amount of the total accrued liability, then the special fund
79.21 ~~shall be~~ is considered to have a surplus over full funding. If
79.22 the amount of the total present assets is less than the amount
79.23 of the total accrued liability, then the special fund ~~shall be~~
79.24 is considered to have a deficit from full funding. If the
79.25 amount of total present assets is equal to the amount of the
79.26 total accrued liability, then the special fund ~~shall be~~ is
79.27 considered to be fully funded.

79.28 ~~(2)~~ (c) The financial requirements of the special fund for
79.29 the following calendar year ~~shall~~ must be determined in the
79.30 following manner:

79.31 ~~(a)~~ (1) The total accrued liability of the special fund for
79.32 all active and deferred members of the relief association as of
79.33 December 31 of the calendar year next following the current
79.34 calendar year ~~shall~~ must be calculated ~~pursuant to~~ under
79.35 subdivisions 2 and 2a, if applicable.

79.36 ~~(b)~~ (2) The increase in the total accrued liability of the

80.1 special fund for the following calendar year over the total
80.2 accrued liability of the special fund for the current year ~~shall~~
80.3 must be calculated.

80.4 ~~(e)~~ (3) The amount of anticipated future administrative
80.5 expenses of the special fund ~~shall~~ must be calculated by
80.6 multiplying the dollar amount of the administrative expenses of
80.7 the special fund for the most recent prior calendar year by the
80.8 factor of 1.035.

80.9 ~~(d)~~ (4) If the special fund is fully funded, the financial
80.10 ~~requirement~~ requirements of the special fund for the following
80.11 calendar year ~~shall be~~ are the ~~figure which represents the~~
80.12 ~~increase in the total accrued liability of the special fund as~~
80.13 amounts calculated ~~pursuant to subclause (b)~~ under clauses (2)
80.14 and (3).

80.15 ~~(e)~~ (5) If the special fund has a deficit from full
80.16 funding, the financial requirements of the special fund for the
80.17 following calendar year ~~shall be~~ are the financial requirements
80.18 of the special fund calculated as though the special fund were
80.19 fully funded ~~pursuant to subclause (d)~~ under clause (4) plus an
80.20 amount equal to one-tenth of the original amount of the deficit
80.21 from full funding of the special fund as determined ~~pursuant to~~
80.22 ~~this section for the calendar year 1971 until that deficit from~~
80.23 ~~full funding is fully retired, and plus an amount equal to~~
80.24 ~~one tenth of the increase in the deficit from full funding of~~
80.25 ~~the special fund~~ under clause (2) resulting either from an
80.26 increase in the amount of the service pension ~~accruing after~~
80.27 ~~December 31, 1971~~ occurring in the last ten years or from a net
80.28 annual investment loss occurring during the last ten years until
80.29 each increase in the deficit from full funding is fully
80.30 retired. The annual amortization contribution under this clause
80.31 may not exceed the amount of the deficit from full funding.

80.32 ~~(f)~~ (6) If the special fund has a surplus over full
80.33 funding, the financial requirements of the special fund for the
80.34 following calendar year ~~shall be~~ are the financial requirements
80.35 of the special fund calculated as though the special fund were
80.36 fully funded ~~pursuant to subclause (d)~~ under clause (4) reduced

81.1 by an amount equal to one-tenth of the amount of the surplus
81.2 over full funding of the special fund.

81.3 ~~(3)~~ (d) The minimum obligation of the municipality with
81.4 respect to the special fund ~~shall be~~ is the financial
81.5 requirements of the special fund reduced by the amount of any
81.6 fire state aid payable ~~pursuant to~~ under sections 69.011 to
81.7 69.051 reasonably anticipated to be received by the municipality
81.8 for transmittal to the special fund during the following
81.9 calendar year, an amount of interest on the assets of the
81.10 special fund projected to the beginning of the following
81.11 calendar year calculated at the rate of five percent per annum,
81.12 and the amount of any ~~anticipated~~ contributions to the special
81.13 fund required by the relief association bylaws from the active
81.14 members of the relief association reasonably anticipated to be
81.15 received during the following calendar year. A reasonable
81.16 amount of anticipated fire state aid is an amount that does not
81.17 exceed the fire state aid actually received in the prior year
81.18 multiplied by the factor 1.035.

81.19 Sec. 5. Minnesota Statutes 2004, section 69.772,
81.20 subdivision 4, is amended to read:

81.21 Subd. 4. **CERTIFICATION OF FINANCIAL REQUIREMENTS AND**
81.22 **MINIMUM MUNICIPAL OBLIGATION; LEVY.** (a) The officers of the
81.23 relief association shall certify the financial requirements of
81.24 the special fund of the relief association and the minimum
81.25 obligation of the municipality with respect to the special fund
81.26 of the relief association as determined ~~pursuant to~~ under
81.27 subdivision 3 to the governing body of the municipality on or
81.28 before August 1 of each year. The financial requirements of the
81.29 relief association and the minimum municipal obligation must be
81.30 included in the financial report or financial statement under
81.31 section 69.051.

81.32 (b) The municipality shall provide for at least the minimum
81.33 obligation of the municipality with respect to the special fund
81.34 of the relief association by tax levy or from any other source
81.35 of public revenue.

81.36 (c) The municipality may levy taxes for the payment of the

82.1 minimum municipal obligation without any limitation as to rate
82.2 or amount and irrespective of any limitations imposed by other
82.3 provisions of law upon the rate or amount of taxation until the
82.4 balance of the special fund or any fund of the relief
82.5 association has attained a specified level. In addition, any
82.6 taxes levied ~~pursuant to~~ under this section ~~shall~~ must not cause
82.7 the amount or rate of any other taxes levied in that year or to
82.8 be levied in a subsequent year by the municipality which are
82.9 subject to a limitation as to rate or amount to be reduced.

82.10 (d) If the municipality does not include the full amount of
82.11 the minimum municipal obligations in its levy for any year, the
82.12 officers of the relief association shall certify that amount to
82.13 the county auditor, who shall spread a levy in the amount of the
82.14 certified minimum municipal obligation on the taxable property
82.15 of the municipality.

82.16 (e) If the state auditor determines that a municipal
82.17 contribution actually made in a plan year was insufficient under
82.18 section 69.771, subdivision 3, paragraph (c), clause (5), the
82.19 state auditor may request a copy of the certifications under
82.20 this subdivision from the relief association or from the city.
82.21 The relief association or the city, whichever applies, must
82.22 provide the certifications within 14 days of the date of the
82.23 request from the state auditor.

82.24 Sec. 6. Minnesota Statutes 2004, section 69.773,
82.25 subdivision 4, is amended to read:

82.26 Subd. 4. **FINANCIAL REQUIREMENTS OF SPECIAL FUND.** ~~Prior~~
82.27 ~~to~~ (a) On or before August 1 of each year, the officers of the
82.28 relief association shall determine the financial requirements of
82.29 the special fund of the relief association in accordance with
82.30 the requirements of this subdivision.

82.31 (b) The financial requirements of the relief
82.32 association ~~shall~~ must be based on the most recent actuarial
82.33 valuation of the special fund prepared in accordance with
82.34 subdivision 2. If the relief association has an unfunded
82.35 actuarial accrued liability as reported in the most recent
82.36 actuarial valuation, the financial requirements ~~shall~~ must be

83.1 determined by adding the figures calculated ~~pursuant to~~ under
83.2 paragraph (d), clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(c)~~ (3). If
83.3 the relief association does not have an unfunded actuarial
83.4 accrued liability as reported in the most recent actuarial
83.5 valuation, the financial requirements ~~shall~~ must be an amount
83.6 equal to the figure calculated ~~pursuant to~~ under paragraph (d),
83.7 clauses ~~(a)~~ (1) and ~~(b)~~ (2), reduced by an amount equal to
83.8 one-tenth of the amount of any assets in excess of the actuarial
83.9 accrued liability of the relief association.

83.10 (c) The determination of whether or not the relief
83.11 association has an unfunded actuarial accrued liability
83.12 ~~shall~~ must be based on the current market value of assets for
83.13 which a market value is readily ascertainable and the cost or
83.14 book value, whichever is applicable, for assets for which no
83.15 market value is readily ascertainable.

83.16 ~~(a)~~ (d) The components of the financial requirements of the
83.17 relief association are the following:

83.18 (1) The normal level cost requirement for the following
83.19 year, expressed as a dollar amount, ~~shall be~~ is the figure for
83.20 the normal level cost of the relief association as reported in
83.21 the actuarial valuation.

83.22 ~~(b)~~ (2) The amount of anticipated future administrative
83.23 expenses of the special fund ~~shall~~ must be calculated by
83.24 multiplying the dollar amount of the administrative expenses of
83.25 the special fund for the most recent prior calendar year by the
83.26 factor of 1.035.

83.27 ~~(c)~~ (3) The amortization contribution requirement to retire
83.28 the current unfunded actuarial accrued liability by the
83.29 established date for full funding ~~shall be~~ is the figure for the
83.30 amortization contribution as reported in the actuarial
83.31 valuation. If there has not been a change in the actuarial
83.32 assumptions used for calculating the actuarial accrued liability
83.33 of the special fund, a change in the bylaws of the relief
83.34 association governing the service pensions, retirement benefits,
83.35 or both, payable from the special fund, or a change in the
83.36 actuarial cost method used to value all or a portion of the

84.1 special fund which change or changes, which by themselves,
84.2 without inclusion of any other items of increase or decrease,
84.3 produce a net increase in the unfunded actuarial accrued
84.4 liability of the special fund ~~since December 31, 1970~~, the
84.5 established date for full funding ~~shall be~~ is the December 31,
84.6 ~~1990~~ occurring ten years later. If there has been a change in
84.7 the actuarial assumptions used for calculating the actuarial
84.8 accrued liability of the special fund, a change in the bylaws of
84.9 the relief association governing the service pensions,
84.10 retirement benefits, or both payable from the special fund or a
84.11 change in the actuarial cost method used to value all or a
84.12 portion of the special fund and the change or changes, by
84.13 themselves and without inclusion of any other items of increase
84.14 or decrease, produce a net increase in the unfunded actuarial
84.15 accrued liability of the special fund ~~since December 31, 1970,~~
84.16 ~~but prior to January 1, 1979~~ within the past 20 years, the
84.17 established date for full funding ~~shall be December 31, 1998,~~
84.18 ~~and if there has been a change since December 31, 1978,~~ the
84.19 ~~established date for full funding shall~~ must be determined using
84.20 the following procedure:

84.21 (i) the unfunded actuarial accrued liability of the special
84.22 fund attributable to experience losses that have occurred since
84.23 the most recent prior actuarial valuation must be determined and
84.24 the level annual dollar contribution needed to amortize the
84.25 experience loss over a period of ten years ending on the
84.26 December 31 occurring ten years later must be calculated;

84.27 (ii) the unfunded actuarial accrued liability of the
84.28 special fund ~~shall~~ must be determined in accordance with the
84.29 provisions governing service pensions, retirement benefits, and
84.30 actuarial assumptions in effect before an applicable change;

84.31 ~~(ii)~~ (iii) the level annual dollar contribution needed to
84.32 amortize this unfunded actuarial accrued liability amount by the
84.33 date for full funding in effect ~~prior to~~ before the change ~~shall~~
84.34 must be calculated using the interest assumption specified in
84.35 section 356.215, subdivision 8, in effect before any applicable
84.36 change;

85.1 ~~(iii)~~ (iv) the unfunded actuarial accrued liability of the
85.2 special fund ~~shall~~ must be determined in accordance with any new
85.3 provisions governing service pensions, retirement benefits, and
85.4 actuarial assumptions and the remaining provisions governing
85.5 service pensions, retirement benefits, and actuarial assumptions
85.6 in effect before an applicable change;

85.7 ~~(iv)~~ (v) the level annual dollar contribution needed to
85.8 amortize the difference between the unfunded actuarial accrued
85.9 liability amount calculated ~~pursuant to subclause (i)~~ under item
85.10 (ii) and the unfunded actuarial accrued liability amount
85.11 calculated ~~pursuant to subclause (iii)~~ under item (iv) over a
85.12 period of 20 years starting December 31 of the year in which the
85.13 change is effective ~~shall~~ must be calculated using the interest
85.14 assumption specified in section 356.215, subdivision 8, in
85.15 effect after any applicable change;

85.16 ~~(v)~~ (vi) the annual amortization contribution calculated
85.17 ~~pursuant to subclause (iv)~~ shall under item (v) must be added to
85.18 the annual amortization contribution calculated ~~pursuant to~~
85.19 ~~subclause (ii)~~ under items (i) and (iii);

85.20 ~~(vi)~~ (vii) the period in which the unfunded actuarial
85.21 accrued liability amount determined in ~~subclause (iii)~~ item (iv)
85.22 will be amortized by the total annual amortization contribution
85.23 computed ~~pursuant to subclause (v)~~ shall under item (vi) must be
85.24 calculated using the interest assumption specified in section
85.25 356.215, subdivision 8, in effect after any applicable change,
85.26 rounded to the nearest integral number of years, but which ~~shall~~
85.27 must not exceed a period of 20 years from the end of the year in
85.28 which the determination of the date for full funding using this
85.29 procedure is made and which ~~shall~~ must not be less than the
85.30 period of years beginning in the year in which the determination
85.31 of the date for full funding using this procedure is made and
85.32 ending by the date for full funding in effect before the change;

85.33 ~~(vii)~~ (viii) the period determined ~~pursuant to subclause~~
85.34 ~~(vi)~~ shall under item (vii) must be added to the date as of
85.35 which the actuarial valuation was prepared and the resulting
85.36 date ~~shall be~~ is the new date for full funding.

86.1 Sec. 7. Minnesota Statutes 2004, section 69.773,
86.2 subdivision 5, is amended to read:
86.3 Subd. 5. **MINIMUM MUNICIPAL OBLIGATION.** (a) The officers
86.4 of the relief association shall determine the minimum obligation
86.5 of the municipality with respect to the special fund of the
86.6 relief association for the following calendar year ~~prior to~~ on
86.7 or before August 1 of each year in accordance with the
86.8 requirements of this subdivision.

86.9 (b) The minimum obligation of the municipality with respect
86.10 to the special fund ~~shall be~~ is an amount equal to the financial
86.11 requirements of the special fund of the relief association
86.12 determined ~~pursuant to~~ under subdivision 4, reduced by the
86.13 estimated amount of any fire state aid payable ~~pursuant to~~ under
86.14 sections 69.011 to 69.051 reasonably anticipated to be received
86.15 by the municipality for transmittal to the special fund of the
86.16 relief association during the following year and the amount of
86.17 any anticipated contributions to the special fund required by
86.18 the relief association bylaws from the active members of the
86.19 relief association reasonably anticipated to be received during
86.20 the following calendar year. A reasonable amount of anticipated
86.21 fire state aid is an amount that does not exceed the fire state
86.22 aid actually received in the prior year multiplied by the factor
86.23 1.035.

86.24 (c) The officers of the relief association shall certify
86.25 the financial requirements of the special fund of the relief
86.26 association and the minimum obligation of the municipality with
86.27 respect to the special fund of the relief association as
86.28 determined ~~pursuant to~~ under subdivision 4 and this subdivision
86.29 to the governing body of the municipality by August 1 of each
86.30 year. The financial requirements of the relief association and
86.31 the minimum municipal obligation must be included in the
86.32 financial report or financial statement under section 69.051.

86.33 (d) The municipality shall provide for at least the minimum
86.34 obligation of the municipality with respect to the special fund
86.35 of the relief association by tax levy or from any other source
86.36 of public revenue. The municipality may levy taxes for the

87.1 payment of the minimum municipal obligation without any
87.2 limitation as to rate or amount and irrespective of any
87.3 limitations imposed by other provisions of law or charter upon
87.4 the rate or amount of taxation until the balance of the special
87.5 fund or any fund of the relief association has attained a
87.6 specified level. In addition, any taxes levied ~~pursuant to~~
87.7 under this section ~~shall~~ must not cause the amount or rate of
87.8 any other taxes levied in that year or to be levied in a
87.9 subsequent year by the municipality which are subject to a
87.10 limitation as to rate or amount to be reduced.

87.11 (e) If the municipality does not include the full amount of
87.12 the minimum municipal obligation in its levy for any year, the
87.13 officers of the relief association shall certify that amount to
87.14 the county auditor, who shall spread a levy in the amount of the
87.15 minimum municipal obligation on the taxable property of the
87.16 municipality.

87.17 (f) If the state auditor determines that a municipal
87.18 contribution actually made in a plan year was insufficient under
87.19 section 69.771, subdivision 3, paragraph (c), clause (5), the
87.20 state auditor may request from the relief association or from
87.21 the city a copy of the certifications under this subdivision.
87.22 The relief association or the city, whichever applies, must
87.23 provide the certifications within 14 days of the date of the
87.24 request from the state auditor.

87.25 Sec. 8. Minnesota Statutes 2004, section 69.775, is
87.26 amended to read:

87.27 69.775 **INVESTMENTS.**

87.28 (a) The special fund assets of ~~the a~~ relief associations
87.29 association governed by sections 69.771 to 69.776 must be
87.30 invested in securities that are authorized investments under
87.31 section 356A.06, subdivision 6 or 7.

87.32 (b) Notwithstanding the foregoing, up to 75 percent of the
87.33 market value of the assets of the special fund, not including
87.34 any money market mutual funds, may be invested in open-end
87.35 investment companies registered under the federal Investment
87.36 Company Act of 1940, if the portfolio investments of the

88.1 investment companies comply with the type of securities
88.2 authorized for investment under section 356A.06, subdivision 7.
88.3 (c) Securities held by the associations before June 2,
88.4 1989, that do not meet the requirements of this section may be
88.5 retained after that date if they were proper investments for the
88.6 association on that date.

88.7 (d) The governing board of the association may select and
88.8 appoint investment agencies to act for and in its behalf or may
88.9 certify special fund assets for investment by the State Board of
88.10 Investment under section 11A.17.

88.11 (e) The governing board of the association may certify
88.12 general fund assets of the relief association for investment by
88.13 the State Board of Investment in fixed income pools or in a
88.14 separately managed account at the discretion of the State Board
88.15 of Investment as provided in section 11A.14.

88.16 (f) The governing board of the association may select and
88.17 appoint a qualified private firm to measure management
88.18 performance and return on investment, and the firm shall use the
88.19 formula or formulas developed by the state board under section
88.20 11A.04, clause (11).

88.21 Sec. 9. Minnesota Statutes 2004, section 356A.06,
88.22 subdivision 7, is amended to read:

88.23 Subd. 7. **EXPANDED LIST OF AUTHORIZED INVESTMENT**

88.24 **SECURITIES.** (a) **AUTHORITY.** Except to the extent otherwise
88.25 authorized by law or bylaws, a covered pension plan not
88.26 described by subdivision 6, paragraph (a), may invest its assets
88.27 only in accordance with this subdivision.

88.28 (b) **SECURITIES GENERALLY.** The covered pension plan has
88.29 the authority to purchase, sell, lend, or exchange the
88.30 securities specified in paragraphs (c) to ~~(g)~~ (h), including
88.31 puts and call options and future contracts traded on a contract
88.32 market regulated by a governmental agency or by a financial
88.33 institution regulated by a governmental agency. These
88.34 securities may be owned as units in commingled trusts that own
88.35 the securities described in paragraphs (c) to ~~(g)~~ (h).

88.36 (c) **GOVERNMENT OBLIGATIONS.** The covered pension plan may

89.1 invest funds in governmental bonds, notes, bills, mortgages, and
89.2 other evidences of indebtedness provided the issue is backed by
89.3 the full faith and credit of the issuer or the issue is rated
89.4 among the top four quality rating categories by a nationally
89.5 recognized rating agency. The obligations in which funds may be
89.6 invested under this paragraph include guaranteed or insured
89.7 issues of (1) the United States, its agencies, its
89.8 instrumentalities, or organizations created and regulated by an
89.9 act of Congress; (2) Canada and its provinces, provided the
89.10 principal and interest is payable in United States dollars; (3)
89.11 the states and their municipalities, political subdivisions,
89.12 agencies, or instrumentalities; (4) the International Bank for
89.13 Reconstruction and Development, the Inter-American Development
89.14 Bank, the Asian Development Bank, the African Development Bank,
89.15 or any other United States government sponsored organization of
89.16 which the United States is a member, provided the principal and
89.17 interest is payable in United States dollars.

89.18 (d) **CORPORATE OBLIGATIONS.** The covered pension plan may
89.19 invest funds in bonds, notes, debentures, transportation
89.20 equipment obligations, or any other longer term evidences of
89.21 indebtedness issued or guaranteed by a corporation organized
89.22 under the laws of the United States or any state thereof, or the
89.23 Dominion of Canada or any province thereof if they conform to
89.24 the following provisions:

89.25 (1) the principal and interest of obligations of
89.26 corporations incorporated or organized under the laws of the
89.27 Dominion of Canada or any province thereof must be payable in
89.28 United States dollars; and

89.29 (2) obligations must be rated among the top four quality
89.30 categories by a nationally recognized rating agency.

89.31 (e) **OTHER OBLIGATIONS.** (1) The covered pension plan may
89.32 invest funds in bankers acceptances, certificates of deposit,
89.33 deposit notes, commercial paper, mortgage participation
89.34 certificates and pools, asset backed securities, repurchase
89.35 agreements and reverse repurchase agreements, guaranteed
89.36 investment contracts, savings accounts, and guaranty fund

90.1 certificates, surplus notes, or debentures of domestic mutual
90.2 insurance companies if they conform to the following provisions:
90.3 (i) bankers acceptances and deposit notes of United States
90.4 banks are limited to those issued by banks rated in the highest
90.5 four quality categories by a nationally recognized rating
90.6 agency;
90.7 (ii) certificates of deposit are limited to those issued by
90.8 (A) United States banks and savings institutions that are rated
90.9 in the highest four quality categories by a nationally
90.10 recognized rating agency or whose certificates of deposit are
90.11 fully insured by federal agencies; or (B) credit unions in
90.12 amounts up to the limit of insurance coverage provided by the
90.13 National Credit Union Administration;
90.14 (iii) commercial paper is limited to those issued by United
90.15 States corporations or their Canadian subsidiaries and rated in
90.16 the highest two quality categories by a nationally recognized
90.17 rating agency;
90.18 (iv) mortgage participation or pass through certificates
90.19 evidencing interests in pools of first mortgages or trust deeds
90.20 on improved real estate located in the United States where the
90.21 loan to value ratio for each loan as calculated in accordance
90.22 with section 61A.28, subdivision 3, does not exceed 80 percent
90.23 for fully amortizable residential properties and in all other
90.24 respects meets the requirements of section 61A.28, subdivision
90.25 3;
90.26 (v) collateral for repurchase agreements and reverse
90.27 repurchase agreements is limited to letters of credit and
90.28 securities authorized in this section;
90.29 (vi) guaranteed investment contracts are limited to those
90.30 issued by insurance companies or banks rated in the top four
90.31 quality categories by a nationally recognized rating agency or
90.32 to alternative guaranteed investment contracts where the
90.33 underlying assets comply with the requirements of this
90.34 subdivision;
90.35 (vii) savings accounts are limited to those fully insured
90.36 by federal agencies; and

91.1 (viii) asset backed securities must be rated in the top
91.2 four quality categories by a nationally recognized rating agency.

