



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *LAM*
RE: Commission Staff Suggested Amendments to the 2009 Omnibus Retirement Bill
DATE: March 26, 2009

In reviewing the 2009 Omnibus Retirement Bill delete-everything amendment, representing the work of the Legislative Commission on Pensions and Retirement through March 20, 2009, the Commission staff has noted some alterations, additions, and modifications that it believes would improve the proposed legislation, as follows:

- **Amendment S0191-11A** makes various changes in the delete-everything amendment to conform with the style and language usage conventions currently followed by the Legislature.
- **Amendment S0191-12A** addresses an issue that was unresolved when the Commission heard S.F. 546 (Betzold); H.F. 726 (Murphy, M.) and relates to eligibility of State Patrol Retirement Plan members for post-duty-disablement employer-paid medical insurance coverage. The amendment adds appropriate references to the Minnesota State Retirement System (MSRS) executive director and the State Patrol Retirement Plan duty disability definition in a determination provision.
- **Amendment S0191-13A** corrects potentially unintended results in the teacher benefit increase provisions. The proposed deletions of sections 5 and 13 remove application statements added in the middle of existing statutory sections that are unnecessary in practice and could be interpreted as making earlier portions of the two sections somehow inapplicable to respective retirement plans. The balance of the amendment revises vague language that could be interpreted as adding a "30 years of service and out' early normal retirement age provision and clearly indicates that members with 30 years of service can retirement with a reduced benefit before age 55 and that the early retirement reduction is from age 62 in that case.
- **Amendment S0191-14A** relates to the calculation of the funding requirements for the proposed voluntary statewide lump-sum volunteer firefighter retirement plan and specifically handles the calculation of the equivalent of normal cost for each volunteer fire account, analogous to the process used by volunteer firefighters' relief associations under Minnesota Statutes, Section 69.772. The current provision references the annual increase in accrued liability, but does not specify how the increase is to be calculated.
- **Amendment S0191-15A** also relates to the calculation of the funding requirements for the proposed voluntary statewide lump-sum volunteer firefighter retirement plan and addresses the potential problem of erratic municipal contribution requirements year-to-year with respect to a volunteer fire account that alternates between having a funded surplus and a funded deficiency. It allows a reverse amortization (credit as a contribution of a portion of the funded surplus) only when the account has a funding surplus for three successive years rather than any year in which the account has a funding surplus, no matter how small.
- **Amendment S0191-16A** adds to Article 12 a number of retirement-related statutory corrections that have been discovered by Commission staff or that have been brought to the attention of Commission staff. The changes are:
 - New Section 1 replaces an incorrect statutory cross-reference to Minnesota Statutes, Chapter 179, with a reference to Minnesota Statutes, Chapter 179A, the Public Employee Labor Relations Act in the qualified part-time teacher participation program of the Teachers Retirement Association.
 - New Section 2 eliminates an obsolete reference to the former Minneapolis Teachers Retirement Fund Association in the proportionate annuity at age 65 general retirement law provision.
 - New Section 4 and Repealer (second half) eliminates an outdated full actuarial value service credit purchase payment provision for the Minneapolis Employees Retirement Fund and replaces it with cross-references to the general retirement law full actuarial value service credit purchase payment provision.
 - New Section 5 corrects a retirement law repealer incorrectly drafted in 1989.
 - New Section 6 corrects incorrect local special law citations in a 2008 repealer of probably obsolete Anoka Volunteer Firefighters' Relief Association, Edina Volunteer Firefighters' Relief Association, and White Bear Lake Volunteer Firefighters' Relief Association local special laws.
 - Repealer (first half) repeals an obsolete actuarial services billing provision relating to the Legislative Commission on Pensions and Retirement when the Commission retained the consulting actuary preparing regular actuarial work.