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

91.7 (3) In addition to investments authorized by clause (1),
91.8 item (iv), the covered pension plan may purchase from the
91.9 Minnesota Housing Finance Agency all or any part of a pool of
91.10 residential mortgages, not in default, that has previously been
91.11 financed by the issuance of bonds or notes of the agency. The
91.12 covered pension plan may also enter into a commitment with the
91.13 agency, at the time of any issue of bonds or notes, to purchase
91.14 at a specified future date, not exceeding 12 years from the date
91.15 of the issue, the amount of mortgage loans then outstanding and
91.16 not in default that have been made or purchased from the
91.17 proceeds of the bonds or notes. The covered pension plan may
91.18 charge reasonable fees for any such commitment and may agree to
91.19 purchase the mortgage loans at a price sufficient to produce a
91.20 yield to the covered pension plan comparable, in its judgment,
91.21 to the yield available on similar mortgage loans at the date of
91.22 the bonds or notes. The covered pension plan may also enter
91.23 into agreements with the agency for the investment of any
91.24 portion of the funds of the agency. The agreement must cover
91.25 the period of the investment, withdrawal privileges, and any
91.26 guaranteed rate of return.

91.27 (f) **CORPORATE STOCKS.** The covered pension plan may
91.28 invest funds in stocks or convertible issues of any corporation
91.29 organized under the laws of the United States or the states
91.30 thereof, any corporation organized under the laws of the
91.31 Dominion of Canada or its provinces, or any corporation listed
91.32 on the New York Stock Exchange or the American Stock Exchange an
91.33 exchange regulated by an agency of the United States or of the
91.34 Canadian national government, if they conform to the following
91.35 provisions:

91.36 (1) the aggregate value of corporate stock investments, as

92.1 adjusted for realized profits and losses, must not exceed 85
92.2 percent of the market or book value, whichever is less, of a
92.3 fund, less the aggregate value of investments according to
92.4 ~~subdivision 6~~ paragraph (h);

92.5 (2) investments must not exceed five percent of the total
92.6 outstanding shares of any one corporation.

92.7 (g) **EXCHANGE TRADED FUNDS.** The covered pension plan may
92.8 invest funds in exchange traded funds, subject to the maximums,
92.9 the requirements, and the limitations set forth in paragraph
92.10 (d), (e), (f), or (h), whichever applies.

92.11 (h) OTHER INVESTMENTS. (1) In addition to the
92.12 investments authorized in paragraphs (b) to ~~(f)~~ (g), and subject
92.13 to the provisions in clause (2), the covered pension plan may
92.14 invest funds in:

92.15 (i) venture capital investment businesses through
92.16 participation in limited partnerships and corporations;

92.17 (ii) real estate ownership interests or loans secured by
92.18 mortgages or deeds of trust through investment in limited
92.19 partnerships, bank sponsored collective funds, trusts, and
92.20 insurance company commingled accounts, including separate
92.21 accounts;

92.22 (iii) regional and mutual funds through bank sponsored
92.23 collective funds and open-end investment companies registered
92.24 under the Federal Investment Company Act of 1940;

92.25 (iv) resource investments through limited partnerships,
92.26 private placements, and corporations; and

92.27 (v) international securities.

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

92.30 (i) the aggregate value of all investments made according
92.31 to clause (1) may not exceed 35 percent of the market value of
92.32 the fund for which the covered pension plan is investing;

92.33 (ii) there must be at least four unrelated owners of the
92.34 investment other than the state board for investments made under
92.35 clause (1), item (i), (ii), (iii), or (iv);

92.36 (iii) covered pension plan participation in an investment

93.1 vehicle is limited to 20 percent thereof for investments made
93.2 under clause (1), item (i), (ii), (iii), or (iv); and
93.3 (iv) covered pension plan participation in a limited
93.4 partnership does not include a general partnership interest or
93.5 other interest involving general liability. The covered pension
93.6 plan may not engage in any activity as a limited partner which
93.7 creates general liability.

93.8 Sec. 10. Minnesota Statutes 2004, section 424A.02,
93.9 subdivision 3, is amended to read:

93.10 Subd. 3. **FLEXIBLE SERVICE PENSION MAXIMUMS.** (a) Annually
93.11 on or before August 1 as part of the certification of the
93.12 financial requirements and minimum municipal obligation
93.13 determined under section 69.772, subdivision 4, or 69.773,
93.14 subdivision 5, as applicable, the secretary or some other
93.15 official of the relief association designated in the bylaws of
93.16 each relief association shall calculate and certify to the
93.17 governing body of the applicable qualified municipality the
93.18 average amount of available financing per active covered
93.19 firefighter for the most recent three-year period. The amount
93.20 of available financing shall include any amounts of fire state
93.21 aid received or receivable by the relief association, any
93.22 amounts of municipal contributions to the relief association
93.23 raised from levies on real estate or from other available
93.24 revenue sources exclusive of fire state aid, and one-tenth of
93.25 the amount of assets in excess of the accrued liabilities of the
93.26 relief association calculated under section 69.772, subdivision
93.27 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if
93.28 any.

93.29 (b) The maximum service pension which the relief
93.30 association has authority to provide for in its bylaws for
93.31 payment to a member retiring after the calculation date when the
93.32 minimum age and service requirements specified in subdivision 1
93.33 are met must be determined using the table in paragraph (c) or
93.34 (d), whichever applies.

93.35 (c) For a relief association where the governing bylaws
93.36 provide for a monthly service pension to a retiring member, the

94.1 maximum monthly service pension amount per month for each year
 94.2 of service credited that may be provided for in the bylaws is
 94.3 the greater of the service pension amount provided for in the
 94.4 bylaws on the date of the calculation of the average amount of
 94.5 the available financing per active covered firefighter or the
 94.6 maximum service pension figure corresponding to the average
 94.7 amount of available financing per active covered firefighter:

94.8	Minimum Average Amount of	Maximum Service Pension
94.9	Available Financing per	Amount Payable per Month
94.10	Firefighter	for Each Year of Service
94.11	\$...	\$.25
94.12	42 <u>41</u>	.50
94.13	84 <u>81</u>	1.00
94.14	126 <u>122</u>	1.50
94.15	168 <u>162</u>	2.00
94.16	209 <u>203</u>	2.50
94.17	252 <u>243</u>	3.00
94.18	294 <u>284</u>	3.50
94.19	335 <u>324</u>	4.00
94.20	378 <u>365</u>	4.50
94.21	420 <u>405</u>	5.00
94.22	503 <u>486</u>	6.00
94.23	587 <u>567</u>	7.00
94.24	672 <u>648</u>	8.00
94.25	755 <u>729</u>	9.00
94.26	839 <u>810</u>	10.00
94.27	923 <u>891</u>	11.00
94.28	1007 <u>972</u>	12.00
94.29	1090 <u>1053</u>	13.00
94.30	1175 <u>1134</u>	14.00
94.31	1259 <u>1215</u>	15.00
94.32	1342 <u>1296</u>	16.00
94.33	1427 <u>1377</u>	17.00
94.34	1510 <u>1458</u>	18.00
94.35	1594 <u>1539</u>	19.00
94.36	1677 <u>1620</u>	20.00

95.1	1762 <u>1701</u>	21.00
95.2	1845 <u>1782</u>	22.00
95.3	1888 <u>1823</u>	22.50
95.4	1929 <u>1863</u>	23.00
95.5	2014 <u>1944</u>	24.00
95.6	2098 <u>2025</u>	25.00
95.7	2183 <u>2106</u>	26.00
95.8	2267 <u>2187</u>	27.00
95.9	2351 <u>2268</u>	28.00
95.10	2436 <u>2349</u>	29.00
95.11	2520 <u>2430</u>	30.00
95.12	2604 <u>2511</u>	31.00
95.13	2689 <u>2592</u>	32.00
95.14	2773 <u>2673</u>	33.00
95.15	2857 <u>2754</u>	34.00
95.16	2942 <u>2834</u>	35.00
95.17	3026 <u>2916</u>	36.00
95.18	3110 <u>2997</u>	37.00
95.19	3194 <u>3078</u>	38.00
95.20	3278 <u>3159</u>	39.00
95.21	3362 <u>3240</u>	40.00
95.22	3446 <u>3321</u>	41.00
95.23	3530 <u>3402</u>	42.00
95.24	3614 <u>3483</u>	43.00
95.25	3698 <u>3564</u>	44.00
95.26	3782 <u>3645</u>	45.00
95.27	3866 <u>3726</u>	46.00
95.28	3950 <u>3807</u>	47.00
95.29	4034 <u>3888</u>	48.00
95.30	4118 <u>3969</u>	49.00
95.31	4202 <u>4050</u>	50.00
95.32	4286 <u>4131</u>	51.00
95.33	4370 <u>4212</u>	52.00
95.34	Effective beginning December 31, 2003:	
95.35	4454 <u>4293</u>	53.00
95.36	4538 <u>4374</u>	54.00

96.1 ~~4622~~ 4455 55.00

96.2 ~~4706~~ 4536 56.00

96.3 (d) For a relief association in which the governing bylaws

96.4 provide for a lump sum service pension to a retiring member, the

96.5 maximum lump sum service pension amount for each year of service

96.6 credited that may be provided for in the bylaws is the greater

96.7 of the service pension amount provided for in the bylaws on the

96.8 date of the calculation of the average amount of the available

96.9 financing per active covered firefighter or the maximum service

96.10 pension figure corresponding to the average amount of available

96.11 financing per active covered firefighter for the applicable

96.12 specified period:

96.13 Minimum Average Amount Maximum Lump Sum Service

96.14 of Available Financing Pension Amount Payable

96.15 per Firefighter for Each Year of Service

96.16 \$.. \$10

96.17 11 20

96.18 16 30

96.19 23 40

96.20 27 50

96.21 32 60

96.22 43 80

96.23 54 100

96.24 65 120

96.25 77 140

96.26 86 160

96.27 97 180

96.28 108 200

96.29 131 240

96.30 151 280

96.31 173 320

96.32 194 360

96.33 216 400

96.34 239 440

96.35 259 480

96.36 281 520

97.1	302	560
97.2	324	600
97.3	347	640
97.4	367	680
97.5	389	720
97.6	410	760
97.7	432	800
97.8	486	900
97.9	540	1000
97.10	594	1100
97.11	648	1200
97.12	702	1300
97.13	756	1400
97.14	810	1500
97.15	864	1600
97.16	918	1700
97.17	972	1800
97.18	1026	1900
97.19	1080	2000
97.20	1134	2100
97.21	1188	2200
97.22	1242	2300
97.23	1296	2400
97.24	1350	2500
97.25	1404	2600
97.26	1458	2700
97.27	1512	2800
97.28	1566	2900
97.29	1620	3000
97.30	1672	3100
97.31	1726	3200
97.32	1753	3250
97.33	1780	3300
97.34	1820	3375
97.35	1834	3400
97.36	1888	3500

98.1	1942	3600
98.2	1996	3700
98.3	2023	3750
98.4	2050	3800
98.5	2104	3900
98.6	2158	4000
98.7	2212	4100
98.8	2265	4200
98.9	2319	4300
98.10	2373	4400
98.11	2427	4500
98.12	2481	4600
98.13	2535	4700
98.14	2589	4800
98.15	2643	4900
98.16	2697	5000
98.17	2751	5100
98.18	2805	5200
98.19	2859	5300
98.20	2913	5400
98.21	2967	5500
98.22	3021	5600
98.23	3075	5700
98.24	3129	5800
98.25	3183	5900
98.26	3237	6000
98.27	3291	6100
98.28	3345	6200
98.29	3399	6300
98.30	3453	6400
98.31	3507	6500
98.32	3561	6600
98.33	3615	6700
98.34	3669	6800
98.35	3723	6900
98.36	3777	7000

99.1 Effective beginning December 31, 2003:

99.2 3831 7100

99.3 3885 7200

99.4 3939 7300

99.5 3993 7400

99.6 4047 7500

99.7 (e) For a relief association in which the governing bylaws
99.8 provide for a monthly benefit service pension as an alternative
99.9 form of service pension payment to a lump sum service pension,
99.10 the maximum service pension amount for each pension payment type
99.11 must be determined using the applicable table contained in this
99.12 subdivision.

99.13 (f) If a relief association establishes a service pension
99.14 in compliance with the applicable maximum contained in paragraph
99.15 (c) or (d) and the minimum average amount of available financing
99.16 per active covered firefighter is subsequently reduced because
99.17 of a reduction in fire state aid or because of an increase in
99.18 the number of active firefighters, the relief association may
99.19 continue to provide the prior service pension amount specified
99.20 in its bylaws, but may not increase the service pension amount
99.21 until the minimum average amount of available financing per
99.22 firefighter under the table in paragraph (c) or (d), whichever
99.23 applies, permits.

99.24 (g) No relief association is authorized to provide a
99.25 service pension in an amount greater than the largest applicable
99.26 flexible service pension maximum amount even if the amount of
99.27 available financing per firefighter is greater than the
99.28 financing amount associated with the largest applicable flexible
99.29 service pension maximum.

99.30 Sec. 11. Minnesota Statutes 2004, section 424A.02,
99.31 subdivision 4, is amended to read:

99.32 Subd. 4. **DEFINED CONTRIBUTION LUMP SUM SERVICE**

99.33 **PENSIONS.** (a) If the bylaws governing the relief association so
99.34 provide exclusively, the relief association may pay a defined
99.35 contribution lump sum service pension in lieu of any defined
99.36 benefit service pension governed by subdivision 2.

100.1 (b) An individual account for each firefighter who is a
100.2 member of the relief association ~~shall~~ must be established. To
100.3 each individual active member account ~~shall~~ must be credited a
100.4 ~~right to~~ an equal share of: ~~(a)~~ (1) any amounts of fire state
100.5 aid received by the relief association; ~~(b)~~ (2) any amounts of
100.6 municipal contributions to the relief association raised from
100.7 levies on real estate or from other available revenue sources
100.8 exclusive of fire state aid; and ~~(c)~~ (3) any amounts equal to
100.9 the share of the assets of the special fund to the credit
100.10 of: ~~(1)~~ (i) any former member who terminated active service
100.11 with the fire department to which the relief association is
100.12 associated ~~prior to~~ before meeting the minimum service
100.13 requirement provided for in subdivision 1 and has not returned
100.14 to active service with the fire department for a period no
100.15 shorter than five years; or ~~(2)~~ (ii) any retired member who
100.16 retired ~~prior to~~ before obtaining a full nonforfeitable interest
100.17 in the amounts credited to the individual member
100.18 account ~~pursuant to~~ under subdivision 2 and any applicable
100.19 provision of the bylaws of the relief association. In addition,
100.20 any ~~interest or investment income earned~~ return on the assets of
100.21 the special fund ~~shall~~ must be credited in proportion to the
100.22 share of the assets of the special fund to the credit of each
100.23 individual active member account through the date on which the
100.24 investment return is recognized by and credited to the special
100.25 fund.

100.26 (c) At the time of retirement ~~pursuant to~~ under subdivision
100.27 1 and any applicable provision of the bylaws of the relief
100.28 association, a retiring member ~~shall be~~ is entitled to that
100.29 portion of the assets of the special fund to the credit of the
100.30 member in the individual member account which is
100.31 nonforfeitable ~~pursuant to~~ under subdivision 2 and any
100.32 applicable provision of the bylaws of the relief association
100.33 based on the number of years of service to the credit of the
100.34 retiring member.

100.35 Sec. 12. Minnesota Statutes 2004, section 424A.02,
100.36 subdivision 7, is amended to read:

101.1 Subd. 7. **DEFERRED SERVICE PENSIONS.** (a) A member of a
101.2 relief association ~~to which this section applies~~ is entitled to
101.3 a deferred service pension if the member:

101.4 (1) has completed the lesser of the minimum period of
101.5 active service with the fire department specified in the bylaws
101.6 or 20 years of active service with the fire department;

101.7 (2) has completed at least five years of active membership
101.8 in the relief association; and

101.9 (3) separates from active service and membership before
101.10 reaching age 50 or the minimum age for retirement and
101.11 commencement of a service pension specified in the bylaws
101.12 governing the relief association if that age is greater than age
101.13 50.

101.14 (b) The deferred service pension ~~starts~~ is payable when the
101.15 former member reaches age 50, or the minimum age specified in
101.16 the bylaws governing the relief association if that age is
101.17 greater than age 50, and when the former member makes a valid
101.18 written application.

101.19 (c) A relief association that provides a lump sum service
101.20 pension governed by subdivision 3 may, when its governing bylaws
101.21 so provide, pay interest on the deferred lump sum service
101.22 pension during the period of deferral. If provided for in the
101.23 bylaws, interest must be paid in one of the following manners:

101.24 (1) at the investment performance rate actually earned on
101.25 that portion of the assets if the deferred benefit amount is
101.26 invested by the relief association in a separate account
101.27 established and maintained by the relief association or if the
101.28 deferred benefit amount is invested in a separate investment
101.29 vehicle held by the relief association;

101.30 (2) at ~~the~~ an interest rate of up to five percent,
101.31 compounded annually as set by the board of directors and
101.32 approved as provided in subdivision 10; or

101.33 (3) at a rate equal to the actual time weighted total rate
101.34 of return investment performance of the special fund as reported
101.35 by the Office of the State Auditor under section 356.219, up to
101.36 five percent, compounded annually, and applied consistently for

102.1 all deferred service pensioners.

102.2 ~~(d)~~ A relief association may not use the method provided
102.3 for in ~~paragraph (c)~~, clause (3), until it has modified its
102.4 bylaws to be consistent with that clause.

102.5 (d) Interest under paragraph (c), clause (2) or (3), is
102.6 payable from the first day of the month next following the date
102.7 on which the municipality has approved the deferred service
102.8 pension interest rate established by the board of trustees or
102.9 from the first day of the month next following the date on which
102.10 the member separated from active fire department service and
102.11 relief association membership, whichever is later, to the last
102.12 day of the month immediately before the month in which the
102.13 deferred member becomes eligible to begin receipt of the service
102.14 pension and applies for the deferred service pension.

102.15 (e) A relief association that provides a defined
102.16 contribution service pension may, if its governing bylaws so
102.17 provide, credit interest or additional investment performance on
102.18 the deferred lump sum service pension during the period of
102.19 deferral. If provided for in the bylaws, the interest must be
102.20 paid in one of the manners specified in paragraph (c) or
102.21 alternatively the relief association may credit any investment
102.22 return on the assets of the special fund of the defined
102.23 contribution volunteer firefighter relief association in
102.24 proportion to the share of the assets of the special fund to the
102.25 credit of each individual deferred member account through the
102.26 date on which the investment return is recognized by and
102.27 credited to the special fund.

102.28 (f) For a deferred service pension that is transferred to a
102.29 separate account established and maintained by the relief
102.30 association or separate investment vehicle held by the relief
102.31 association, the deferred member bears the full investment risk
102.32 subsequent to transfer and in calculating the accrued liability
102.33 of the volunteer firefighters relief association that pays a
102.34 lump sum service pension, the accrued liability for deferred
102.35 service pensions is equal to the separate relief association
102.36 account balance or the fair market value of the separate

103.1 investment vehicle held by the relief association.

103.2 ~~(f)~~ (g) The deferred service pension is governed by and
103.3 must be calculated under the general statute, special law,
103.4 relief association articles of incorporation, and relief
103.5 association bylaw provisions applicable on the date on which the
103.6 member separated from active service with the fire department
103.7 and active membership in the relief association.

103.8 Sec. 13. **424A.021 CREDIT FOR BREAK IN SERVICE TO**
103.9 **PROVIDE UNIFORMED SERVICE.**

103.10 Subdivision 1. AUTHORIZATION. Subject to restrictions
103.11 stated in this section, a volunteer firefighter who is absent
103.12 from firefighting service due to service in the uniformed
103.13 services, as defined in United States Code, title 38, section
103.14 4303(13), may obtain service credit if the relief association is
103.15 a defined benefit plan or an allocation of any fire state aid,
103.16 any municipal contributions, and any investment return received
103.17 by the relief association if the relief association is a defined
103.18 benefit contribution plan for the period of the uniformed
103.19 service, not to exceed five years, unless a longer period is
103.20 required under United States Code, title 38, section 4312.

103.21 Subd. 2. LIMITATIONS. (a) To be eligible for service
103.22 credit or financial allocation under this section, the volunteer
103.23 firefighter must return to firefighting service with coverage by
103.24 the same relief association or by the successor to that relief
103.25 association upon discharge from service in the uniformed service
103.26 within the time frame required in United States Code, title 38,
103.27 section 4312(e).

103.28 (b) Service credit or financial allocation is not
103.29 authorized if the firefighter separates from uniformed service
103.30 with a dishonorable or bad conduct discharge or under other than
103.31 honorable conditions.

103.32 (c) Service credit or financial allocation is not
103.33 authorized if the firefighter fails to provide notice to the
103.34 fire department that the individual is leaving to provide
103.35 service in the uniformed service, unless it is not feasible to
103.36 provide that notice due to the emergency nature of the situation.

104.1 Sec. 14. Minnesota Statutes 2004, section 424A.04,
104.2 subdivision 1, is amended to read:
104.3 Subdivision 1. **MEMBERSHIP.** (a) ~~Every~~ A relief
104.4 association that is directly associated with a municipal fire
104.5 department ~~shall~~ must be managed by a board of trustees
104.6 consisting of nine members. Six trustees ~~shall~~ must be elected
104.7 from the membership of the relief association and three trustees
104.8 ~~shall~~ must be drawn from the officials of the municipalities
104.9 served by the fire department to which the relief association is
104.10 directly associated. The bylaws of a relief association which
104.11 provides a monthly benefit service pension may provide that one
104.12 of the six trustees elected from the relief
104.13 association membership may be a retired member receiving a
104.14 monthly pension who is elected by the membership of the relief
104.15 association. The three ~~ex-officio~~ municipal trustees ~~shall be~~
104.16 ~~the mayor, the clerk, clerk-treasurer or finance director,~~ must
104.17 be one elected municipal official and one elected or appointed
104.18 municipal official who are designated as municipal
104.19 representatives by the municipal governing board annually and
104.20 the chief of the municipal fire department.
104.21 (b) ~~Every~~ A relief association that is a subsidiary of an
104.22 independent nonprofit firefighting corporation ~~shall~~ must be
104.23 managed by a board of trustees consisting of ~~ten~~ nine members.
104.24 Six trustees ~~shall~~ must be elected from the membership of the
104.25 relief association, ~~three~~ two trustees ~~shall~~ must be drawn from
104.26 the officials of the municipalities served by the fire
104.27 department to which the relief association is directly
104.28 associated, and one trustee shall be the fire chief serving with
104.29 the independent nonprofit firefighting corporation. The bylaws
104.30 of a relief association may provide that one of the six trustees
104.31 elected from the relief association membership may be a retired
104.32 member receiving a monthly pension who is elected by the
104.33 membership of the relief association. The ~~three ex-officio~~ two
104.34 municipal trustees who are the elected officials ~~shall~~ must
104.35 be elected or appointed municipal officials, selected as follows:
104.36 (1) if only one municipality contracts with the independent

105.1 nonprofit firefighting corporation, the ~~ex officio~~ municipal
105.2 trustees ~~shall~~ must be ~~three elected~~ two officials of the
105.3 contracting municipality who are designated annually by the
105.4 governing body of the municipality;

105.5 ~~(2) if two municipalities contract with the independent~~
105.6 ~~nonprofit firefighting corporation, the ex officio trustees~~
105.7 ~~shall be two elected officials of the largest municipality in~~
105.8 ~~population and one elected official of the next largest~~
105.9 ~~municipality in population who are designated by the governing~~
105.10 ~~bodies of the applicable municipalities; or~~

105.11 ~~(3)~~ (2) if ~~three~~ two or more municipalities contract with
105.12 the independent nonprofit corporation, the ~~ex officio~~ municipal
105.13 trustees ~~shall~~ must be one ~~elected~~ official ~~of~~ from each of
105.14 the ~~three~~ two largest municipalities in population who are
105.15 designated annually by the governing bodies of the applicable
105.16 municipalities.

105.17 (c) The municipal trustees for a relief association that is
105.18 directly associated with a fire department operated as or by a
105.19 joint powers entity must be designated annually by the joint
105.20 powers board. The municipal trustees for a relief association
105.21 that is directly associated with a fire department service area
105.22 township must be designated by the township board.

105.23 (d) If a relief association lacks the ~~ex officio~~ municipal
105.24 board members provided for in paragraph (a), (b), or ~~(b)~~ (c)
105.25 because the fire department is not located in or associated with
105.26 an organized municipality, joint powers entity, or township, the
105.27 ~~ex officio~~ municipal board members must be appointed from the
105.28 fire department service area by the board of commissioners of
105.29 the applicable county.

105.30 (e) The term of these appointed ~~ex officio~~ municipal board
105.31 members is ~~three years~~ one year or until the person's successor
105.32 is qualified, whichever is later.

105.33 ~~(d) An ex officio~~ (f) A municipal trustee under paragraph
105.34 (a), (b), ~~or~~ (c) ~~shall have,~~ or (d) has all the rights and
105.35 duties accorded to any other trustee, except the right to be an
105.36 officer of the relief association board of trustees.

106.1 ~~(e)~~ (g) A board ~~shall~~ must have at least three officers,
106.2 ~~which shall be~~ who are a president, a secretary and a treasurer.
106.3 These officers ~~shall~~ must be elected from among the elected
106.4 trustees by either the full board of trustees or by the
106.5 membership, as specified in the bylaws, ~~and~~. In no event ~~shall~~
106.6 may any trustee hold more than one officer position at any one
106.7 time. The terms of the elected trustees and of the officers of
106.8 the board ~~shall~~ must be specified in the bylaws of the relief
106.9 association, but ~~shall~~ may not exceed three years. If the term
106.10 of the elected trustees exceeds one year, the election of the
106.11 various trustees elected from the membership ~~shall initially and~~
106.12 ~~shall thereafter continue to~~ must be staggered on as equal a
106.13 basis as is practicable.

106.14 Sec. 15. Minnesota Statutes 2004, section 424B.10,
106.15 subdivision 1, is amended to read:

106.16 Subdivision 1. **BENEFITS.** (a) Notwithstanding any
106.17 provision of section 424A.02, subdivision 3, to the contrary,
106.18 the service pension of the subsequent relief association as of
106.19 the effective date of consolidation is either the service
106.20 pension amount specified in clause (1) or the service pension
106.21 amounts specified in clause (2), as provided for in the
106.22 consolidated relief association's articles of incorporation or
106.23 bylaws:

106.24 (1) the highest dollar amount service pension amount of any
106.25 prior volunteer firefighters relief association in effect
106.26 immediately before the consolidation initiation if the pension
106.27 amount was implemented consistent with section 424A.02; or

106.28 (2) for service rendered by each individual volunteer
106.29 firefighter under the consolidating volunteer firefighters
106.30 relief association that the firefighter belonged to immediately
106.31 before the consolidation if the pension amount was implemented
106.32 consistent with section 424A.02 and for service rendered after
106.33 the effective date of the consolidation, the highest dollar
106.34 amount service pension of any of the consolidating volunteer
106.35 firefighters relief associations in effect immediately before
106.36 the consolidation if the pension amount was implemented

107.1 consistent with section 424A.02.

107.2 (b) Any increase in the service pension amount beyond the
107.3 amount implemented under paragraph (a) must conform with the
107.4 requirements and limitations of sections 69.771 to 69.775 and
107.5 424A.02.

107.6 Sec. 16. **STUDY OF STATEWIDE LUMP-SUM VOLUNTEER**

107.7 **FIREFIGHTER RETIREMENT PLAN; CREATION OF TASK FORCE.**

107.8 Subdivision 1. TASK FORCE MEMBERSHIP. (a) A statewide
107.9 Volunteer Firefighter Retirement Plan Study Task Force is
107.10 created.

107.11 (b) The task force members are:

107.12 (1) four members appointed by the president of the
107.13 Minnesota Area Relief Association coalition;

107.14 (2) four members appointed by the president of the
107.15 Minnesota State Fire Department Association;

107.16 (3) four members appointed by the president of the
107.17 Minnesota State Fire Chiefs Association;

107.18 (4) four members appointed by the board of directors of the
107.19 League of Minnesota Cities;

107.20 (5) two members appointed by the board of directors of the
107.21 Insurance Federation of Minnesota;

107.22 (6) two members appointed by the board of directors of the
107.23 Minnesota Association of Farm Mutual Insurance Companies; and
107.24 (7) the Minnesota state auditor or the auditor's designee.

107.25 (c) Appointments must be made on or before July 1, 2005.

107.26 If the appointment is not made in a timely manner, or if there
107.27 is a vacancy, the state auditor shall appoint the task force
107.28 member or the replacement member.

107.29 (d) The chair of the task force shall be selected by the
107.30 task force.

107.31 (e) Administrative services for the task force must be
107.32 provided by the Department of Public Safety.

107.33 Subd. 2. TASK FORCE DUTIES. (a) The task force shall
107.34 conduct fact finding regarding the creation of a statewide
107.35 volunteer firefighter retirement plan.

107.36 (b) The task force shall recommend whether a statewide

108.1 volunteer firefighter retirement plan should be created. If the
108.2 task force concludes a statewide volunteer fire plan has merit,
108.3 The task force shall recommend the investment vehicle or
108.4 vehicles to be utilized by the plan, the administration and
108.5 corporate governance structure of the plan, the incentives
108.6 needed to formulate the plan, the limitations applicable to the
108.7 plan, and the state resources needed to be dedicated to the
108.8 plan. The task force may also consider creation of regional
108.9 plans.

108.10 Subd. 3. **REPORT.** The task force shall prepare a report
108.11 detailing its findings about a potential statewide or regional
108.12 volunteer firefighter retirement plan or plans. The report is
108.13 due January 15, 2006, and must be filed with the Legislative
108.14 Reference Library; the chair of the Legislative Commission on
108.15 Pensions and Retirement; the chair of the State and Local
108.16 Governmental Operations Committee of the senate; the chair of
108.17 the State Government, Economic Development, and Judiciary Budget
108.18 Division of the senate Finance Committee; the chair of the
108.19 Governmental Operations and Veterans Affairs Policy Committee of
108.20 the house of representatives; and the chair of the State
108.21 Government Finance Committee of the house of representatives.

108.22 Sec. 17. **APPROPRIATION.**

108.23 \$40,000 is appropriated from the general fund in fiscal
108.24 year 2006 to the commissioner of public safety to hire a
108.25 consultant to assist the statewide Volunteer Firefighter
108.26 Retirement Plan Study Task Force.

108.27 Sec. 18. **EFFECTIVE DATE.**

108.28 (a) Sections 1 to 12 and 14 to 17 are effective on July 1,
108.29 2005.

108.30 (b) Section 13 is effective on July 1, 2005, and applies to
108.31 breaks in service that end on or after that date.

108.32 ARTICLE 12

108.33 VARIOUS CORRECTIONS

108.34 AND CLARIFICATIONS

108.35 Section 1. Minnesota Statutes 2004, section 3A.13, is
108.36 amended to read:

109.1 3A.13 **EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM**
109.2 **DEDUCTION.**

109.3 (a) The provisions of section ~~352.15~~ shall 356.401 apply to
109.4 the legislators retirement plan, ~~chapter 3A.~~

109.5 (b) The executive director of the Minnesota State
109.6 Retirement System must, at the request of a retired legislator
109.7 who is enrolled in a health insurance plan covering state
109.8 employees, deduct the person's health insurance premiums from
109.9 the person's annuity and transfer the amount of the premium to a
109.10 health insurance carrier covering state employees.

109.11 Sec. 2. Minnesota Statutes 2004, section 69.011,
109.12 subdivision 2b, is amended to read:

109.13 Subd. 2b. **DEPARTMENTS OF NATURAL RESOURCES AND PUBLIC**

109.14 **SAFETY.** (a) ~~On or before July 1, 1997, the commissioner of~~
109.15 ~~natural resources shall certify one half of the number of peace~~
109.16 ~~officers as defined in subdivision 1, clause (g), employed by~~
109.17 ~~the Enforcement Division during calendar year 1996 and the~~
109.18 ~~commissioner of public safety shall certify one half of the~~
109.19 ~~number of peace officers as defined in subdivision 1, clause~~
109.20 ~~(g), employed by the Bureau of Criminal Apprehension, the~~
109.21 ~~Gambling Enforcement Division, and the State Patrol Division~~
109.22 ~~during calendar year 1996.~~

109.23 (b) ~~On or before March 15, 1998, the commissioner of~~
109.24 ~~natural resources shall certify seven tenths of the number of~~
109.25 ~~peace officers as defined in subdivision 1, clause (g), employed~~
109.26 ~~by the Enforcement Division and the commissioner of public~~
109.27 ~~safety shall certify seven tenths of the number of peace~~
109.28 ~~officers as defined in subdivision 1, clause (g), employed by~~
109.29 ~~the Bureau of Criminal Apprehension, the Gambling Enforcement~~
109.30 ~~Division, and the State Patrol Division.~~

109.31 (c) ~~On or before March 15, 1999, and annually on or before~~
109.32 each March 15 ~~thereafter~~, the commissioner of natural resources
109.33 shall certify the number of peace officers as defined in
109.34 subdivision 1, clause (g), employed by the Enforcement Division
109.35 and the commissioner of public safety shall certify the number
109.36 of peace officers as defined in subdivision 1, clause (g),

110.1 employed by the Bureau of Criminal Apprehension, the Gambling
110.2 Enforcement Division, and the State Patrol Division.

110.3 ~~(d)~~ (b) The certification must be on a form prescribed by
110.4 the commissioner. Peace officers certified under this paragraph
110.5 must be included in the total certifications under subdivision 2.
110.6 Sec. 3. Minnesota Statutes 2004, section 69.021,
110.7 subdivision 5, is amended to read:

110.8 Subd. 5. **CALCULATION OF STATE AID.** (a) The amount of
110.9 fire state aid available for apportionment, before the addition
110.10 of the minimum fire state aid allocation amount under
110.11 subdivision 7, is equal to 107 percent of the amount of premium
110.12 taxes paid to the state upon the fire, lightning, sprinkler
110.13 leakage, and extended coverage premiums reported to the
110.14 commissioner by insurers on the Minnesota Firetown Premium
110.15 Report. This amount ~~shall~~ must be reduced by the amount
110.16 required to pay the state auditor's costs and expenses of the
110.17 audits or exams of the firefighters relief associations.

110.18 The total amount for apportionment in respect to fire state
110.19 aid must not be less than two percent of the premiums reported
110.20 to the commissioner by insurers on the Minnesota Firetown
110.21 Premium Report after subtracting the following amounts:

110.22 (1) the amount required to pay the state auditor's costs
110.23 and expenses of the audits or exams of the firefighters relief
110.24 associations; and

110.25 (2) one percent of the premiums reported by town and
110.26 farmers' mutual insurance companies and mutual property and
110.27 casualty companies with total assets of \$5,000,000 or less.

110.28 (b) The total amount for apportionment as police state aid
110.29 is equal to 104 percent of the amount of premium taxes paid to
110.30 the state on the premiums reported to the commissioner by
110.31 insurers on the Minnesota Aid to Police Premium Report, reduced
110.32 by the amount required to pay the costs and expenses of the
110.33 state auditor for audits or exams of police relief
110.34 associations. The total amount for apportionment in respect to
110.35 the police state aid program must not be less than two percent
110.36 of the amount of premiums reported to the commissioner by

111.1 insurers on the Minnesota Aid to Police Premium Report after
111.2 subtracting the amount required to pay the state auditor's cost
111.3 and expenses of the audits or exams of the police relief
111.4 associations.

111.5 (c) The commissioner shall calculate the percentage of
111.6 increase or decrease reflected in the apportionment over or
111.7 under the previous year's available state aid using the same
111.8 premiums as a basis for comparison.

111.9 ~~(d) The amount for apportionment in respect to peace~~
111.10 ~~officer state aid under paragraph (b) must be further reduced by~~
111.11 ~~\$1,779,000 in fiscal year 1999, \$2,077,000 in fiscal year 2000,~~
111.12 ~~and \$2,404,000 in fiscal year 2001. These reductions in this~~
111.13 ~~paragraph cancel to the general fund.~~

111.14 ~~(e)~~ In addition to the amount for apportionment of police
111.15 state aid under paragraph (b), each year \$100,000 ~~shall~~ must be
111.16 apportioned for police state aid. An amount sufficient to pay
111.17 this increase is annually appropriated from the general fund.

111.18 Sec. 4. Minnesota Statutes 2004, section 69.021,
111.19 subdivision 11, is amended to read:

111.20 Subd. 11. **EXCESS POLICE STATE-AID HOLDING ACCOUNT.** (a)

111.21 The excess police state-aid holding account is established in
111.22 the general fund. The excess police state-aid holding account
111.23 must be administered by the commissioner.

111.24 (b) Excess police state aid determined according to
111.25 subdivision 10, must be deposited in the excess police state-aid
111.26 holding account.

111.27 (c) From the balance in the excess police state-aid holding
111.28 account, \$900,000 is appropriated to and must be transferred
111.29 annually to the ambulance service personnel longevity award and
111.30 incentive suspense account established by section 144E.42,
111.31 subdivision 2.

111.32 (d) If a police officer stress reduction program is created
111.33 by law and money is appropriated for that program, an amount
111.34 equal to that appropriation must be transferred to the
111.35 administrator of that program from the balance in the excess
111.36 police state-aid holding account.

112.1 (e) On October 1, ~~1997, and annually on each subsequent~~
112.2 ~~October 1,~~ one-half of the balance of the excess police
112.3 state-aid holding account remaining after the deductions under
112.4 paragraphs (c) and (d) is appropriated for additional
112.5 amortization aid under section 423A.02, subdivision 1b.

112.6 (f) Annually, the remaining balance in the excess police
112.7 state-aid holding account, after the deductions under paragraphs
112.8 (c), (d), and (e), cancels to the general fund.

112.9 Sec. 5. Minnesota Statutes 2004, section 69.33, is amended
112.10 to read:

112.11 69.33 **NAMES OF ASSOCIATIONS REPORTED TO INSURANCE**
112.12 **COMPANIES.**

112.13 The commissioner shall enclose in the annual statement
112.14 blank that is sent to all fire insurance companies doing
112.15 business in this state a blank form containing the names of ~~all~~
112.16 ~~firefighters' relief associations in all cities of the first~~
112.17 ~~class and the names of the cities~~ and require these companies,
112.18 at the time of making their annual statements to the
112.19 commissioner, to state on these blanks the amount of premiums
112.20 received by them upon properties insured within the corporate
112.21 limits of the cities named thereon during the year ending
112.22 December 31st last past. Thereafter, before July first each
112.23 year, the commissioner shall certify to the commissioner of
112.24 finance the information thus obtained, together with the amount
112.25 of the tax for the benefit of the ~~relief association~~ pension
112.26 plans covering firefighters in cities of the first class paid in
112.27 such year by these companies upon these insurance premiums.

112.28 Sec. 6. Minnesota Statutes 2004, section 69.773,
112.29 subdivision 4, is amended to read:

112.30 Subd. 4. **FINANCIAL REQUIREMENTS OF SPECIAL FUND.** ~~Prior~~
112.31 ~~to~~ Before August 1 of each year, the officers of the relief
112.32 association shall determine the financial requirements of the
112.33 special fund of the relief association in accordance with the
112.34 requirements of this subdivision. The financial requirements of
112.35 the relief association ~~shall~~ must be based on the most recent
112.36 actuarial valuation of the special fund prepared in accordance

113.1 with subdivision 2. If the relief association has an unfunded
113.2 actuarial accrued liability as reported in the most recent
113.3 actuarial valuation, the financial requirements ~~shall~~ must be
113.4 determined by adding the figures calculated ~~pursuant to~~ under
113.5 clauses (a), (b), and (c). If the relief association does not
113.6 have an unfunded actuarial accrued liability as reported in the
113.7 most recent actuarial valuation, the financial requirements
113.8 ~~shall~~ must be an amount equal to the figure calculated ~~pursuant~~
113.9 ~~to~~ under clauses (a) and (b), reduced by an amount equal to
113.10 one-tenth of the amount of any assets in excess of the actuarial
113.11 accrued liability of the relief association. The determination
113.12 of whether or not the relief association has an unfunded
113.13 actuarial accrued liability ~~shall~~ must be based on the current
113.14 market value of assets for which a market value is readily
113.15 ascertainable and the cost or book value, whichever is
113.16 applicable, for assets for which no market value is readily
113.17 ascertainable.

113.18 (a) The normal level cost requirement for the following
113.19 year, expressed as a dollar amount, ~~shall be~~ is the figure for
113.20 the normal level cost of the relief association as reported in
113.21 the actuarial valuation.

113.22 (b) The amount of anticipated future administrative
113.23 expenses of the special fund ~~shall~~ must be calculated by
113.24 multiplying the dollar amount of the administrative expenses of
113.25 the special fund for the most recent year by the factor of 1.035.

113.26 (c) The amortization contribution requirement to retire the
113.27 current unfunded actuarial accrued liability by the established
113.28 date for full funding ~~shall be~~ is the figure for the
113.29 amortization contribution as reported in the actuarial
113.30 valuation. ~~If there has not been a change in the actuarial~~
113.31 ~~assumptions used for calculating the actuarial accrued liability~~
113.32 ~~of the special fund, a change in the bylaws of the relief~~
113.33 ~~association governing the service pensions, retirement benefits,~~
113.34 ~~or both payable from the special fund or a change in the~~
113.35 ~~actuarial cost method used to value all or a portion of the~~
113.36 ~~special fund which change or changes, which by themselves~~

114.1 ~~without inclusion of any other items of increase or decrease,~~
114.2 ~~produce a net increase in the unfunded actuarial accrued~~
114.3 ~~liability of the special fund since December 31, 1970, the~~
114.4 ~~established date for full funding shall be December 31, 1990.~~

114.5 If there has been a change in the actuarial assumptions used for
114.6 calculating the actuarial accrued liability of the special fund,
114.7 a change in the bylaws of the relief association governing the
114.8 service pensions, retirement benefits, or both payable from the
114.9 special fund or a change in the actuarial cost method used to
114.10 value all or a portion of the special fund and the change or
114.11 changes, by themselves and without inclusion of any other items
114.12 of increase or decrease, produce a net increase in the unfunded
114.13 actuarial accrued liability of the special fund ~~since December~~
114.14 ~~31, 1970, but prior to January 1, 1979, the established date for~~
114.15 ~~full funding shall be December 31, 1998, and if there has been a~~
114.16 ~~change since December 31, 1978, the established date for full~~
114.17 ~~funding shall~~ must be determined using the following procedure:

114.18 (i) the unfunded actuarial accrued liability of the special
114.19 fund ~~shall~~ must be determined in accordance with the provisions
114.20 governing service pensions, retirement benefits, and actuarial
114.21 assumptions in effect before an applicable change;

114.22 (ii) the level annual dollar contribution needed to
114.23 amortize this unfunded actuarial accrued liability amount by the
114.24 date for full funding in effect ~~prior to~~ before the change ~~shall~~
114.25 must be calculated using the interest assumption specified in
114.26 section 356.215, subdivision 8, in effect before any applicable
114.27 change;

114.28 (iii) the unfunded actuarial accrued liability of the
114.29 special fund ~~shall~~ must be determined in accordance with any new
114.30 provisions governing service pensions, retirement benefits, and
114.31 actuarial assumptions and the remaining provisions governing
114.32 service pensions, retirement benefits, and actuarial assumptions
114.33 in effect before an applicable change;

114.34 (iv) the level annual dollar contribution needed to
114.35 amortize the difference between the unfunded actuarial accrued
114.36 liability amount calculated ~~pursuant to~~ under subclause (i) and

115.1 the unfunded actuarial accrued liability amount
115.2 calculated ~~pursuant to~~ under subclause (iii) over a period of 20
115.3 years starting December 31 of the year in which the change is
115.4 effective ~~shall~~ must be calculated using the interest assumption
115.5 specified in section 356.215, subdivision 8, in effect after any
115.6 applicable change;

115.7 (v) the annual amortization contribution calculated
115.8 ~~pursuant to~~ under subclause (iv) ~~shall~~ must be added to the
115.9 annual amortization contribution calculated ~~pursuant to~~ under
115.10 subclause (ii);

115.11 (vi) the period in which the unfunded actuarial accrued
115.12 liability amount determined in subclause (iii) will be amortized
115.13 by the total annual amortization contribution computed ~~pursuant~~
115.14 ~~to~~ under subclause (v) ~~shall~~ must be calculated using the
115.15 interest assumption specified in section 356.215, subdivision 8,
115.16 in effect after any applicable change, rounded to the nearest
115.17 integral number of years, but which ~~shall~~ does not exceed a
115.18 period of 20 years from the end of the year in which the
115.19 determination of the date for full funding using this procedure
115.20 is made and which ~~shall~~ is not ~~be~~ less than the period of years
115.21 beginning in the year in which the determination of the date for
115.22 full funding using this procedure is made and ending by the date
115.23 for full funding in effect before the change;

115.24 (vii) the period determined ~~pursuant to~~ under subclause (vi)
115.25 ~~shall~~ must be added to the date as of which the actuarial
115.26 valuation was prepared and the resulting date ~~shall be~~ is the
115.27 new date for full funding.

115.28 Sec. 7. Minnesota Statutes 2004, section 352.01,
115.29 subdivision 4, is amended to read:

115.30 Subd. 4. **ACCUMULATED CONTRIBUTIONS.** "Accumulated
115.31 contributions" means the total, exclusive of interest, of (1)
115.32 the sums deducted from the salary of an employee, (2) the amount
115.33 of payments, including assessments, paid by the employee in lieu
115.34 of salary deductions and all other payments made under ~~Laws~~
115.35 ~~1929, chapter 191, as amended,~~ this chapter and credited to the
115.36 employee's individual account in the retirement fund.

116.1 Sec. 8. Minnesota Statutes 2004, section 352.01,

116.2 subdivision 5, is amended to read:

116.3 Subd. 5. **RETIREMENT FUND.** (a) "Retirement fund" means

116.4 the general state employees retirement fund created by section

116.5 352.04, subdivision 1, with respect to the general state

116.6 employees retirement plan or the correctional state employees

116.7 retirement fund created by section 352.911, subdivision 1, with

116.8 respect to the correctional state employees retirement plan.

116.9 (b) "The retirement fund" includes the aggregate of

116.10 accumulated contributions of employees covered by the applicable

116.11 plan, and all other funds paid into the state treasury or

116.12 received by the director under ~~Laws 1929, chapter 191, as~~

116.13 ~~amended~~ this chapter, together with all income and profits from

116.14 the money and interest on it, including contributions on the

116.15 part of the federal government, the state, and state departments.

116.16 Sec. 9. Minnesota Statutes 2004, section 352.01,

116.17 subdivision 21, is amended to read:

116.18 Subd. 21. **ACCRUED ANNUITIES.** (a) In this chapter and

116.19 chapters 3A, 352B, 352C, and 490, "accrued annuity" means an

116.20 annuity that had become payable to a retired employee in the

116.21 lifetime of the employee.

116.22 (b) An annuity or benefit authorized as provided in this

116.23 chapter and chapters 3A, 352B, 352C, and 490 becomes payable on

116.24 the first day of each calendar month for that calendar month and

116.25 ~~is to~~ must be paid on the first day of each calendar month

116.26 ~~beginning with benefits payable on and after December 1, 1977.~~

116.27 (c) Notwithstanding any provision to the contrary in this

116.28 chapter and chapters 3A, 352B, 352C, and 490, benefit payment

116.29 authorized as "payable for life" is payable for the entire month

116.30 in which death occurs, and the benefit payment for the month of

116.31 death is payable to the surviving spouse or other beneficiary

116.32 only if the annuitant dies before negotiating the benefit check.

116.33 Sec. 10. Minnesota Statutes 2004, section 352.01,

116.34 subdivision 23, is amended to read:

116.35 Subd. 23. **COVERAGE OR COVERED BY THE SYSTEM.** "Coverage"

116.36 or "covered by the system" means that a state employees employee

117.1 who ~~serve~~ serves the state of Minnesota and ~~make~~ makes the
117.2 required employee contributions to the retirement fund ~~will~~ is,
117.3 by reason of these contributions ~~become~~, entitled to either (1)
117.4 a retirement annuity, or (2) a disability benefit, or (3) a
117.5 refund of accumulated contributions, as provided in this chapter.

117.6 Sec. 11. Minnesota Statutes 2004, section 352.021,
117.7 subdivision 1, is amended to read:

117.8 Subdivision 1. **ESTABLISHMENT.** (a) There is established
117.9 the general state employees retirement plan of the Minnesota
117.10 State Retirement System for state employees.

117.11 (b) The ~~system~~ general state employees retirement plan is a
117.12 continuation of the State Employees Retirement Association.

117.13 (c) Any person who was a member of the State Employees
117.14 Retirement Association on June 30, 1967, is covered by
117.15 the ~~system~~ general state employees retirement plan and is
117.16 entitled to all benefits provided by the ~~system~~ plan upon
117.17 fulfilling the age, service, contribution, and other
117.18 requirements of this chapter.

117.19 Sec. 12. Minnesota Statutes 2004, section 352.021,
117.20 subdivision 2, is amended to read:

117.21 Subd. 2. **STATE EMPLOYEES COVERED.** Every person who ~~is a~~
117.22 ~~state employee, as defined in section 352.01, on July 1, 1967,~~
117.23 ~~or~~ becomes a state employee ~~after that date~~ as defined in
117.24 section 352.01 is covered by the ~~system~~ general state employees
117.25 retirement plan. Acceptance of state employment or continuance
117.26 in state service is deemed to be consent to have deductions made
117.27 from salary for deposit to the credit of the account of the
117.28 state employee in the retirement fund.

117.29 Sec. 13. Minnesota Statutes 2004, section 352.021,
117.30 subdivision 3, is amended to read:

117.31 Subd. 3. **OPTIONAL EXEMPTIONS.** Any person who is
117.32 appointed by the governor or lieutenant governor may request
117.33 exemption from coverage by the general state employees
117.34 retirement plan under this chapter if the appointee is not ~~so~~
117.35 covered ~~at~~ by the plan on the date of appointment. To qualify
117.36 for this exemption, a written request must be made within 90

118.1 days from the date of entering upon the duties of the position
118.2 to which the person is appointed. After making the request, a
118.3 person requesting the exemption is not entitled to coverage by
118.4 the general state employees retirement plan while employed in
118.5 the position that entitled that person to an exemption from
118.6 coverage.

118.7 Sec. 14. Minnesota Statutes 2004, section 352.021,
118.8 subdivision 4, is amended to read:

118.9 Subd. 4. **REENTERING SERVICE AFTER REFUND.** When a former
118.10 employee who has withdrawn accumulated contributions reenters
118.11 employment in a position entitled to coverage under the
118.12 ~~system~~ general state employees retirement plan, the employee
118.13 ~~shall~~ must be covered by the ~~system~~ plan on the same basis as a
118.14 new employee and is not entitled to credit for any former
118.15 service. The annuity rights forfeited when taking a refund can
118.16 only be restored as provided in this chapter.

118.17 Sec. 15. Minnesota Statutes 2004, section 352.04,
118.18 subdivision 1, is amended to read:

118.19 Subdivision 1. **FUND CREATED.** (a) There is created a
118.20 special fund to be known as the general state employees
118.21 retirement fund. In that fund ~~there shall be deposited~~
118.22 ~~employees~~, employee contributions, ~~employers~~ employer
118.23 contributions, and other amounts authorized by law must be
118.24 deposited.

118.25 (b) ~~Effective July 1, 1969,~~ The general state employees
118.26 retirement plan of the Minnesota State Retirement System ~~shall~~
118.27 must participate in the Minnesota postretirement investment fund.
118.28 ~~In that fund there shall be deposited~~ The amounts provided in
118.29 section 352.119 must be deposited in the Minnesota
118.30 postretirement investment fund.

118.31 Sec. 16. Minnesota Statutes 2004, section 352.04,
118.32 subdivision 12, is amended to read:

118.33 Subd. 12. **FUND DISBURSEMENT RESTRICTED.** The general
118.34 state employees retirement fund and the participation in the
118.35 Minnesota postretirement investment fund must be disbursed only
118.36 for the purposes provided by law. The expenses of the system

119.1 and any benefits provided by law, other than benefits payable
119.2 from the Minnesota postretirement investment fund, must be paid
119.3 from the general state employees retirement fund. The
119.4 retirement allowances, retirement annuities, and disability
119.5 benefits, as well as refunds of any sum remaining to the credit
119.6 of a deceased retired employee or a disabled employee must be
119.7 paid only from the general state employees retirement fund after
119.8 the needs have been certified and the amounts withdrawn from the
119.9 participation in the Minnesota postretirement investment fund
119.10 under section 11A.18. The amounts necessary to make the
119.11 payments from the general state employees retirement fund and
119.12 the participation in the Minnesota postretirement investment
119.13 fund are annually appropriated from these funds for those
119.14 purposes.

119.15 Sec. 17. Minnesota Statutes 2004, section 352.041,
119.16 subdivision 1, is amended to read:

119.17 Subdivision 1. **ALLOWABLE SERVICE CREDIT.** ~~Any~~ (a) An
119.18 employee covered by the ~~system~~ general state employees
119.19 retirement plan who is given a leave of absence for employment
119.20 by a political subdivision of the state ~~shall~~ remains a member
119.21 of the plan and must continue to pay member contributions into
119.22 the general state employees retirement fund for the period of
119.23 leave.

119.24 (b) Upon payment of member contributions, the employee must
119.25 be given allowable service credit as a state employee on the
119.26 records of the ~~system~~ retirement plan as though the employee had
119.27 received salary from the state during the leave. Payments into
119.28 the retirement fund ~~shall~~ must be at the rate required in
119.29 section 352.04, subdivision 2, and must be based upon the salary
119.30 received from the political subdivision ~~subject to the maximum~~
119.31 ~~amount, if any.~~

119.32 Sec. 18. Minnesota Statutes 2004, section 352.041,
119.33 subdivision 2, is amended to read:

119.34 Subd. 2. **EMPLOYEE CONTRIBUTIONS, PROCEDURE.** The officer
119.35 or employee who is authorized by law to pay salaries to
119.36 employees of the political subdivision which is employing a

120.1 state employee ~~shall have~~ must deduct employee contributions
120.2 ~~deducted~~ for the general state employees retirement plan under
120.3 section 352.04, subdivision 2, from the salary of each employee
120.4 who is on leave of absence from state service on each payroll
120.5 abstract and ~~shall~~ must pay the sum to the director following
120.6 the conclusion of each pay period.

120.7 Sec. 19. Minnesota Statutes 2004, section 352.041,
120.8 subdivision 3, is amended to read:

120.9 Subd. 3. **EMPLOYER CONTRIBUTIONS, PROCEDURE.** The officer
120.10 or employee who is authorized by law to pay salaries to
120.11 employees of the political subdivision which is employing a
120.12 state employee covered by the ~~system shall~~ general state
120.13 employees retirement plan also must have employer contributions
120.14 made to the general state employees retirement fund ~~on~~ following
120.15 the conclusion of each payroll abstract in the amount required
120.16 by section 352.04, subdivision 3. These contributions ~~are to~~
120.17 must be charged to the political subdivision as an
120.18 administrative cost.

120.19 Sec. 20. Minnesota Statutes 2004, section 352.041,
120.20 subdivision 5, is amended to read:

120.21 Subd. 5. **EMPLOYER CONTRIBUTIONS, LEAVES OF ABSENCE; TAX**
120.22 **LEVIES.** (a) Every political subdivision which is employing a
120.23 state employee covered by the system on leave of absence from
120.24 state service for employment by a political subdivision of the
120.25 state shall pay into the state employees retirement fund the
120.26 amount of the employer contribution required by law for state
120.27 employees covered by the system under section 352.04,
120.28 subdivision 3.

120.29 (b) Employing political subdivisions, ~~except~~ other than
120.30 school districts, may levy taxes necessary for the payment of
120.31 employer contributions without limitation as to rate or amount.
120.32 The levy of the taxes does not reduce the amount of other
120.33 taxes ~~to~~ that may be levied by political subdivisions,
120.34 ~~except~~ other than school districts, which are subject to any
120.35 limitation.

120.36 Sec. 21. Minnesota Statutes 2004, section 352.15,

121.1 subdivision 1, is amended to read:

121.2 Subdivision 1. **EXEMPTION; EXCEPTIONS.** ~~None of the money,~~
121.3 ~~annuities, or other benefits mentioned in this chapter is~~
121.4 ~~assignable either in law or in equity or subject to execution,~~
121.5 ~~levy, attachment, garnishment, or other legal process, except as~~
121.6 ~~provided in subdivision 1a or section 518.58, 518.581, or~~
121.7 ~~518.6111.~~ The provisions of section 356.401 apply to the general
121.8 state employees retirement plan and to the correctional state
121.9 employees retirement plan.

121.10 Sec. 22. Minnesota Statutes 2004, section 352.15,
121.11 subdivision 3, is amended to read:

121.12 Subd. 3. **DEDUCTING HEALTH OR DENTAL INSURANCE PREMIUMS.**

121.13 The board may ~~direct~~ authorize, at its discretion, the deduction
121.14 of a retiree's health or dental insurance premiums and transfer
121.15 of the amounts to a health or dental insurance carrier covering
121.16 state employees. The insurance carrier must certify that the
121.17 retired employee has signed an authorization for the deduction
121.18 and provide a computer readable roster of covered retirees and
121.19 amounts. The health or dental insurance carrier must refund
121.20 deductions withheld from a retiree's check in error directly to
121.21 the retiree. The board shall require that the insurance carrier
121.22 ~~to~~ reimburse the fund for the administrative expense of
121.23 withholding the premium amounts. The insurance carrier shall
121.24 assume liability for any failure of the system to properly
121.25 withhold the premium amounts.

121.26 Sec. 23. Minnesota Statutes 2004, section 352.15,
121.27 subdivision 4, is amended to read:

121.28 Subd. 4. **DIRECT TRANSFER OF REFUNDS.** A direct transfer
121.29 of ~~account~~ refunds under this chapter may be made to an
121.30 individual retirement savings ~~accounts~~ or a qualified retirement
121.31 ~~plans~~ plan of the person upon the receipt of an application for
121.32 transfer by a former employee, on forms acceptable to the
121.33 executive director.

121.34 Sec. 24. Minnesota Statutes 2004, section 352.22,
121.35 subdivision 10, is amended to read:

121.36 Subd. 10. **OTHER REFUNDS.** Former employees covered by the

122.1 system are entitled to apply for refunds if they are or become
122.2 members of the State Patrol retirement fund, the state Teachers
122.3 Retirement Association, or employees of the University of
122.4 Minnesota excluded from coverage under the system by action of
122.5 the Board of Regents; ~~or labor service employees, excluded from~~
122.6 ~~coverage under section 352.01, subdivision 2b, clause (25);~~ or
122.7 employees of the adjutant general who under federal law
122.8 effectually elect membership in a federal retirement system; or
122.9 officers or employees of the senate or house of representatives,
122.10 excluded from coverage under section 352.01, subdivision 2b,
122.11 clause ~~(8)~~ (7). The refunds must include accumulated
122.12 contributions plus interest as provided in subdivision 2. These
122.13 employees may apply for a refund once 30 days or more have
122.14 elapsed after their coverage ceases, even if they continue in
122.15 state service but in positions not covered by this chapter.

122.16 Sec. 25. Minnesota Statutes 2004, section 352B.01,
122.17 subdivision 1, is amended to read:

122.18 Subdivision 1. **SCOPE.** In this chapter, each of the terms
122.19 defined in this section ~~have~~ has the ~~meanings~~ meaning given
122.20 ~~them~~ to it.

122.21 Sec. 26. Minnesota Statutes 2004, section 352B.01,
122.22 subdivision 2, is amended to read:

122.23 Subd. 2. **MEMBER.** "Member" means:

122.24 (1) a State Patrol member currently employed ~~after June 30,~~
122.25 ~~1943,~~ under section 299D.03 by the state, who is a peace officer
122.26 under section 626.84, and whose salary or compensation is paid
122.27 out of state funds;

122.28 (2) a conservation officer employed under section 97A.201,
122.29 currently employed by the state, whose salary or compensation is
122.30 paid out of state funds;

122.31 (3) a crime bureau officer who was employed by the crime
122.32 bureau and was a member of the Highway Patrolmen's retirement
122.33 fund on July 1, 1978, whether or not that person has the power
122.34 of arrest by warrant after that date, or who is employed as
122.35 police personnel, with powers of arrest by warrant under section
122.36 299C.04, and who is currently employed by the state, and whose

123.1 salary or compensation is paid out of state funds;

123.2 (4) a person who is employed by the state in the Department
123.3 of Public Safety in a data processing management position with
123.4 salary or compensation paid from state funds, who was a crime
123.5 bureau officer covered by the State Patrol retirement plan on
123.6 August 15, 1987, and who was initially hired in the data
123.7 processing management position within the department during
123.8 September 1987, or January 1988, with membership continuing for
123.9 the duration of the person's employment in that position,
123.10 whether or not the person has the power of arrest by warrant
123.11 after August 15, 1987;

123.12 (5) a public safety employee ~~defined as~~ who is a peace
123.13 officer ~~in~~ under section 626.84, subdivision 1, paragraph (c),
123.14 and who is employed ~~with~~ by the Division of Alcohol and Gambling
123.15 Enforcement under section 299L.01; and

123.16 (6) a Fugitive Apprehension Unit officer after October 31,
123.17 2000, who is employed by the Office of Special Investigations of
123.18 the Department of Corrections and who is a peace officer under
123.19 section 626.84.

123.20 Sec. 27. Minnesota Statutes 2004, section 352B.01,
123.21 subdivision 3, is amended to read:

123.22 Subd. 3. **ALLOWABLE SERVICE.** (a) "Allowable service"
123.23 means:

123.24 (1) for members defined in subdivision 2, clause ~~(a)~~ (1),
123.25 ~~monthly service is granted for~~ in any month for which payments
123.26 have been made to the State Patrol retirement fund, and

123.27 (2) for members defined in subdivision 2, clauses ~~(b)~~ (2)
123.28 and ~~(e)~~ (3), service for which payments have been made to the
123.29 State Patrol retirement fund, service for which payments were
123.30 made to the State Police officers retirement fund after June 30,
123.31 1961, and all prior service which was credited to a member for
123.32 service on or before June 30, 1961.

123.33 (b) Allowable service also includes any period of absence
123.34 from duty by a member who, by reason of injury incurred in the
123.35 performance of duty, is temporarily disabled and for which
123.36 disability the state is liable under the workers' compensation

124.1 law, until the date authorized by the executive director for
124.2 commencement of payment of a disability benefit or return to
124.3 employment.

124.4 (c) MS 2002 (Expired)

124.5 (c) Allowable service means service in a month during which
124.6 a member is paid a salary from which a member contribution is
124.7 deducted, deposited, and credited in the State Patrol retirement
124.8 plan.

124.9 Sec. 28. Minnesota Statutes 2004, section 352B.02,
124.10 subdivision 1e, is amended to read:

124.11 Subd. 1e. **AUDIT; ACTUARIAL VALUATION.** The legislative
124.12 auditor shall audit the fund. Any actuarial valuation of the
124.13 fund required under section 356.215 must be prepared by the
124.14 actuary retained under section 356.214. Any approved actuary
124.15 retained by the executive director under section 352.03,
124.16 subdivision 6, may perform actuarial valuations and experience
124.17 studies to supplement those performed by the ~~commission retained~~
124.18 actuary retained under section 356.214. Any supplemental
124.19 actuarial valuation or experience studies shall be filed with
124.20 the executive director of the Legislative Commission on Pensions
124.21 and Retirement.

124.22 Sec. 29. Minnesota Statutes 2004, section 352B.071, is
124.23 amended to read:

124.24 352B.071 **EXEMPTION FROM PROCESS.**

124.25 ~~None of the money, annuities, or other benefits provided~~
124.26 ~~for in this chapter is assignable either in law or in equity or~~
124.27 ~~be subject to execution, levy, attachment, garnishment, or other~~
124.28 ~~legal process, except as provided in section 518.58, 518.581, or~~
124.29 ~~518.6111.~~ The provisions of section 356.401 apply to the state
124.30 patrol retirement plan.

124.31 Sec. 30. Minnesota Statutes 2004, section 352D.01, is
124.32 amended to read:

124.33 352D.01 **ESTABLISHMENT.**

124.34 There is hereby established within the Minnesota State
124.35 Retirement System a retirement program for certain public
124.36 employees to be known as the Minnesota unclassified employees

125.1 retirement program, ~~which shall be~~. The program must be
125.2 administered by the Minnesota State Retirement System.

125.3 Sec. 31. Minnesota Statutes 2004, section 352D.015,
125.4 subdivision 3, is amended to read:

125.5 Subd. 3. **SUPPLEMENTAL INVESTMENT FUND.** "Supplemental
125.6 investment fund" means the fund established and governed by
125.7 section 11A.17.

125.8 Sec. 32. Minnesota Statutes 2004, section 352D.015,
125.9 subdivision 4, is amended to read:

125.10 Subd. 4. **GENERAL FUND.** "General fund" means the general
125.11 state employees retirement fund except the moneys for the
125.12 unclassified program.

125.13 Sec. 33. Minnesota Statutes 2004, section 352D.03, is
125.14 amended to read:

125.15 352D.03 **TRANSFER OF ASSETS.**

125.16 Unless an eligible employee enumerated in section 352D.02,
125.17 subdivision 1 ~~or 1a~~, has elected coverage under the individual
125.18 retirement account plan under chapter 354B, a sum of money
125.19 representing the assets credited to each employee exercising the
125.20 option contained in section 352D.02, plus an equal employer
125.21 contribution together with interest for the employment period at
125.22 the ~~actuarially assumed rates~~ rate of 8.5 percent during this
125.23 period, compounded annually, ~~shall~~ must be used for the purchase
125.24 of shares on behalf of each employee in the accounts of the
125.25 supplemental retirement fund established by section 11A.17. ~~Any~~
125.26 ~~employer's contribution to amortize the deficit in the state~~
125.27 ~~employee's retirement fund shall not, however, be used for the~~
125.28 ~~purchase of shares.~~

125.29 Sec. 34. Minnesota Statutes 2004, section 352D.05,
125.30 subdivision 4, is amended to read:

125.31 Subd. 4. **REPAYMENT OF REFUND.** (a) A participant in the
125.32 unclassified program may repay regular refunds taken ~~pursuant to~~
125.33 under section 352.22, as provided in section 352.23.

125.34 (b) A participant in the unclassified program or an
125.35 employee covered by the general plan who has withdrawn the value
125.36 of the total shares may repay the refund taken and thereupon

126.1 restore the service credit, rights and benefits forfeited by
126.2 paying into the fund the amount refunded plus interest at an
126.3 annual rate of 8.5 percent compounded annually from the date
126.4 that the refund was taken until the date that the refund is
126.5 repaid. If the participant had withdrawn only the employee
126.6 shares as permitted under prior laws, repayment ~~shall~~ must be
126.7 pro rata. ~~Payment shall~~

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

126.10 Sec. 35. Minnesota Statutes 2004, section 352D.085,
126.11 subdivision 1, is amended to read:

126.12 Subdivision 1. **COMBINED SERVICE.** Except as provided in
126.13 section 356.30, 356.302, or 356.303, service under the
126.14 unclassified program for which the employee has been credited
126.15 with employee shares may be used for the limited purpose of
126.16 qualifying for benefits under sections 352.115, 352.72,
126.17 subdivision 1, 352.113, 354.44, 354.45, 354.48, and 354.60+
126.18 ~~provided such.~~ The service also may not be used to qualify for
126.19 a disability benefit under section 352.113 or 354.48 if a
126.20 participant was under the unclassified program at the time of
126.21 the disability, ~~and provided further that.~~ Also, the years of
126.22 service and salary paid while the participant was in the
126.23 unclassified program ~~shall~~ may not be used in determining the
126.24 amount of benefits.

126.25 Sec. 36. Minnesota Statutes 2004, section 352D.09,
126.26 subdivision 5, is amended to read:

126.27 Subd. 5. **UNCLAIMED BENEFITS.** If the beneficiary,
126.28 surviving spouse or estate has not made application for benefits
126.29 within ten years after the date of the death of a participant,
126.30 the value of the shares ~~shall be~~ is appropriated to the ~~regular~~
126.31 general state employees retirement fund and the provisions of
126.32 section 352.12, subdivision 12 ~~shall,~~ govern. If a former
126.33 participant fails to make a claim for benefits within five years
126.34 after the termination of covered service or by age 70, whichever
126.35 is later, the value of the shares ~~shall be~~ is appropriated to
126.36 the general state employees retirement fund and the provisions

127.1 of section 352.22, subdivision 8, ~~shall~~ apply.

127.2 Sec. 37. Minnesota Statutes 2004, section 352D.12, is
127.3 amended to read:

127.4 352D.12 **TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

127.5 (a) An employee who is a participant in the unclassified
127.6 program and who has prior service credit in a covered plan under
127.7 ~~chapters 3A, chapter 352, 352C, 353, 354, 354A, and or 422A~~
127.8 may, within the time limits specified in this section, elect to
127.9 transfer to the unclassified program prior service contributions
127.10 to one or more of those plans. ~~Participants with six or more~~
127.11 ~~years of prior service credit in a plan governed by chapter 3A~~
127.12 ~~or 352C on July 1, 1998, may not transfer prior service~~
127.13 ~~contributions. Participants with less than six years of prior~~
127.14 ~~service credit in a plan governed by chapter 3A or 352C on July~~
127.15 ~~1, 1998, must be contributing to the unclassified plan on or~~
127.16 ~~after January 5, 1999, in order to transfer prior contributions.~~

127.17 (b) For participants with prior service credit in a plan
127.18 governed by chapter 352, 353, 354, 354A, or 422A, "prior service
127.19 contributions" means the accumulated employee and equal employer
127.20 contributions with interest at an annual rate of 8.5 percent
127.21 compounded annually, based on fiscal year balances. ~~For~~
127.22 ~~participants with less than six years of service credit as of~~
127.23 ~~July 1, 1998, and with prior service credit in a plan governed~~
127.24 ~~by chapter 3A or 352C, "prior service contributions" means an~~
127.25 ~~amount equal to twice the amount of the accumulated member~~
127.26 ~~contributions plus annual compound interest at the rate of 8.5~~
127.27 ~~percent, computed on fiscal year balances.~~

127.28 (c) If a participant has taken a refund from a retirement
127.29 plan listed in this section, the participant may repay the
127.30 refund to that plan, notwithstanding any restrictions on
127.31 repayment to that plan, plus 8.5 percent interest compounded
127.32 annually and have the accumulated employee and equal employer
127.33 contributions transferred to the unclassified program with
127.34 interest at an annual rate of 8.5 percent compounded annually
127.35 based on fiscal year balances. If a person repays a refund and
127.36 subsequently elects to have the money transferred to the

128.1 unclassified program, the repayment amount, including interest,
128.2 is added to the fiscal year balance in the year which the
128.3 repayment was made.

128.4 (d) A participant electing to transfer prior service
128.5 contributions credited to a retirement plan governed by chapter
128.6 352, 353, 354, 354A, or 422A as provided under this section must
128.7 complete ~~the~~ a written application for the transfer and repay
128.8 any refund within one year of the commencement of the employee's
128.9 participation in the unclassified program. ~~A participant~~
128.10 ~~electing to transfer prior service contributions credited to a~~
128.11 ~~retirement plan governed by chapter 3A or 352C as provided under~~
128.12 ~~this section must complete the application for the transfer and~~
128.13 ~~repay any refund between January 5, 1999, and June 1, 1999, if~~
128.14 ~~the employee commenced participation in the unclassified program~~
128.15 ~~before January 5, 1999, or within one year of the commencement~~
128.16 ~~of the employee's participation in the unclassified program if~~
128.17 ~~the employee commenced participation in the unclassified program~~
128.18 ~~after January 4, 1999.~~

128.19 Sec. 38. Minnesota Statutes 2004, section 353.01,
128.20 subdivision 32, is amended to read:

128.21 Subd. 32. **COORDINATED MEMBER.** "Coordinated member" means
128.22 ~~any~~ a public employee, including ~~any~~ a public hospital employee,
128.23 who is covered by ~~any~~ an agreement or modification made between
128.24 the state and the Secretary of Health, ~~Education and Welfare~~
128.25 Human Services, making the provisions of the federal Old Age,
128.26 Survivors and Disability Insurance Act applicable to the member
128.27 if the membership eligibility criteria are met under this
128.28 chapter. A coordinated member also is a former basic member who
128.29 has a complete and continuous separation for at least 30 days
128.30 from employment as a public employee meeting the requirements
128.31 specified in subdivision 28, paragraphs (a) and (b), and who
128.32 reenters public service as a public employee and meets the
128.33 membership eligibility criteria under this chapter.

128.34 Sec. 39. Minnesota Statutes 2004, section 353.01,
128.35 subdivision 33, is amended to read:

128.36 Subd. 33. **BASIC MEMBER.** "Basic member" means ~~any~~ a

129.1 public employee, including ~~any~~ a public hospital employee, who
129.2 is not covered by any agreement or modification made between the
129.3 state and the Secretary of Health, ~~Education and Welfare~~ Human
129.4 Services.

129.5 Sec. 40. Minnesota Statutes 2004, section 353.025, is
129.6 amended to read:

129.7 353.025 **RANGE ASSOCIATION OF MUNICIPALITIES AND SCHOOLS.**

129.8 ~~From and after January 1, 1982,~~ Employees of the Range
129.9 Association of Municipalities and Schools ~~hereinafter referred~~
129.10 ~~to as the association, shall become~~ are coordinated members of
129.11 the general employees retirement plan of the Public Employees
129.12 Retirement Association unless specifically exempt under section
129.13 353.01, subdivision 2b, ~~and.~~ The Range Association ~~shall be~~
129.14 ~~deemed to be~~ of Municipalities and Schools is a governmental
129.15 subdivision for the purposes of this chapter.

129.16 Sec. 41. Minnesota Statutes 2004, section 353.026, is
129.17 amended to read:

129.18 353.026 **COVERAGE FOR CERTAIN MUNICIPAL AND SCHOOL DISTRICT**
129.19 **EMPLOYEES.**

129.20 Any person who was employed by the city of Minneapolis,
129.21 Special School District No. 1, or public corporation as defined
129.22 in section 422A.01, subdivision 9, on or after July 1, 1978, and
129.23 ~~prior to~~ before July 1, 1979, and who was excluded from
129.24 retirement coverage by the coordinated program of the
129.25 Minneapolis municipal employees retirement fund ~~pursuant to~~
129.26 under section 422A.09, subdivision 3, ~~shall be~~ is entitled to
129.27 retirement coverage by the general employees retirement plan of
129.28 the Public Employees Retirement Association unless specifically
129.29 excluded ~~pursuant to~~ under section 353.01, subdivision 2b, from
129.30 and after May 19, 1981.

129.31 Sec. 42. Minnesota Statutes 2004, section 353.027, is
129.32 amended to read:

129.33 353.027 **RETENTION OF COVERAGE FOR CERTAIN MUNICIPAL COURT**
129.34 **EMPLOYEES.**

129.35 Any person employed on January 1, 1975, by a municipal
129.36 court established ~~pursuant to~~ under Minnesota Statutes 1957,

130.1 section 488.03, and located in the cities of New Brighton,
130.2 Roseville, Maplewood, North Saint Paul, White Bear Lake, or St.
130.3 Paul ~~shall be~~ is eligible for membership in the general
130.4 employees retirement plan of the Public Employees Retirement
130.5 Association and ~~shall retain~~ retains any rights or benefits the
130.6 person had attained as a member of the general employees
130.7 retirement plan of the association on January 1, 1975, so long
130.8 as the person remains an employee of the municipal court of
130.9 Ramsey County.

130.10 Sec. 43. Minnesota Statutes 2004, section 353.028, is
130.11 amended to read:

130.12 353.028 **CITY MANAGERS; ELECTION; DEFERRED COMPENSATION.**

130.13 Subdivision 1. **DEFINITIONS.** (a) For purposes of this
130.14 section, each of the terms in this subdivision has the meaning
130.15 indicated.

130.16 (b) "City manager" means (1) a person who is duly appointed
130.17 to and is holding the position of city manager in a Plan B
130.18 statutory city or in a home rule city operating under the
130.19 "council-manager" form of government, or (2) a person who is
130.20 appointed to and is holding the position of chief administrative
130.21 officer of a home rule charter city or a statutory city ~~pursuant~~
130.22 ~~to~~ under a charter provision, ordinance, or resolution
130.23 establishing such a position and prescribing its duties and
130.24 responsibilities.

130.25 (c) "Governing body" means the city council of the city
130.26 employing the city manager.

130.27 (d) "Election" means the election described in subdivision
130.28 2.

130.29 Subd. 2. **ELECTION.** (a) A city manager may elect to be
130.30 excluded from membership in the general employees retirement
130.31 plan of the Public Employees Retirement Association. The
130.32 election of exclusion must be made within six months following
130.33 the commencement of employment, must be made in writing on a
130.34 form prescribed by the executive director, and must be approved
130.35 by a resolution ~~of~~ adopted by the governing body of the city.
130.36 The election of exclusion is not effective until it is filed

131.1 with the executive director. Membership of a city manager in
131.2 the ~~association~~ general employees retirement plan ceases on the
131.3 date the written election is received by the executive director
131.4 or upon a later date specified. Employee and employer
131.5 contributions made on behalf of a person exercising the option
131.6 to be excluded from membership under this section must be
131.7 refunded in accordance with section 353.27, subdivision 7.

131.8 (b) A city manager who has elected exclusion under this
131.9 subdivision may elect to revoke that action by filing a written
131.10 notice with the executive director. The notice must be on a
131.11 form prescribed by the executive director and must be approved
131.12 by a resolution of the governing body of the city. Membership
131.13 of the city manager in the association resumes prospectively
131.14 from the date of the first day of the pay period for which
131.15 contributions were deducted or, if pay period coverage dates are
131.16 not provided, the date on which the notice of revocation or
131.17 contributions are received in the office of the association,
131.18 provided that the notice of revocation is received by the
131.19 association within 60 days of the receipt of contributions.

131.20 (c) An election under paragraph (b) is irrevocable. Any
131.21 election under paragraph (a) or (b) must include a statement
131.22 that the individual will not seek authorization to purchase
131.23 service credit for any period of excluded service.

131.24 Subd. 3. **DEFERRED COMPENSATION; CITY CONTRIBUTION.** If an
131.25 election of exclusion is made, and if the city manager and the
131.26 governing body of the city additionally agree in writing that
131.27 the additional compensation is to be deferred and ~~shall~~ is to be
131.28 contributed on behalf of the city manager to a deferred
131.29 compensation program which meets the requirements of section 457
131.30 of the Internal Revenue Code of ~~1954~~ 1986, as amended ~~through~~
131.31 ~~December 31, 1980~~, the governing body may compensate the city
131.32 manager, in addition to the salary allowed under any limitation
131.33 imposed on salaries by law or charter, in an amount equal to the
131.34 employer contribution which would be required by section 353.27,
131.35 subdivision 3, if the city manager were a member of the
131.36 ~~association~~ general employees retirement plan.

132.1 Subd. 4. **REFUNDS; DEFERRED ANNUITY.** A city manager who
132.2 makes an election to be excluded from membership is entitled to
132.3 a refund of accumulated deductions or, if otherwise qualified, a
132.4 deferred annuity ~~in the manner provided by~~ under section 353.34,
132.5 at the option of the manager.

132.6 Subd. 5. **ELECTION; OTHER EMPLOYMENT.** If a city manager
132.7 who has made an election to be excluded subsequently accepts
132.8 employment in another governmental subdivision or subsequently
132.9 accepts employment other than as a city manager in the same
132.10 city, the election ~~shall be deemed to have been~~ is rescinded on
132.11 the effective date of employment.

132.12 Sec. 44. Minnesota Statutes 2004, section 353.14, is
132.13 amended to read:

132.14 353.14 **BENEFITS FROM OTHER FUNDS.**

132.15 No annuity or benefit provided by this chapter ~~shall~~ may be
132.16 affected, diminished, or impaired by any pension, benefit, or
132.17 annuity which any member or survivor is entitled to receive from
132.18 a tax supported public retirement plan or system authorized by
132.19 any other law, ~~for~~ based on service that is different service
132.20 than the service for which the member or survivor is entitled to
132.21 receive benefit or annuity from a retirement plan administered
132.22 by the Public Employees Retirement Association.

132.23 Sec. 45. Minnesota Statutes 2004, section 353.15,
132.24 subdivision 1, is amended to read:

132.25 Subdivision 1. **EXEMPTION; EXCEPTIONS.** ~~No money, annuity,~~
132.26 ~~or benefit provided for in this chapter is assignable or subject~~
132.27 ~~to execution, levy, attachment, garnishment, or legal process,~~
132.28 ~~except as provided in subdivision 2 or section 518.58, 518.581,~~
132.29 ~~or 518.6111.~~ The provisions of section 356.401 apply to the
132.30 general employees retirement plan, to the public employees
132.31 police and fire retirement plan, and to the local government
132.32 correctional service retirement plan.

132.33 Sec. 46. Minnesota Statutes 2004, section 353.15,
132.34 subdivision 3, is amended to read:

132.35 Subd. 3. **PAYMENT TO PUBLIC BODIES.** If, in the judgment
132.36 of the executive director, conditions so warrant, payment of an

133.1 annuity, a retirement benefit, or a refund may be made to a
133.2 public body in behalf of an annuitant, disabilitant, or survivor
133.3 upon such terms as the executive director may prescribe.

133.4 Sec. 47. Minnesota Statutes 2004, section 353.27,
133.5 subdivision 11, is amended to read:

133.6 Subd. 11. **EMPLOYERS; REQUIRED TO FURNISH REQUESTED**

133.7 **INFORMATION.** (a) All governmental subdivisions shall furnish
133.8 promptly such other information relative to the employment
133.9 status of all employees or former employees, including, but not
133.10 limited to, payroll abstracts pertaining to all past and present
133.11 employees, as may be requested by the ~~association or its~~
133.12 executive director, including schedules of salaries applicable
133.13 to various categories of employment.

133.14 (b) In the event payroll abstract records have been lost or
133.15 destroyed, for whatever reason or in whatever manner, so that
133.16 such schedules of salaries cannot be furnished therefrom, the
133.17 employing governmental subdivision, in lieu thereof, shall
133.18 furnish to the association an estimate of the earnings of any
133.19 employee or former employee for any period as may be requested
133.20 by the ~~association or its~~ executive director. ~~Should~~ If the
133.21 association ~~receive such schedules~~ is provided a schedule of
133.22 estimated earnings, the executive director is ~~hereby~~ authorized
133.23 to use the same as a basis for making whatever computations
133.24 might be necessary for determining obligations of the employee
133.25 and employer to the retirement fund. If estimates are not
133.26 furnished by the employer ~~pursuant to~~ at the request of the
133.27 ~~association or its~~ executive director, the ~~association~~ executive
133.28 director may estimate the obligations of the employee and
133.29 employer to the retirement fund based upon ~~such~~ those records as
133.30 that are in its possession. ~~Where payroll abstracts have been~~
133.31 ~~lost or destroyed, the governmental agency need not furnish any~~
133.32 ~~information pertaining to employment prior to July 1, 1963. The~~
133.33 ~~association shall make no estimate of any obligation of any~~
133.34 ~~employee, former employee, or employer covering employment prior~~
133.35 ~~to July 1, 1963.~~

133.36 Sec. 48. Minnesota Statutes 2004, section 353.271, is

134.1 amended to read:

134.2 353.271 **PARTICIPATION IN MINNESOTA POSTRETIREMENT**

134.3 **INVESTMENT FUND.**

134.4 Subdivision 1. **AUTHORIZATION.** The general employees
134.5 retirement plan of the Public Employees Retirement Association,
134.6 ~~including the public employees police and fire fund but~~
134.7 ~~excluding the various local relief association consolidation~~
134.8 ~~accounts, is~~ retirement plan, and the local government
134.9 correctional service retirement plan are authorized to
134.10 participate in the Minnesota postretirement investment fund.
134.11 There ~~shall be~~ is one general participation in the Minnesota
134.12 postretirement investment fund for ~~all purposes by~~ each plan of
134.13 the Public Employees Retirement ~~fund and one general~~
134.14 ~~participation in the Minnesota postretirement investment fund~~
134.15 ~~for all purposes by the public employees police and fire~~
134.16 ~~fund~~ Association.

134.17 Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.**

134.18 ~~(1)~~ (a) The required reserves for retirement annuities payable
134.19 as provided in this chapter other than those payable from the
134.20 various local relief association consolidation accounts, as
134.21 determined in accordance with the appropriate mortality table
134.22 adopted by the board of trustees based on the experience of the
134.23 fund as recommended by the actuary retained ~~by the Legislative~~
134.24 ~~Commission on Pensions and Retirement~~ under section 356.214, and
134.25 approved under section 356.215, subdivision 18, and using the
134.26 postretirement interest assumption specified in section 356.215,
134.27 subdivision 8, ~~shall~~ must be transferred to the Minnesota
134.28 postretirement investment fund as of the last business day of
134.29 the month in which the retirement annuity begins.

134.30 ~~(2)~~ (b) Annuity payments ~~other than those payable from the~~
134.31 ~~various local relief association consolidation accounts~~
134.32 ~~shall~~ must be adjusted in accordance with the provisions of
134.33 section 11A.18.

134.34 ~~(3)~~ (c) Increases in payments ~~pursuant to~~ under this
134.35 section ~~or from the various local relief association~~
134.36 ~~consolidation accounts, if applicable, will~~ must be made

135.1 automatically unless the intended recipient files written notice
135.2 with the executive director of the Public Employees Retirement
135.3 Association requesting that the increase ~~shall~~ not be made.

135.4 Sec. 49. Minnesota Statutes 2004, section 353.31,
135.5 subdivision 1c, is amended to read:

135.6 Subd. 1c. **COORDINATED MEMBERS.** Except for benefits
135.7 provided under section 353.32, ~~subdivisions 1 and 1a,~~ no
135.8 survivor benefits are payable to the surviving spouse or
135.9 dependent children of a deceased coordinated member.

135.10 Sec. 50. Minnesota Statutes 2004, section 353.32,
135.11 subdivision 9, is amended to read:

135.12 Subd. 9. **PAYMENT TO A MINOR.** If a member or former
135.13 member dies having named as beneficiary a person who is a minor
135.14 at the time of the application for refund, the board may make
135.15 the payment ~~(a)~~ (1) directly to the minor, ~~(b)~~ (2) to ~~any~~
135.16 a person who has legally qualified and is acting as guardian of
135.17 the minor's person or property in any jurisdiction, or ~~(c)~~ (3)
135.18 to either parent of the minor or to ~~any~~ an adult person with
135.19 whom the minor may at the time be living, ~~provided only that.~~
135.20 The parent or other person to whom any amount is to be
135.21 paid ~~shall have advised~~ must advise the board in writing that
135.22 the amount will be held or used in trust for the benefit of such
135.23 minor. Any annuity or disability benefit payable at the time of
135.24 death of an annuitant or recipient of a disability benefit,
135.25 which is payable to a beneficiary who is a minor, may be paid in
135.26 the same manner. ~~Such~~ The payment ~~shall be~~ is a bar to recovery
135.27 by any other person or persons.

135.28 Sec. 51. Minnesota Statutes 2004, section 353.33,
135.29 subdivision 12, is amended to read:

135.30 Subd. 12. **BASIC DISABILITY SURVIVOR BENEFITS.** If a basic
135.31 member who is receiving a disability benefit under subdivision 3:
135.32 ~~(a)~~ (1) dies before attaining age 65 or within five years
135.33 of the effective date of the disability, whichever is later, the
135.34 surviving spouse ~~shall~~ is entitled to receive a survivor benefit
135.35 under section 353.31, unless the surviving spouse elected to
135.36 receive a refund under section 353.32, subdivision 1-;

136.1 ~~(b)~~ (2) is living at age 65 or five years after the
136.2 effective date of the disability, whichever is later, the basic
136.3 member may continue to receive a normal disability benefit, or
136.4 elect a joint and survivor optional annuity under section
136.5 353.31, subdivision 1b. The election of the joint and survivor
136.6 optional annuity must occur within 90 days of attaining age 65
136.7 or of reaching the five-year anniversary of the effective date
136.8 of the disability benefit, whichever is later. The optional
136.9 annuity takes effect on the first day of the month following the
136.10 month in which the person attains age 65 or reaches the
136.11 five-year anniversary of the effective date of the disability
136.12 benefit, whichever is later; or

136.13 ~~(e)~~ (3) if there is a dependent child or children under
136.14 ~~paragraph (a) or (b)~~ clause (1) or (2), the ~~association shall~~
136.15 ~~grant~~ dependent child is entitled to a dependent child benefit
136.16 under section 353.31, subdivision 1b, paragraph (b).

136.17 Sec. 52. Minnesota Statutes 2004, section 354.091, is
136.18 amended to read:

136.19 354.091 **SERVICE CREDIT.**

136.20 (a) In computing service credit, no teacher ~~shall~~ may
136.21 receive credit for more than one year of teaching service for
136.22 any fiscal year. ~~Commencing July 1, 1961~~ Additionally, in
136.23 crediting allowable service:

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

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

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

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

136.36 (b) A teacher ~~shall~~ must receive a full year of service

137.1 credit based on the number of days in the employer's full school
137.2 year if ~~it~~ that school year is less than 170 days. Teaching
137.3 service performed before July 1, 1961, must be computed under
137.4 the law in effect at the time it was performed.

137.5 (c) A teacher must not lose or gain retirement service
137.6 credit as a result of the employer converting to a flexible or
137.7 alternate work schedule. If the employer converts to a flexible
137.8 or alternate work schedule, the forms for reporting teaching
137.9 service and the procedures for determining service credit must
137.10 be determined by the executive director with the approval of the
137.11 board of trustees.

137.12 (d) For all services rendered on or after July 1, 2003,
137.13 service credit for all members employed by the Minnesota State
137.14 Colleges and Universities system must be determined:

137.15 (1) for full-time employees, by the definition of full-time
137.16 employment contained in the collective bargaining agreement for
137.17 those units listed in section 179A.10, subdivision 2, or
137.18 contained in the applicable personnel or salary plan for those
137.19 positions designated in section 179A.10, subdivision 1;

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

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

137.29 Sec. 53. Minnesota Statutes 2004, section 354.10,
137.30 subdivision 1, is amended to read:

137.31 Subdivision 1. **EXEMPTION; EXCEPTIONS.** (a) The provisions
137.32 of section 356.401 apply to the teachers retirement plan.

137.33 (b) The right of a teacher to take advantage of the
137.34 benefits provided by this chapter, is a personal right only and
137.35 is not assignable. All money to the credit of a teacher's
137.36 account in the fund or any money payable to the teacher from the

138.1 fund belongs to the state of Minnesota until actually paid to
138.2 the teacher or a beneficiary under this chapter.

138.3 (c) The association may acknowledge a properly completed
138.4 power of attorney form. ~~An assignment or attempted assignment~~
138.5 ~~of a teacher's interest in the fund, or of the beneficiary's~~
138.6 ~~interest in the fund, by a teacher or a beneficiary is void and~~
138.7 ~~exempt from garnishment or levy under attachment or execution,~~
138.8 ~~except as provided in subdivision 2 or 3, or section 518.58,~~
138.9 ~~518.581, or 518.6111.~~

138.10 Sec. 54. Minnesota Statutes 2004, section 354.10,
138.11 subdivision 3, is amended to read:

138.12 Subd. 3. **PAYMENT TO PUBLIC BODIES.** If, in the judgment
138.13 of the executive director, conditions so warrant, payment of an
138.14 annuity, a retirement benefit, or a refund may be made to a
138.15 public body in behalf of an annuitant, disabilitant, or survivor
138.16 upon such terms as the executive director may prescribe.

138.17 Sec. 55. Minnesota Statutes 2004, section 354.10,
138.18 subdivision 4, is amended to read:

138.19 Subd. 4. **CHANGES IN DESIGNATED BENEFICIARIES.** ~~Any~~ (a) A
138.20 beneficiary designated by a retiree or member under section
138.21 354.05, subdivision 22, may be changed or revoked by the retiree
138.22 or member on a form provided by the executive director.

138.23 (b) A change or revocation made under this subdivision is
138.24 valid only if the properly completed form is received by the
138.25 association on or before the date of death of the retiree or the
138.26 member.

138.27 (c) If a designated beneficiary dies before the retiree or
138.28 member designating the beneficiary, and a new beneficiary is not
138.29 designated, the retiree's or member's estate is the beneficiary.

138.30 Sec. 56. Minnesota Statutes 2004, section 354.33,
138.31 subdivision 5, is amended to read:

138.32 Subd. 5. **RETIREEES NOT ELIGIBLE FOR FEDERAL BENEFITS.**

138.33 Notwithstanding the provisions of section 354.55, subdivision 3,
138.34 when any person retires after July 1, 1973, who ~~(a)~~ (1) has ten
138.35 or more years of allowable service, and ~~(b)~~ (2) does not have
138.36 any retroactive Social Security coverage by reason of the

139.1 person's position in the retirement system, and ~~(e)~~ (3) does not
139.2 qualify for federal old age and survivor primary benefits at the
139.3 time of retirement, the annuity ~~shall~~ must be computed under
139.4 section 354.44, subdivision 2, of the law in effect on June 30,
139.5 1969, except that accumulations after June 30, 1957, ~~shall~~ must
139.6 be calculated using the same mortality table and interest
139.7 assumption as are used to transfer the required reserves to the
139.8 Minnesota postretirement investment fund.

139.9 Sec. 57. Minnesota Statutes 2004, section 354.39, is
139.10 amended to read:

139.11 354.39 **EFFECTIVE DATE; APPLICATION.**

139.12 ~~After July 1, 1971, any~~ A member of the Teachers Retirement
139.13 Association who is employed in a new state university ~~and~~ or any
139.14 other new ~~institutions~~ institution of higher learning not
139.15 included in any agreement or modification made between the state
139.16 and the federal Secretary of Health, ~~Education and Welfare~~ Human
139.17 Services, making the provisions of the federal Old Age ~~and~~,
139.18 Survivors and Disability Insurance Act applicable to such
139.19 members, ~~shall~~ must be covered under the provisions of this
139.20 chapter applicable to coordinated members.

139.21 Sec. 58. Minnesota Statutes 2004, section 354.41,
139.22 subdivision 2, is amended to read:

139.23 Subd. 2. **TEACHERS.** Every teacher ~~after June 30, 1957, in~~
139.24 ~~the service or entering~~ the service of the state or one of its
139.25 governmental ~~subdivision~~ subdivisions as a teacher, except
139.26 persons ~~specifically~~ specifically excluded, ~~shall~~ must become a
139.27 member of the association by the acceptance of such employment.

139.28 Sec. 59. Minnesota Statutes 2004, section 354.42, is
139.29 amended by adding a subdivision to read:

139.30 Subd. 1a. **TEACHERS RETIREMENT FUND.** (a) Within the
139.31 Teachers Retirement Association and the state treasury is
139.32 created a special retirement fund, which must include all the
139.33 assets of the Teachers Retirement Association and all revenue of
139.34 the association. The fund is the continuation of the fund
139.35 established under Laws 1931, chapter 406, section 2,
139.36 notwithstanding the repeal of Minnesota Statutes 1973, section

140.1 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.

140.2 (b) The teachers retirement fund must be credited with all
140.3 employee and employer contributions, all investment revenue and
140.4 gains, and all other income authorized by law.

140.5 (c) From the teachers retirement fund is appropriated the
140.6 payments of annuities and benefits authorized by this chapter,
140.7 the transfers to the Minnesota postretirement investment fund,
140.8 and the reasonable and necessary expenses of administering the
140.9 fund and the association.

140.10 Sec. 60. Minnesota Statutes 2004, section 354.44,
140.11 subdivision 2, is amended to read:

140.12 Subd. 2. **COMPUTATION OF MONEY PURCHASE ANNUITY.** (a) The
140.13 amount of retirement annuity is an amount equal to double the
140.14 annuity which could be purchased by the member's accumulated
140.15 deductions plus interest thereon. The annuity ~~shall~~ must be
140.16 determined by the member's age, sex, double the amount of
140.17 accumulated deductions, double the amount of interest earned on
140.18 the accumulated deductions, and the appropriate mortality tables
140.19 and interest rates. To determine the amount of the annuity for
140.20 a basic member, the accumulated deductions ~~prior to~~ before July
140.21 1, 1957, and the accumulated deductions ~~subsequent to~~ after July
140.22 1, 1957, ~~shall~~ must be considered separately.

140.23 ~~(1)~~ (b) For service rendered ~~prior to~~ before July 1, 1957,
140.24 the accumulated deductions for ~~any~~ a member ~~shall~~ must be
140.25 carried forward at a fixed amount which is shown credited to the
140.26 member's account as of that date. That fixed amount ~~shall~~ must
140.27 also include any payments in lieu of salary deductions which ~~are~~
140.28 ~~to be made in the future and are~~ were actually so made ~~pursuant~~
140.29 ~~to~~ under an agreement executed between the member and the board
140.30 as authorized by section 354.50 or any other authorized payments
140.31 made by the member to the fund. The annuity granted with
140.32 respect to the period ~~shall~~ must be determined as follows:

140.33 ~~(a)~~ (1) the fixed amount of the accumulated deductions for
140.34 the period including the interest credited on the amount as
140.35 earned up to July 1, 1957; and

140.36 ~~(b)~~ (2) annuity purchase rates based on the applicable

141.1 mortality table established by the board and the interest rate
141.2 assumption in effect ~~prior to~~ before July 1, 1957, in the case
141.3 of basic members and an annuity purchase rate based on an
141.4 appropriate annuity table of mortality established by the board
141.5 as provided in section 354.07, subdivision 1, and using the
141.6 applicable postretirement interest rate assumption specified in
141.7 section 356.215, subdivision 8, in the case of coordinated
141.8 members.

141.9 ~~(2)~~ (c) For service rendered ~~subsequent to~~ after July 1,
141.10 1957, the accumulated deductions for ~~any~~ a member ~~shall~~ must
141.11 consist of the amounts actually credited to the member's account
141.12 by reason of salary deductions. The annuity granted with
141.13 respect to the period ~~shall~~ must be determined by the following:

141.14 ~~(a)~~ (1) accumulated deductions for the period;

141.15 ~~(b)~~ (2) interest credited on these accumulated deductions
141.16 from July 1, 1957, to the date of retirement;

141.17 ~~(c)~~ (3) interest credited on accumulated deductions
141.18 including prior credited interest provided in paragraph ~~(1)~~ (b)
141.19 from July 1, 1957, to the date of retirement;

141.20 ~~(d)~~ (4) after the amount available for an annuity granted
141.21 with respect to the person is determined in accordance with the
141.22 provisions of this subdivision, an additional amount equal to 20
141.23 percent of the sum of clause ~~(2)~~~~(a)~~ (1) plus interest credited
141.24 to ~~members~~ a member's account from July 1, 1957, to date of
141.25 retirement is to be added. This added amount is not to be
141.26 doubled as provided for other amounts determined in this
141.27 subdivision; and

141.28 ~~(e)~~ (5) the annuity purchase rate based on an appropriate
141.29 annuity table of mortality established by the board as provided
141.30 in section 354.07, subdivision 1, and using the applicable
141.31 postretirement interest rate assumption specified in section
141.32 356.215, subdivision 8.

141.33 Sec. 61. Minnesota Statutes 2004, section 354A.021,
141.34 subdivision 5, is amended to read:

141.35 Subd. 5. **TAX SHELTERED ANNUITY PROGRAM AND FUND.** Any A
141.36 teachers retirement fund association may establish a tax

142.1 sheltered annuity program and fund meeting the requirements of
142.2 section 403(b) of the Internal Revenue Code of 1986, as amended
142.3 ~~through December 31, 1992~~, which ~~shall~~ must include all assets
142.4 which were acquired for the specific purpose of being credited
142.5 to the program and fund and to which ~~shall~~ must be credited all
142.6 employee contributions, and employer contributions, if
142.7 negotiated under a collective bargaining agreement, designated
142.8 for this purpose and all interest income attributable to the
142.9 assets of the program and fund.

142.10 Sec. 62. Minnesota Statutes 2004, section 354A.097,
142.11 subdivision 1, is amended to read:

142.12 Subdivision 1. **SERVICE CREDIT PURCHASE AUTHORIZED.** A
142.13 teacher who has at least three years of allowable service credit
142.14 with the teachers retirement fund association and who performed
142.15 service in the United States armed forces before becoming a
142.16 teacher as defined in section 354A.011, subdivision 27, or who
142.17 failed to obtain service credit for a military leave of absence
142.18 period under section 354A.093, is entitled to purchase allowable
142.19 service credit for the initial period of enlistment, induction,
142.20 or call to active duty without any voluntary extension by making
142.21 payment under section ~~356.55~~ provided 356.551 if the teacher has
142.22 not purchased service credit from another Minnesota defined
142.23 benefit public employee pension plan for the same period of
142.24 service.

142.25 Sec. 63. Minnesota Statutes 2004, section 354A.31,
142.26 subdivision 5, is amended to read:

142.27 Subd. 5. **UNREDUCED NORMAL RETIREMENT ANNUITY.** Upon
142.28 retirement at normal retirement age with at least three years of
142.29 service credit, a coordinated member ~~shall be~~ is entitled to a
142.30 normal retirement annuity calculated ~~pursuant to~~ under
142.31 subdivision 4 or 4a, whichever applies.

142.32 Sec. 64. **356.401 EXEMPTION FROM PROCESS.**

142.33 Subdivision 1. EXEMPTION; EXCEPTIONS. None of the money,
142.34 annuities, or other benefits provided for in the governing law
142.35 of a covered retirement plan is assignable either in law or in
142.36 equity or subject to state estate tax, or to execution, levy,

143.1 attachment, garnishment, or other legal process, except as
143.2 provided in subdivision 2 or section 518.58, 518.581, or
143.3 518.6111.

143.4 Subd. 2. **AUTOMATIC DEPOSITS.** (a) The chief
143.5 administrative officer of a covered retirement plan may remit,
143.6 through an automatic deposit system, annuity, benefit, or refund
143.7 payments only to a financial institution associated with the
143.8 National Automated Clearinghouse Association or a comparable
143.9 successor organization that is trustee for a person who is
143.10 eligible to receive the annuity, benefit, or refund.

143.11 (b) Upon the request of a retiree, disabilitant, survivor,
143.12 or former member, the chief administrative officer of a covered
143.13 retirement plan may remit the annuity, benefit, or refund check
143.14 to the applicable financial institution for deposit in the
143.15 person's individual account or the person's joint account. An
143.16 overpayment to a joint account after the death of the annuitant
143.17 or benefit recipient must be repaid to the fund of the
143.18 applicable covered retirement plan by the joint tenant if the
143.19 overpayment is not repaid to that fund by the financial
143.20 institution associated with the National Automated Clearinghouse
143.21 Association or its successor. The governing board of the
143.22 covered retirement plan may prescribe the conditions under which
143.23 these payments may be made.

143.24 Subd. 3. **COVERED RETIREMENT PLANS.** The provisions of
143.25 this section apply to the following retirement plans:

143.26 (1) the legislators retirement plan, established by chapter
143.27 3A;

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

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

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

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

143.36 (6) the unclassified state employees retirement program,

144.1 established by chapter 352D;
144.2 (7) the general employees retirement plan of the Public
144.3 Employees Retirement Association, established by chapter 353;
144.4 (8) the public employees police and fire plan of the Public
144.5 Employees Retirement Association, established by chapter 353;
144.6 (9) the public employees defined contribution plan,
144.7 established by chapter 353D;
144.8 (10) the local government correctional service retirement
144.9 plan of the Public Employees Retirement Association, established
144.10 by chapter 353E;
144.11 (11) the Teachers Retirement Association, established by
144.12 chapter 354;
144.13 (12) the Duluth Teachers Retirement Fund Association,
144.14 established by chapter 354A;
144.15 (13) the Minneapolis Teachers Retirement Fund Association,
144.16 established by chapter 354A;
144.17 (14) the St. Paul Teachers Retirement Fund Association,
144.18 established by chapter 354A;
144.19 (15) the individual retirement account plan, established by
144.20 chapter 354B;
144.21 (16) the higher education supplemental retirement plan,
144.22 established by chapter 354C;
144.23 (17) the Minneapolis employees retirement fund, established
144.24 by chapter 422A;
144.25 (18) the Minneapolis Police Relief Association, established
144.26 by chapter 423B;
144.27 (19) the Minneapolis Firefighters Relief Association,
144.28 established by chapter 423C; and
144.29 (20) the judges' retirement fund, established by sections
144.30 490.121 to 490.132.
144.31 Sec. 65. Minnesota Statutes 2004, section 356.551, is
144.32 amended to read:
144.33 356.551 **POST JULY 1, 2003 2004, PRIOR SERVICE CREDIT**
144.34 **PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.**
144.35 Subdivision 1. **APPLICATION.** (a) Unless the prior service
144.36 credit purchase authorization special law or general statute

145.1 provision explicitly specifies a different purchase payment
145.2 amount determination procedure, ~~and if section 356.55 has~~
145.3 ~~expired~~, this section governs the determination of the prior
145.4 service credit purchase payment amount of any prior service
145.5 credit purchase.

145.6 (b) The purchase payment amount determination procedure
145.7 must recognize any service credit accrued to the purchaser in a
145.8 pension plan enumerated in section 356.30, subdivision 3.

145.9 (c) Any service credit in a Minnesota defined benefit
145.10 public employee pension plan available to be reinstated by the
145.11 purchaser through the repayment of a refund of member or
145.12 employee contributions previously received must be repaid in
145.13 full before any purchase of prior service credit payment is made
145.14 under this section.

145.15 Subd. 2. **DETERMINATION.** (a) Unless the minimum purchase
145.16 amount set forth in paragraph (c) applies, the prior service
145.17 credit purchase amount is an amount equal to the actuarial
145.18 present value, on the date of payment, as calculated by the
145.19 chief administrative officer of the pension plan and reviewed by
145.20 the actuary retained ~~by the Legislative Commission on Pensions~~
145.21 ~~and Retirement~~ under section 356.214, of the amount of the
145.22 additional retirement annuity obtained by the acquisition of the
145.23 additional service credit in this section.

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

146.1 specified in section 356.215, subdivision 4d.

146.2 (c) The prior service credit purchase amount may not be
146.3 less than the amount determined by applying the current employee
146.4 or member contribution rate, the employer contribution rate, and
146.5 the additional employer contribution rate, if any, to the
146.6 person's current annual salary and multiplying that result by
146.7 the number of whole and fraction years of service to be
146.8 purchased.

146.9 (d) Payment must be made in one lump sum within one year of
146.10 the prior service credit authorization. Payment of the amount
146.11 calculated under this section must be made by the applicable
146.12 eligible person.

146.13 (e) However, the current employer or the prior employer
146.14 may, at its discretion, pay all or any portion of the payment
146.15 amount that exceeds an amount equal to the employee contribution
146.16 rates in effect during the period or periods of prior service
146.17 applied to the actual salary rates in effect during the period
146.18 or periods of prior service, plus interest at the rate of 8.5
146.19 percent a year compounded annually from the date on which the
146.20 contributions would otherwise have been made to the date on
146.21 which the payment is made. If the employer agrees to payments
146.22 under this subdivision, the purchaser must make the employee
146.23 payments required under this subdivision within ~~290~~ 90 days of
146.24 the prior service credit authorization. If that employee
146.25 payment is made, the employer payment under this subdivision
146.26 must be remitted to the chief administrative officer of the
146.27 public pension plan within 60 days of receipt by the chief
146.28 administrative officer of the employee payments specified under
146.29 this subdivision.

146.30 Subd. 3. **DOCUMENTATION.** The prospective prior service
146.31 credit purchaser must provide any relevant documentation
146.32 required by the chief administrative officer of the applicable
146.33 public pension plan to determine eligibility for the prior
146.34 service credit under this section.

146.35 Subd. 4. **PAYMENT PRECONDITION FOR CREDIT GRANT.** Service
146.36 credit for the purchase period must be granted by the public

147.1 pension plan to the purchaser upon receipt of the full purchase
147.2 payment amount specified in subdivision 2."

147.3 Sec. 66. Minnesota Statutes 2004, section 356A.06,
147.4 subdivision 7, is amended to read:

147.5 Subd. 7. **EXPANDED LIST OF AUTHORIZED INVESTMENT**

147.6 **SECURITIES.** (a) **AUTHORITY.** Except to the extent otherwise
147.7 authorized by law or bylaws, a covered pension plan not
147.8 described by subdivision 6, paragraph (a), may invest its assets
147.9 only in accordance with this subdivision.

147.10 (b) **SECURITIES GENERALLY.** The covered pension plan has
147.11 the authority to purchase, sell, lend, or exchange the
147.12 securities specified in paragraphs (c) to (g), including puts
147.13 and call options and future contracts traded on a contract
147.14 market regulated by a governmental agency or by a financial
147.15 institution regulated by a governmental agency. These
147.16 securities may be owned as units in commingled trusts that own
147.17 the securities described in paragraphs (c) to (g).

147.18 (c) **GOVERNMENT OBLIGATIONS.** The covered pension plan may
147.19 invest funds in governmental bonds, notes, bills, mortgages, and
147.20 other evidences of indebtedness provided the issue is backed by
147.21 the full faith and credit of the issuer or the issue is rated
147.22 among the top four quality rating categories by a nationally
147.23 recognized rating agency. The obligations in which funds may be
147.24 invested under this paragraph include guaranteed or insured
147.25 issues of (1) the United States, its agencies, its
147.26 instrumentalities, or organizations created and regulated by an
147.27 act of Congress; (2) Canada and its provinces, provided the
147.28 principal and interest is payable in United States dollars; (3)
147.29 the states and their municipalities, political subdivisions,
147.30 agencies, or instrumentalities; (4) the International Bank for
147.31 Reconstruction and Development, the Inter-American Development
147.32 Bank, the Asian Development Bank, the African Development Bank,
147.33 or any other United States government sponsored organization of
147.34 which the United States is a member, provided the principal and
147.35 interest is payable in United States dollars.

147.36 (d) **CORPORATE OBLIGATIONS.** The covered pension plan may

148.1 invest funds in bonds, notes, debentures, transportation
148.2 equipment obligations, or any other longer term evidences of
148.3 indebtedness issued or guaranteed by a corporation organized
148.4 under the laws of the United States or any state thereof, or the
148.5 Dominion of Canada or any province thereof if they conform to
148.6 the following provisions:

148.7 (1) the principal and interest of obligations of
148.8 corporations incorporated or organized under the laws of the
148.9 Dominion of Canada or any province thereof must be payable in
148.10 United States dollars; and

148.11 (2) obligations must be rated among the top four quality
148.12 categories by a nationally recognized rating agency.

148.13 (e) **OTHER OBLIGATIONS.** (1) The covered pension plan may
148.14 invest funds in bankers acceptances, certificates of deposit,
148.15 deposit notes, commercial paper, mortgage participation
148.16 certificates and pools, asset backed securities, repurchase
148.17 agreements and reverse repurchase agreements, guaranteed
148.18 investment contracts, savings accounts, and guaranty fund
148.19 certificates, surplus notes, or debentures of domestic mutual
148.20 insurance companies if they conform to the following provisions:

148.21 (i) bankers acceptances and deposit notes of United States
148.22 banks are limited to those issued by banks rated in the highest
148.23 four quality categories by a nationally recognized rating
148.24 agency;

148.25 (ii) certificates of deposit are limited to those issued by
148.26 (A) United States banks and savings institutions that are rated
148.27 in the highest four quality categories by a nationally
148.28 recognized rating agency or whose certificates of deposit are
148.29 fully insured by federal agencies; or (B) credit unions in
148.30 amounts up to the limit of insurance coverage provided by the
148.31 National Credit Union Administration;

148.32 (iii) commercial paper is limited to those issued by United
148.33 States corporations or their Canadian subsidiaries and rated in
148.34 the highest two quality categories by a nationally recognized
148.35 rating agency;

148.36 (iv) mortgage participation or pass through certificates

149.1 evidencing interests in pools of first mortgages or trust deeds
149.2 on improved real estate located in the United States where the
149.3 loan to value ratio for each loan as calculated in accordance
149.4 with section 61A.28, subdivision 3, does not exceed 80 percent
149.5 for fully amortizable residential properties and in all other
149.6 respects meets the requirements of section 61A.28, subdivision
149.7 3;

149.8 (v) collateral for repurchase agreements and reverse
149.9 repurchase agreements is limited to letters of credit and
149.10 securities authorized in this section;

149.11 (vi) guaranteed investment contracts are limited to those
149.12 issued by insurance companies or banks rated in the top four
149.13 quality categories by a nationally recognized rating agency or
149.14 to alternative guaranteed investment contracts where the
149.15 underlying assets comply with the requirements of this
149.16 subdivision;

149.17 (vii) savings accounts are limited to those fully insured
149.18 by federal agencies; and

149.19 (viii) asset backed securities must be rated in the top
149.20 four quality categories by a nationally recognized rating agency.

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

149.25 (3) In addition to investments authorized by clause (1),
149.26 item (iv), the covered pension plan may purchase from the
149.27 Minnesota Housing Finance Agency all or any part of a pool of
149.28 residential mortgages, not in default, that has previously been
149.29 financed by the issuance of bonds or notes of the agency. The
149.30 covered pension plan may also enter into a commitment with the
149.31 agency, at the time of any issue of bonds or notes, to purchase
149.32 at a specified future date, not exceeding 12 years from the date
149.33 of the issue, the amount of mortgage loans then outstanding and
149.34 not in default that have been made or purchased from the
149.35 proceeds of the bonds or notes. The covered pension plan may
149.36 charge reasonable fees for any such commitment and may agree to

150.1 purchase the mortgage loans at a price sufficient to produce a
150.2 yield to the covered pension plan comparable, in its judgment,
150.3 to the yield available on similar mortgage loans at the date of
150.4 the bonds or notes. The covered pension plan may also enter
150.5 into agreements with the agency for the investment of any
150.6 portion of the funds of the agency. The agreement must cover
150.7 the period of the investment, withdrawal privileges, and any
150.8 guaranteed rate of return.

150.9 (f) **CORPORATE STOCKS.** The covered pension plan may
150.10 invest funds in stocks or convertible issues of any corporation
150.11 organized under the laws of the United States or the states
150.12 thereof, the Dominion of Canada or its provinces, or any
150.13 corporation listed on the New York Stock Exchange or the
150.14 American Stock Exchange, if they conform to the following
150.15 provisions:

150.16 (1) the aggregate value of corporate stock investments, as
150.17 adjusted for realized profits and losses, must not exceed 85
150.18 percent of the market or book value, whichever is less, of a
150.19 fund, less the aggregate value of investments according to
150.20 ~~subdivision 6~~ paragraph (g);

150.21 (2) investments must not exceed five percent of the total
150.22 outstanding shares of any one corporation.

150.23 (g) **OTHER INVESTMENTS.** (1) In addition to the
150.24 investments authorized in paragraphs (b) to (f), and subject to
150.25 the provisions in clause (2), the covered pension plan may
150.26 invest funds in:

150.27 (i) venture capital investment businesses through
150.28 participation in limited partnerships and corporations;

150.29 (ii) real estate ownership interests or loans secured by
150.30 mortgages or deeds of trust through investment in limited
150.31 partnerships, bank sponsored collective funds, trusts, and
150.32 insurance company commingled accounts, including separate
150.33 accounts;

150.34 (iii) regional and mutual funds through bank sponsored
150.35 collective funds and open-end investment companies registered
150.36 under the Federal Investment Company Act of 1940;

151.1 (iv) resource investments through limited partnerships,
151.2 private placements, and corporations; and
151.3 (v) international securities.
151.4 (2) The investments authorized in clause (1) must conform
151.5 to the following provisions:
151.6 (i) the aggregate value of all investments made according
151.7 to clause (1) may not exceed 35 percent of the market value of
151.8 the fund for which the covered pension plan is investing;
151.9 (ii) there must be at least four unrelated owners of the
151.10 investment other than the state board for investments made under
151.11 clause (1), item (i), (ii), (iii), or (iv);
151.12 (iii) covered pension plan participation in an investment
151.13 vehicle is limited to 20 percent thereof for investments made
151.14 under clause (1), item (i), (ii), (iii), or (iv); and
151.15 (iv) covered pension plan participation in a limited
151.16 partnership does not include a general partnership interest or
151.17 other interest involving general liability. The covered pension
151.18 plan may not engage in any activity as a limited partner which
151.19 creates general liability.
151.20 Sec. 67. Minnesota Statutes 2004, section 422A.01,
151.21 subdivision 11, is amended to read:
151.22 Subd. 11. **EMPLOYEE.** "Employee" means ~~any~~ a person who is
151.23 not exempted from the contributing class pursuant to under
151.24 section 422A.09, subdivision 3, who is was employed before July
151.25 1, 1979, by and paid, in whole or in part, by the city or any of
151.26 its boards, departments, or commissions, operated as a
151.27 department of city government or independently if financed in
151.28 whole or in part by city funds, including ~~any~~ a person who was
151.29 employed by a public corporation as herein defined, and
151.30 ~~including any~~ a person who was employed before July 1, 1979, by
151.31 Special School District No. 1, and who is not a member of any
151.32 other retirement system, and ~~also including any~~ a person who is
151.33 employed before July 1, 1973, by the county of Hennepin, who was
151.34 entitled by law to elect and has elected to retain membership in
151.35 the ~~municipal~~ Minneapolis Employees Retirement Fund and who
151.36 makes any required member contributions to the fund and who

152.1 remains so employed.

152.2 Sec. 68. Minnesota Statutes 2004, section 422A.06,

152.3 subdivision 7, is amended to read:

152.4 Subd. 7. **DISABILITY BENEFIT FUND.** (a) ~~The required~~

152.5 ~~reserves for disability allowances which become effective after~~

152.6 ~~December 31, 1973, shall be transferred from the deposit~~

152.7 ~~accumulation fund to the~~ A disability benefit fund is

152.8 established, containing the required reserves for disability

152.9 allowances under this chapter. A proportionate share of income

152.10 from investments ~~shall~~ must be allocated to this fund.

152.11 There ~~shall~~ must be paid from this fund the disability

152.12 allowances ~~which become effective after December 31, 1973~~

152.13 payable under this chapter.

152.14 (b) In the event of the termination of any disability

152.15 allowance for any reason other than the death of the recipient,

152.16 the balance of the required reserves for the disability

152.17 allowance as of the date of the termination ~~shall~~ must be

152.18 transferred from the disability benefit fund to the deposit

152.19 accumulation fund.

152.20 (c) At the end of each fiscal year, as part of the annual

152.21 actuarial valuation, a determination ~~shall~~ must be made of the

152.22 required reserves for all disability allowances being paid from

152.23 the disability benefit fund. Any excess of assets over

152.24 actuarial required reserves in the disability benefit fund ~~shall~~

152.25 must be transferred to the deposit accumulation fund. Any

152.26 excess of actuarial reserves over assets in the disability

152.27 benefit fund ~~shall~~ must be funded by a transfer of the

152.28 appropriate amount of assets from the deposit accumulation fund.

152.29 Sec. 69. Minnesota Statutes 2004, section 422A.10,

152.30 subdivision 1, is amended to read:

152.31 Subdivision 1. **MEMBER CONTRIBUTION RATE; DEDUCTIONS.** (a)

152.32 There ~~shall~~ must be deducted and withheld from the basic salary,

152.33 pay or compensation of each employee in the contributing class,

152.34 ~~prior to January 1, 1980 an amount equal to 7 1/4 percent, after~~

152.35 ~~December 31, 1979 but prior to January 1, 1981 an amount equal~~

152.36 ~~to 8 1/4 percent and after December 31, 1980 an amount equal to~~

153.1 9-1/4 percent of such salary, pay or compensation, except as
 153.2 hereinafter provided.

153.3 (b) The retirement board may increase the percentage rate
 153.4 of contribution to the retirement fund of any employee or
 153.5 employees for the purpose of establishing and maintaining on an
 153.6 actuarial basis a plan of insurance, survivors' benefits, or
 153.7 other type of benefit or benefits, the cost of which ~~shall~~ must
 153.8 be paid out of such extra percentage so authorized and deducted
 153.9 from the employee's compensation, except as hereinafter
 153.10 provided. Any plan or plans so established and placed in
 153.11 operation may be amended from time to time, or may be abandoned,
 153.12 but if abandoned, any surplus remaining from the operation of a
 153.13 plan ~~shall~~ must be the property of the fund, and ~~shall~~ must be
 153.14 credited to the reserve for loss in investment account.

153.15 Sec. 70. Minnesota Statutes 2004, section 422A.10,
 153.16 subdivision 2, is amended to read:

153.17 Subd. 2. ~~CONSENT TO DEDUCTIONS~~ MANDATORY MEMBER
 153.18 CONTRIBUTIONS. Every employee to whom ~~sections 422A.01 to~~
 153.19 ~~422A.25~~ this chapter applies ~~who shall continue in the service~~
 153.20 ~~after the passage of Laws 1919, chapter 522, as well as every~~
 153.21 ~~person to whom sections 422A.01 to 422A.25 applies who may~~
 153.22 ~~hereafter be appointed to a position or place, shall be~~ is
 153.23 deemed to consent and agree to the deductions made and provided
 153.24 for herein, and payment with such reductions, for service, ~~shall~~
 153.25 ~~be~~ are a full and complete discharge and acquittance of all
 153.26 claims and demands for all services rendered by such person
 153.27 during the period covered by such payment; except the person's
 153.28 claim to the benefits to which the person may be entitled under
 153.29 the provisions of ~~sections 422A.01 to 422A.25~~ this chapter.

153.30 Sec. 71. Minnesota Statutes 2004, section 422A.22,
 153.31 subdivision 1, is amended to read:

153.32 Subdivision 1. **RETENTION; TRANSFER.** (a) If an employee
 153.33 to whom ~~sections 422A.01 to 422A.25~~ this chapter applies becomes
 153.34 absolutely separated from ~~the~~ active service ~~prior to~~ before
 153.35 attaining the minimum retirement age established in section
 153.36 422A.13, the employee is entitled to a refund of the net

154.1 accumulated amount of deduction from salary, pay, or
154.2 compensation, made for the purpose of accumulating a fund from
154.3 which to pay retirement allowances, ~~shall be returned to such~~
154.4 ~~employee~~, with interest at the annual compound rate of six
154.5 percent.

154.6 (b) Any contributing employee who separates from a
154.7 department, board or commission of the city whose employees are
154.8 covered by a fund organized under ~~sections 422A.01 to 422A.25~~
154.9 this chapter, and becomes an employee of a department or board
154.10 of the same city, whose employees are covered by a retirement
154.11 fund or relief association by whatever name known, organized
154.12 under any other law and supported in whole or in part by taxes
154.13 on the same city, ~~shall have~~ has the option of:

154.14 (1) retaining their membership in the fund organized under
154.15 ~~sections 422A.01 to 422A.25~~ this chapter, regardless of the
154.16 provisions of any law, rule, bylaw or other action requiring
154.17 membership in any other retirement fund or relief association
154.18 however organized; or

154.19 (2) transferring to the fund or association covering the
154.20 employees of the department or board to which they are
154.21 transferring, providing they are eligible for membership therein.

154.22 (c) Any contributing employee who elects to transfer to
154.23 another fund or association as ~~herein~~ provided in paragraph (b),
154.24 clause (2), ~~shall~~ must make such election within one year from
154.25 the date of separation from the city service covered by this
154.26 fund. If the contributing employee elects to transfer to
154.27 another fund ~~as herein provided~~, the employee is entitled to a
154.28 refund of the net accumulated contributions made by such
154.29 employee to the fund organized under ~~sections 422A.01 to~~
154.30 ~~422A.25~~, ~~shall be returned to the employee~~ this chapter with
154.31 interest at the annual compound rate of six percent.

154.32 Sec. 72. Minnesota Statutes 2004, section 422A.22,
154.33 subdivision 3, is amended to read:

154.34 Subd. 3. **LIMITATION ON ELIGIBILITY.** No employee of the
154.35 city ~~shall be~~ is eligible to be a member of, or receive benefits
154.36 from, more than one retirement plan or fund of the city for the

155.1 same period of service.

155.2 Sec. 73. Minnesota Statutes 2004, section 422A.22,

155.3 subdivision 4, is amended to read:

155.4 Subd. 4. **DEATH-WHILE-ACTIVE REFUND.** (a) Upon the death

155.5 of an active member ~~prior to~~ before the employee's termination

155.6 of active service, ~~there shall be paid to~~ the beneficiary or

155.7 beneficiaries designated by the member on a form specified by

155.8 the executive director and filed with the retirement board, are

155.9 entitled to receive the net accumulated employee deductions from

155.10 salary, pay, or compensation, including interest under

155.11 subdivision 1, paragraph (a), compounded annually to the date of

155.12 the member's death. The amount must not include any

155.13 contributions made by the employee or on the employee's behalf,

155.14 or any interest or investment earnings on those contributions,

155.15 which were allocated to the survivor benefit fund under section

155.16 422A.06, subdivision 6.

155.17 (b) If the employee fails to make a designation, or if the

155.18 beneficiary or beneficiaries designated by the employee

155.19 predeceases the employee, ~~the benefit specified in paragraph (a)~~

155.20 ~~must be paid to~~ the deceased employee's estate is entitled to

155.21 the benefit specified in paragraph (a).

155.22 (c) A benefit payable under this subdivision is in addition

155.23 to any applicable survivor benefit under section 422A.23.

155.24 Sec. 74. Minnesota Statutes 2004, section 422A.22,

155.25 subdivision 6, is amended to read:

155.26 Subd. 6. **REFUND; MUNICIPAL EMPLOYEES RETIREMENT FUND.**

155.27 ~~Any~~ A person who has received a refund from the ~~municipal~~

155.28 Minneapolis Employees Retirement Fund, and who is a member of a

155.29 public retirement system included in section 422A.16,

155.30 subdivision 8, may repay such refund with interest at a compound

155.31 annual rate of 8.5 percent to the ~~municipal~~ Minneapolis

155.32 Employees Retirement Fund. If a refund is repaid to the fund

155.33 and if more than one refund has been received from the fund, all

155.34 refunds must be repaid. Repayment ~~shall~~ must be made as

155.35 provided in ~~sections 422A.01 to 422A.25~~ this chapter.

155.36 Sec. 75. Minnesota Statutes 2004, section 422A.231, is

156.1 amended to read:

156.2 422A.231 **COST ALLOCATION.**

156.3 (a) Notwithstanding any law to the contrary, all current
156.4 and future contribution requirements due to this article are
156.5 payable by the participating contributing employing units other
156.6 than the state of Minnesota.

156.7 (b) In each actuarial valuation of the retirement fund, the
156.8 actuary retained ~~by the Legislative Commission on Pensions and~~
156.9 ~~Retirement~~ under section 356.214 shall include an exhibit on the
156.10 impact of the benefit increases contained in this article on the
156.11 survivor benefit fund. The actuary shall calculate the expected
156.12 change in the present value of the future benefits payable from
156.13 the survivor benefit fund attributable to this article, using
156.14 the actuarial method and assumptions applicable to the
156.15 Minneapolis Employees Retirement Fund, from the prior actuarial
156.16 valuation and shall compare that result with the actual change
156.17 in the present value of future benefits payable from the
156.18 survivor benefit fund attributable to this article from the
156.19 prior actuarial valuation.

156.20 (c) The executive director shall assess each participating
156.21 employer, other than the state of Minnesota, its proportional
156.22 share of the net increase amount calculated under paragraph
156.23 (b). The assessment must be made on the first business day of
156.24 the following February, plus compound interest at an annual rate
156.25 of six percent on the amount from the actuarial valuation date
156.26 to the date of payment.

156.27 Sec. 76. Minnesota Statutes 2004, section 422A.24, is
156.28 amended to read:

156.29 422A.24 **ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.**

156.30 ~~No money payable pursuant to this chapter shall be~~
156.31 ~~assignable either in law or equity or be subject to execution,~~
156.32 ~~levy, attachment, garnishment, or other legal process, except as~~
156.33 ~~provided in section 518.58, 518.581, or 518.6111, nor shall any~~
156.34 ~~of the proceeds of payments due pursuant to this chapter be~~
156.35 ~~subject to the inheritance tax provisions of this state upon~~
156.36 ~~transfer to a surviving spouse or minor or dependent child of~~

157.1 ~~the decedent or a trust for their benefit.~~ The provisions of
157.2 section 356.401 apply to the Minneapolis employees retirement
157.3 plan.

157.4 Sec. 77. Minnesota Statutes 2004, section 423B.17, is
157.5 amended to read:

157.6 423B.17 **PAYMENTS EXEMPT FROM PROCESS.**

157.7 ~~A payment made by the association under a provision of~~
157.8 ~~sections 423B.01 to 423B.18, as amended, is exempt from legal~~
157.9 ~~process except as provided in section 518.58, 518.581, or~~
157.10 ~~518.6111. No person entitled to a payment may assign the same.~~
157.11 ~~The association may not recognize an assignment or pay a sum on~~
157.12 ~~account of an assignment.~~ The provisions of section 356.401
157.13 apply to the Minneapolis Police Relief Association.

157.14 Sec. 78. Minnesota Statutes 2004, section 423C.09, is
157.15 amended to read:

157.16 423C.09 **PAYMENTS EXEMPT FROM PROCESS.**

157.17 ~~All payments made, or to be made, by the association under~~
157.18 ~~this chapter shall be totally exempt from garnishment,~~
157.19 ~~execution, or other legal process, except as provided in section~~
157.20 ~~518.58, 518.581, or 518.6111. No person entitled to a payment~~
157.21 ~~shall have the right to assign the name, nor shall the~~
157.22 ~~association have authority to recognize any assignment or to pay~~
157.23 ~~any sum on account thereof. Any attempt to transfer any right~~
157.24 ~~or claim, or any part thereof, shall be void.~~ The provisions of
157.25 section 356.401 apply to the Minneapolis Firefighters Relief
157.26 Association.

157.27 Sec. 79. Minnesota Statutes 2004, section 490.126,
157.28 subdivision 5, is amended to read:

157.29 Subd. 5. **EXEMPTION FROM PROCESS; NO ASSIGNMENT.** ~~None of~~
157.30 ~~the money, annuities, or other benefits provided in this chapter~~
157.31 ~~is assignable either in law or equity or is subject to~~
157.32 ~~execution, levy, attachment, garnishment, or other legal~~
157.33 ~~process, except as provided in section 518.58, 518.581, or~~
157.34 ~~518.6111.~~ The provisions of section 356.401 apply to the judges
157.35 retirement plan.

157.36 Sec. 80. **REVISOR'S INSTRUCTION.**

158.1 In the next edition and subsequent editions of Minnesota
 158.2 Statutes, the revisor of statutes shall replace the reference to
 158.3 "sections 422A.01 to 422A.25" with the reference to "this
 158.4 chapter" wherever the reference appears in Minnesota Statutes,
 158.5 chapter 422A.

158.6 Sec. 81. **REPEALER.**

158.7 (a) Minnesota Statutes 2004, section 352.119, subdivision
 158.8 1, is repealed.

158.9 (b) Minnesota Statutes 2004, sections 353.34, subdivision
 158.10 3b; 353.36, subdivisions 2, 2a, 2b, and 2c; 353.46, subdivision
 158.11 4; 353.663; 353.74; and 353.75, are repealed.

158.12 (c) Minnesota Statutes 2004, section 354.59, is repealed.

158.13 (d) Minnesota Statutes 2004, sections 422A.22, subdivisions
 158.14 2 and 5; and 422A.221, are repealed.

158.15 (e) Minnesota Statutes 2004, sections 352.15, subdivision
 158.16 1a; 353.15, subdivision 2; and 354.10, subdivision 2, are
 158.17 repealed.

158.18 Sec. 82. **EFFECTIVE DATE.**

158.19 (a) Sections 1 to 73 and 75 to 81 are effective on July 1,
 158.20 2005.

158.21 (b) Section 74 is effective on January 1, 2006.

158.22 (c) Sections 1, 21, 22, 23, 29, 45, 46, 53, 64, 76, 77, 78,
 158.23 79, and 81, paragraph (e), do not apply to any cause of action
 158.24 that is proceeding on the date of enactment or to any cause of
 158.25 action for which the applicable statute of limitations has not
 158.26 expired as of the date of enactment.

158.27 ARTICLE 13

158.28 LOCAL RETIREMENT PLANS

158.29 Section 1. Minnesota Statutes 2004, section 356.215,
 158.30 subdivision 8, is amended to read:

158.31 Subd. 8. **INTEREST AND SALARY ASSUMPTIONS.** (a) The
 158.32 actuarial valuation must use the applicable following
 158.33 preretirement interest assumption and the applicable following
 158.34 postretirement interest assumption:

158.35		preretirement	postretirement
158.36		interest rate	interest rate
158.37	plan	assumption	assumption

159.1	general state employees		
159.2	retirement plan	8.5%	6.0%
159.3	correctional state employees		
159.4	retirement plan	8.5	6.0
159.5	State Patrol retirement plan	8.5	6.0
159.6	legislators retirement plan	8.5	6.0
159.7	elective state officers		
159.8	retirement plan	8.5	6.0
159.9	judges retirement plan	8.5	6.0
159.10	general public employees		
159.11	retirement plan	8.5	6.0
159.12	public employees police and fire		
159.13	retirement plan	8.5	6.0
159.14	local government correctional		
159.15	service retirement plan	8.5	6.0
159.16	teachers retirement plan	8.5	6.0
159.17	Minneapolis employees		
159.18	retirement plan	6.0	5.0
159.19	Duluth teachers retirement plan	8.5	8.5
159.20	Minneapolis teachers retirement		
159.21	plan	8.5	8.5
159.22	St. Paul teachers retirement		
159.23	plan	8.5	8.5
159.24	Minneapolis Police Relief		
159.25	Association	6.0	6.0
159.26	Fairmont Police Relief		
159.27	Association	5.0	5.0
159.28	Minneapolis Fire Department		
159.29	Relief Association	6.0	6.0
159.30	Virginia Fire Department		
159.31	Relief Association	5.0	5.0
159.32	<u>Bloomington Fire Department</u>		
159.33	<u>Relief Association</u>	<u>6.0</u>	<u>6.0</u>
159.34	local monthly benefit volunteer		
159.35	firefighters relief associations	5.0	5.0

159.36 (b) The actuarial valuation must use the applicable
 159.37 following single rate future salary increase assumption, the
 159.38 applicable following modified single rate future salary increase
 159.39 assumption, or the applicable following graded rate future
 159.40 salary increase assumption:

159.41 (1) single rate future salary increase assumption

159.42		future salary
159.43	plan	increase assumption
159.44	legislators retirement plan	5.0%
159.45	elective state officers retirement	
159.46	plan	5.0
159.47	judges retirement plan	5.0
159.48	Minneapolis Police Relief Association	4.0
159.49	Fairmont Police Relief	
159.50	Association	3.5
159.51	Minneapolis Fire Department Relief	
159.52	Association	4.0
159.53	Virginia Fire Department	
159.54	Relief Association	3.5

159.55 (2) modified single rate future salary increase assumption

159.56		future salary
159.57	plan	increase assumption
159.58	Minneapolis employees	the prior calendar year
159.59	retirement plan	amount increased first by
159.60		1.0198 percent to prior
159.61		fiscal year date and
159.62		then increased by 4.0

- 160.1 percent annually for
- 160.2 each future year
- 160.3 (3) select and ultimate future salary increase assumption
- 160.4 or graded rate future salary increase assumption
- 160.5 future salary
- 160.6 plan increase assumption
- 160.7 general state employees select calculation and
- 160.8 retirement plan assumption A
- 160.9 correctional state employees
- 160.10 retirement plan assumption H
- 160.11 State Patrol retirement plan assumption H
- 160.12 general public employees select calculation and
- 160.13 retirement plan assumption B
- 160.14 public employees police and fire
- 160.15 fund retirement plan assumption C
- 160.16 local government correctional service
- 160.17 retirement plan assumption H
- 160.18 teachers retirement plan assumption D
- 160.19 Duluth teachers retirement plan assumption E
- 160.20 Minneapolis teachers retirement plan assumption F
- 160.21 St. Paul teachers retirement plan assumption G

160.22 The select calculation is:

160.23 during the ten-year select period, a designated percent

160.24 is multiplied by the result of ten minus T, where T is

160.25 the number of completed years of service, and is added

160.26 to the applicable future salary increase assumption. The

160.27 designated percent is 0.2 percent for the correctional state

160.28 employees retirement plan, the State Patrol retirement

160.29 plan, the public employees police and fire plan, and the

160.30 local government correctional service plan; 0.3 percent

160.31 for the general state employees retirement plan, the

160.32 general public employees retirement plan, the teachers

160.33 retirement plan, the Duluth Teachers Retirement Fund

160.34 Association, and the St. Paul Teachers Retirement Fund

160.35 Association; and 0.4 percent for the Minneapolis Teachers

160.36 Retirement Fund Association.

160.37

160.38

160.39 The ultimate future salary increase assumption is:

160.40	age	A	B	C	D	E	F	G	H
160.41	16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
160.42	17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
160.43	18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
160.44	19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
160.45	20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
160.46	21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
160.47	22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
160.48	23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
160.49	24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363
160.50	25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
160.51	26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
160.52	27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
160.53	28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
160.54	29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
160.55	30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
160.56	31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
160.57	32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
160.58	33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
160.59	34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
160.60	35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
160.61	36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
160.62	37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
160.63	38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
160.64	39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
160.65	40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000
160.66	41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
160.67	42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087

161.1	43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
161.2	44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
161.3	45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
161.4	46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
161.5	47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
161.6	48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
161.7	49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
161.8	50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
161.9	51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
161.10	52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
161.11	53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
161.12	54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
161.13	55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
161.14	56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500
161.15	57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
161.16	58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
161.17	59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
161.18	60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
161.19	61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
161.20	62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
161.21	63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
161.22	64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.23	65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.24	66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.25	67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.26	68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.27	69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.28	70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
161.29	71	5.25	5.00		5.70				

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

	plan	payroll growth assumption
161.35		
161.36	general state employees retirement plan	5.00%
161.37	correctional state employees retirement plan	5.00
161.38	State Patrol retirement plan	5.00
161.39	legislators retirement plan	5.00
161.40	elective state officers retirement plan	5.00
161.41	judges retirement plan	5.00
161.42	general public employees retirement plan	6.00
161.43	public employees police and fire retirement plan	6.00
161.44	local government correctional service retirement plan	6.00
161.45	teachers retirement plan	5.00
161.46	Duluth teachers retirement plan	5.00
161.47	Minneapolis teachers retirement plan	5.00
161.48	St. Paul teachers retirement plan	5.00

161.52 Sec. 2. Minnesota Statutes 2004, section 356.216, is
 161.53 amended to read:

161.54 356.216 **CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE**
 161.55 **AND FIRE FUNDS.**

161.56 (a) The provisions of section 356.215 that govern the
 161.57 contents of actuarial valuations must apply to any local police
 161.58 or fire pension fund or relief association required to make an

162.1 actuarial report under this section, except as follows:

162.2 (1) in calculating normal cost and other requirements, if
162.3 required to be expressed as a level percentage of covered
162.4 payroll, the salaries used in computing covered payroll must be
162.5 the maximum rate of salary on which retirement and survivorship
162.6 credits and amounts of benefits are determined and from which
162.7 any member contributions are calculated and deducted;

162.8 (2) in lieu of the amortization date specified in section
162.9 356.215, subdivision 11, the appropriate amortization target
162.10 date specified in section 69.77, subdivision 4, or 69.773,
162.11 subdivision 4, clause (c), must be used in calculating any
162.12 required amortization contribution, except that if the actuarial
162.13 report for the Bloomington Fire Department Relief Association
162.14 indicates an unfunded actuarial accrued liability, the unfunded
162.15 obligation is to be amortized on a level dollar basis by
162.16 December 31 of the year occurring 20 years later, and if
162.17 subsequent actuarial valuations for the Bloomington Fire
162.18 Department Relief Association determine a net actuarial
162.19 experience loss incurred during the year which ended as of the
162.20 day before the most recent actuarial valuation date, any
162.21 unfunded liability due to that loss is to be amortized on a
162.22 level dollar basis by December 31 of the year occurring 20 years
162.23 later;

162.24 (3) in addition to the tabulation of active members and
162.25 annuitants provided for in section 356.215, subdivision 13, the
162.26 member contributions for active members for the calendar year
162.27 and the prospective annual retirement annuities under the
162.28 benefit plan for active members must be reported;

162.29 (4) actuarial valuations required under section 69.773,
162.30 subdivision 2, must be made at least every four years and
162.31 actuarial valuations required under section 69.77 shall be made
162.32 annually;

162.33 (5) the actuarial balance sheet showing accrued assets
162.34 valued at market value if the actuarial valuation is required to
162.35 be prepared at least every four years or valued as current
162.36 assets under section 356.215, subdivision 1, clause (6), or

163.1 paragraph (b), whichever applies, if the actuarial valuation is
163.2 required to be prepared annually, actuarial accrued liabilities,
163.3 and the unfunded actuarial accrued liability must include the
163.4 following required reserves:

163.5 (i) For active members

163.6 1. Retirement benefits

163.7 2. Disability benefits

163.8 3. Refund liability due to death or withdrawal

163.9 4. Survivors' benefits

163.10 (ii) For deferred annuitants' benefits

163.11 (iii) For former members without vested rights

163.12 (iv) For annuitants

163.13 1. Retirement annuities

163.14 2. Disability annuities

163.15 3. Surviving spouses' annuities

163.16 4. Surviving children's annuities

163.17 In addition to those required reserves, separate items must
163.18 be shown for additional benefits, if any, which may not be
163.19 appropriately included in the reserves listed above; and

163.20 (6) actuarial valuations are due by the first day of the
163.21 seventh month after the end of the fiscal year which the
163.22 actuarial valuation covers.

163.23 (b) For the Minneapolis Firefighters Relief Association or
163.24 the Minneapolis Police Relief Association, the following
163.25 provisions additionally apply:

163.26 (1) in calculating the actuarial balance sheet, unfunded
163.27 actuarial accrued liability, and amortization contribution of
163.28 the relief association, "current assets" means the value of all
163.29 assets at cost, including realized capital gains and losses,
163.30 plus or minus, whichever applies, the average value of total
163.31 unrealized capital gains or losses for the most recent
163.32 three-year period ending with the end of the plan year
163.33 immediately preceding the actuarial valuation report
163.34 transmission date; and

163.35 (2) in calculating the applicable portions of the actuarial
163.36 valuation, an annual preretirement interest assumption of six

164.1 percent, an annual postretirement interest assumption of six
164.2 percent, and an annual salary increase assumption of four
164.3 percent must be used.

164.4 Sec. 3. **AURORA, BIWABIK CITY, HOYT LAKES, AND PALO**
164.5 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; CONSOLIDATION.**

164.6 (a) This section applies to consolidation of any
164.7 combination of two or more of the following volunteer
164.8 firefighter relief associations: Aurora, Biwabik City, Hoyt
164.9 Lakes, and Palo.

164.10 (b) Notwithstanding Minnesota Statutes, section 424B.10,
164.11 subdivision 1, paragraph (a), the service pension to be paid by
164.12 the relief association existing after the consolidation is as
164.13 follows:

164.14 (1) for the service rendered by each individual volunteer
164.15 firefighter before the effective date of the consolidation, the
164.16 service pension amount is the amount payable to that volunteer
164.17 firefighter under the articles of incorporation or bylaws of the
164.18 consolidating volunteer firefighters relief association that the
164.19 firefighter was a member of immediately before the
164.20 consolidation;

164.21 (2) for the service rendered after the effective date of
164.22 the consolidation, the service pension amount is the highest
164.23 dollar amount service pension of any of the consolidating
164.24 volunteer firefighters relief associations under the articles of
164.25 incorporation or bylaws in effect immediately before the
164.26 consolidation;

164.27 (3) after consolidation, increases in the amounts
164.28 established in clauses (1) and (2) may be implemented if
164.29 consistent with applicable requirements of Minnesota Statutes,
164.30 chapters 69 and 424A.

164.31 Sec. 4. **EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD**
164.32 **HOC POSTRETIREMENT ADJUSTMENT.**

164.33 (a) In addition to the current pensions and other
164.34 retirement benefits payable, the pensions and retirement
164.35 benefits payable to retired police officers and firefighters and
164.36 their surviving spouses by the Eveleth police and fire trust

165.1 fund are increased by \$100 per month. Increases are retroactive
165.2 to January 1, 2005.

165.3 (b) Following the January 1, 2005, effective date of the
165.4 benefit increase provided under paragraph (a), every two years
165.5 thereafter, to be effective no earlier than the applicable
165.6 January 1, the city council of the city of Eveleth is authorized
165.7 to provide permanent, uniform benefit increases, not less than
165.8 \$10 per month nor to exceed \$100 per month, to any remaining
165.9 retirees and survivors receiving benefits from the Eveleth
165.10 police and fire trust fund. Any given benefit improvement under
165.11 this paragraph is not effective unless the city council passes a
165.12 resolution approving the increase.

165.13 (c) Within 30 days following the approval of a resolution
165.14 under paragraph (b), the chief administrative officer of the
165.15 city of Eveleth shall file a copy of the resolution with the
165.16 executive director of the Legislative Commission on Pensions and
165.17 Retirement, with the chair of the House Governmental Operations
165.18 and Veterans Affairs Committee, and with the chair of the Senate
165.19 State and Local Government Operations Committee. Along with a
165.20 copy of the resolution, the city's chief administrative officer
165.21 will send a statement indicating the age of each benefit
165.22 recipient and the retirement benefit or survivor benefit being
165.23 received before and after the benefit increase.

165.24 **Sec. 5. MAPLEWOOD AND OAKDALE VOLUNTEER FIREFIGHTER**
165.25 **RELIEF ASSOCIATIONS; TRANSFER OF ASSETS.**

165.26 Notwithstanding any limitations in Minnesota Statutes,
165.27 section 424A.02, subdivision 13, or any other provision of law
165.28 to the contrary, if an agreement between the affected relief
165.29 associations and cities is reached as provided in this section,
165.30 the Maplewood Firefighters Relief Association may transfer
165.31 assets from its special fund to the Oakdale Fire Department
165.32 Relief Association representing the value of the accumulated
165.33 service credit for the current members of the Oakdale Fire
165.34 Department Relief Association who are currently eligible to
165.35 receive a combined service pension for firefighter service in
165.36 both associations. The transfer of the assets from the

166.1 Maplewood Firefighters Relief Association to the Oakdale Fire
166.2 Department Relief Association must be in an amount representing
166.3 the cumulative value of the service credit earned by the members
166.4 of the Oakdale Fire Department Relief Association who are
166.5 currently eligible to receive a combined service pension for
166.6 firefighting service in both associations for the service credit
166.7 that they accrued while working for the Maplewood Fire
166.8 Department. The amount of the assets, liabilities, and service
166.9 credit to be transferred must be specified in a joint agreement
166.10 negotiated by the secretaries of and ratified by the city
166.11 councils of the two relief associations and ratified by the
166.12 boards of trustees of of both relief associations and the cities
166.13 of Maplewood and Oakdale The agreement must specify by name or
166.14 other appropriate means the firefighters affected by the
166.15 liability, asset, and service credit transfer. The ratification
166.16 must be expressed in the form of resolutions adopted by each
166.17 entity. The agreements must specify the amount of assets to be
166.18 transferred, the amount of liabilities to be transferred, and
166.19 the amount of service credit each of the applicable individuals
166.20 will receive in the Oakdale Fire Department Relief Association.
166.21 Upon the ratification of the agreement by both relief
166.22 associations and both cities, the assets, liabilities, and
166.23 service credit of the applicable individuals must be transferred
166.24 to the Oakdale Fire Department Relief Association, and the
166.25 Maplewood Firefighters Relief Association is be relieved of any
166.26 obligation to the individuals. A certified copy of the ratified
166.27 agreement must be filed with the State Auditor and with the
166.28 Secretary of State.

166.29 Sec. 6. **EFFECTIVE DATE; LOCAL APPROVAL.**

166.30 (a) Sections 1 and 2 are effective on the day after the
166.31 date of the approval by the city council of the city of
166.32 Bloomington and upon timely completion by the chief clerical
166.33 officer of the city of Bloomington of compliance with Minnesota
166.34 Statutes, section 645.021, subdivisions 2 and 3.

166.35 (b) Section 3 is effective on the day after the date on
166.36 which the city council of the city of Eveleth and its chief

167.1 clerical officer timely complete their compliance with Minnesota
167.2 Statutes, section 645.021, subdivisions 2 and 3.

167.3 (c) Section 4 is effective with respect to a volunteer
167.4 firefighters relief association listed in column A the day after
167.5 the governing body of the municipality listed in column B and
167.6 its chief clerical officer timely complete compliance with
167.7 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

167.8	<u>A</u>	<u>B</u>
167.9	<u>Aurora</u>	<u>city of Aurora</u>
167.10	<u>Biwabik</u>	<u>city of Biwabik</u>
167.11	<u>Hoyt Lakes</u>	<u>city of Hoyt Lakes</u>
167.12	<u>Palo</u>	<u>town of White</u>

167.13 (d) Section 5 is effective on the day after the governing
167.14 body of the city of Maplewood, the governing body of the city of
167.15 Oakdale, the Maplewood chief clerical officer, and the Oakdale
167.16 chief clerical officer complete their compliance with Minnesota
167.17 Statutes, section 645.021, subdivisions 2 and 3."

167.18 Delete the title and insert:

167.19 "A bill for an act
167.20 relating to retirement; various public pension plans;
167.21 clarifying and revising various plan provisions;
167.22 eliminating obsolete provisions; defining final
167.23 average salary; modifying the definition of allowable
167.24 service to include time on strike; permitting judges
167.25 to purchase service credit for an authorized leave;
167.26 requiring specified payments; clarifying references to
167.27 actuarial services in determining actuarial
167.28 equivalence; defining covered salary to include
167.29 certain employer contributions to supplemental
167.30 retirement plans; specifying itemized detail of plan
167.31 administrative expenses in annual financial reporting;
167.32 excluding police officers of the University of
167.33 Minnesota from the public employees police and fire
167.34 fund; clarifying collection procedures relating to
167.35 charter schools; adding a uniform nonassignment and
167.36 legal process exemption provision; adding employees of
167.37 Bridges Medical Services, Hutchinson Area Health Care,
167.38 and Northfield Hospital, to privatization coverage;
167.39 extending date for filing special law approval with
167.40 the secretary of state for the RenVilla Nursing Home;
167.41 requiring the privatization periodic filing of updated
167.42 copies of articles of incorporation and bylaws;
167.43 modifying a higher education individual retirement
167.44 account plan investment option provision; implementing
167.45 the recommendations of the Volunteer Firefighter
167.46 Relief Association working group of the state auditor;
167.47 modifying the trigger date for filing financial
167.48 reports; revising the per firefighter financing
167.49 requirements for monthly benefit service pensions;
167.50 modifying the options for crediting interest on
167.51 deferred service pensions; clarifying the deferred
167.52 service pension options available to defined

168.1 contribution plans; providing for the crediting of
168.2 service during military service leaves; requiring the
168.3 amortization of experience losses; clarifying the
168.4 compliance requirements for the qualification for fire
168.5 state aid; modifying a limit on mutual fund
168.6 investments; clarifying corporate stock and
168.7 exchange-traded funds investment authority; modifying
168.8 the municipal representation requirements on relief
168.9 association governing boards; clarifying exemptions
168.10 from process and taxation; providing that certain laws
168.11 do not apply to the consolidation of specified
168.12 volunteer firefighter relief associations; providing
168.13 an ad hoc postretirement adjustment to Eveleth police
168.14 and fire trust fund benefit recipients; authorizing
168.15 the Maplewood Firefighters Relief Association to
168.16 transfer assets to the Oakdale Firefighters Relief
168.17 Association to cover service credits earned by certain
168.18 individuals; amending Minnesota Statutes 2004,
168.19 sections 3A.01, subdivisions 1, 2, 6, 8, and by adding
168.20 subdivisions; 3A.011; 3A.02, subdivisions 1, 1b, 3, 4,
168.21 5; 3A.03, subdivisions 1, 2; 3A.04, subdivisions 1, 2,
168.22 3, 4, and by adding a subdivision; 3A.05; 3A.07;
168.23 3A.10, subdivision 1; 3A.12; 3A.13; 69.011,
168.24 subdivision 2b, and by adding a subdivision; 69.021,
168.25 subdivisions 5, 11; 69.051, subdivisions 1, 1a; 69.33;
168.26 69.771; 69.772, subdivisions 3, 4; 69.773,
168.27 subdivisions 4, 4, 5; 69.775; 352.01, subdivisions 2a,
168.28 4, 5, 12, 21, 23, and by adding a subdivision;
168.29 352.021, subdivisions 1, 2, 3, 4; 352.04, subdivisions
168.30 1, 12; 352.041, subdivisions 1, 2, 3, 5; 352.115,
168.31 subdivisions 2, 3; 352.15, subdivisions 1, 3, 4;
168.32 352.22, subdivision 10; 352.87, subdivision 3; 352.91,
168.33 by adding a subdivision; 352.93, subdivision 1;
168.34 352B.01, subdivisions 1, 2, 2, 3; 352B.02, subdivision
168.35 1e; 352B.071; 352C.021, by adding a subdivision;
168.36 352C.091, subdivision 1; 352D.01; 352D.015,
168.37 subdivisions 3, 4; 352D.03; 352D.05, subdivision 4;
168.38 352D.085, subdivision 1; 352D.09, subdivision 5;
168.39 352D.12; 353.01, subdivisions 6, 10, 14, 32, 33, and
168.40 by adding a subdivision; 353.025; 353.026; 353.027;
168.41 353.028; 353.14; 353.15, subdivisions 1, 3; 353.27,
168.42 subdivision 11; 353.271; 353.28, subdivisions 5, 6;
168.43 353.29, subdivision 3; 353.31, subdivision 1c; 353.32,
168.44 subdivision 9; 353.33, subdivisions 3, 12; 353.64, by
168.45 adding a subdivision; 353.651, subdivision 3; 353.656,
168.46 subdivision 1; 353F.02, subdivision 4; 354.05,
168.47 subdivision 7, and by adding a subdivision; 354.091;
168.48 354.10, subdivisions 1, 3, 4; 354.33, subdivision 5;
168.49 354.39; 354.41, subdivision 2; 354.42, by adding a
168.50 subdivision; 354.44, subdivisions 2, 6; 354A.011,
168.51 subdivision 3a, and by adding a subdivision; 354A.021,
168.52 subdivision 5, and by adding a subdivision; 354A.097,
168.53 subdivision 1; 354A.31, subdivisions 4, 4a, 5;
168.54 354B.25, subdivision 2; 356.20, subdivision 4;
168.55 356.215, subdivision 8; 356.216; 356.24, subdivision
168.56 1; 356.551; 356A.06, subdivisions 7, 7; 422A.01,
168.57 subdivisions 6, 11, and by adding a subdivision;
168.58 422A.06, subdivision 7; 422A.10, subdivisions 1, 2;
168.59 422A.15, subdivision 1; 422A.16, subdivision 9;
168.60 422A.22, subdivisions 1, 3, 4, 6; 422A.231; 422A.24;
168.61 423B.17; 423C.09; 424A.02, subdivisions 3, 4, 7;
168.62 424A.04, subdivision 1; 424B.10, subdivision 1;
168.63 490.121, subdivisions 1, 4, 6, 7, 13, 14, 15, 20, 21,
168.64 22, and by adding subdivisions; 490.122; 490.123,
168.65 subdivisions 1, 1a, 1b, 1c, 2, 3; 490.124,
168.66 subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13;
168.67 490.125, subdivision 1; 490.126, subdivision 5;
168.68 490.133; Laws 2004, Chapter 267, Article 12, Section
168.69 4; proposing coding for new law in/as Minnesota
168.70 Statutes, chapters 352C; 356; 424A; 490A; repealing
168.71 Minnesota Statutes 2004, sections 3A.01, subdivisions

169.1 3, 4, 6a, 7; 3A.02, subdivision 2; 3A.04, subdivision
169.2 1; 3A.09; 352.119, subdivision 1; 352.15, subdivision
169.3 1a; 352C.01; 352C.011; 352C.021; 352C.031, subdivision
169.4 3; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091,
169.5 subdivisions 2, 3; 353.15, subdivision 2; 353.29,
169.6 subdivision 2; 353.34, subdivision 3b; 353.36,
169.7 subdivisions 2, 2a, 2b, 2c; 353.46, subdivision 4;
169.8 353.651, subdivision 2; 353.663; 353.74; 353.75;
169.9 354.10, subdivision 2; 354.59; 422A.22, subdivisions
169.10 2, 5; 422A.221; 490.021; 490.025, subdivisions 1, 2,
169.11 3, 4, 6; 490.101; 490.102; 490.103; 490.105; 490.106;
169.12 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121,
169.13 subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18,
169.14 19, and 20."