- 1.1 moves to amend the delete-everything amendment (S0191-DE3) to
 1.2 S.F. No. 191; H.F. No. 723, as follows:
- 1.3 Page 1, line 11, strike "must be paid" and insert "is payable"
- 1.4 Page 3, lines 3 and 5, strike "shall" and insert "must"
- 1.5 Page 3, line 11, delete "medial" and insert "medical"
- 1.6 Page 6, line 23, strike "shall" and insert "must"
- 1.7 Page 9, lines 5 and 6, strike "shall" and insert "must"
- 1.8 Page 21, line 4, strike "shall be" and insert "is"
- 1.9 Page 21, lines 13, 14, and 18, strike "shall" and insert "must"
- 1.10 Page 21, line 16, strike "shall have" and insert "has"
- 1.11 Page 23, line 5, strike "shall" and insert "must"
- 1.12 Page 28, line 26, delete the first "the"
- 1.13 Page 37, lines 11 and 17, strike "shall" and insert "may"
- 1.14 Page 40, line 14, strike "shall" and insert "must"
- 1.15 Page 45, line 3, strike "shall" and insert "may"
- 1.16 Page 45, lines 3 to 4, strike "shall begin" and after "~~begin~~" insert "begins"
- 1.17 Page 45, line 5, after "leave" insert a comma
- 1.18 Page 46, line 14, strike "shall terminate" and insert "terminates"
- 1.19 Page 46, line 19, strike "shall" and insert "must"
- 1.20 Page 46, line 30, strike "shall begin" and insert "begins"
- 1.21 Page 48, line 4, delete "management and budget" and insert "Minnesota Management
 1.22 and Budget"
- 1.23 Page 52, line 22, delete the second "shall"
- 1.24 Page 52, line 23, delete "begin" and insert "begins"
- 1.25 Page 56, line 17, strike "shall be" and insert "is"
- 1.26 Page 56, line 27, strike "shall" and insert "may"
- 1.27 Page 57, line 11, strike "shall constitute" and insert "constitutes"
- 1.28 Page 64, lines 18 and 22, before "Internal" insert "federal"
- 1.29 Page 73, line 11, strike "shall" and insert "is entitled to"
- 1.30 Page 73, line 14, strike "shall" and insert "must"
- 1.31 Page 75, line 24, strike "There shall be" and after "augmentation" insert "is not
 1.32 creditable"
- 1.33 Page 76, line 26, strike "shall" and insert "may"
- 1.34 Page 76, line 29, strike "shall"
- 1.35 Page 76, line 34, strike "shall" and insert "does"
- 1.36 Page 79, lines 16 and 29, before "Internal" insert "federal"

- 2.1 Page 81, line 30, after "Association" insert "established under chapter 354"
- 2.2 Page 82, lines 2, 5, 17, 19, 21, 25, 27, 29, 30, and 32, before "Internal" insert "federal"
- 2.3 federal"
- 2.4 Page 82, line 14, before "treasury" insert "federal"
- 2.5 Page 82, line 15, before "treasury" insert "federal"
- 2.6 Page 83, lines 1, 9, 10, and 20, before "Internal" insert "federal"
- 2.7 Page 83, lines 6 and 25, before "Internal" insert "federal"
- 2.8 Page 84, line 5, after "applicable," insert "participate in"
- 2.9 Page 84, line 22, strike " or"
- 2.10 Page 84, line 24, strike the period and insert "; or"
- 2.11 Page 84, line 32, after "the" insert "general employees retirement plan of the" and
- 2.12 delete "general plan"
- 2.13 Page 85, line 3, delete "pension" and insert "general employees retirement" and
- 2.14 delete "administered by" and insert "of"
- 2.15 Page 85, line 20, delete "shall" and insert "do"
- 2.16 Page 86, lines 4 and 12, after "in" insert "the general employees retirement plan of"
- 2.17 Page 86, lines 7 and 13, delete "shall" and insert "may"
- 2.18 Page 86, line 14, delete "shall"
- 2.19 Page 91, line 27, strike "shall determine" and insert "determines"
- 2.20 Page 92, lines 17 and 20, strike "shall" and insert "must"
- 2.21 Page 92, line 31, strike "shall"
- 2.22 Page 92, line 32, strike "determine" and insert "determines"
- 2.23 Page 93, line 13, strike "shall" and insert "must"
- 2.24 Page 94, line 13, strike "shall" and insert "must"
- 2.25 Page 95, line 6, strike "shall" and insert "must"
- 2.26 Page 99, line 7, delete "shall determine" and insert "determines"
- 2.27 Page 100, line 12, delete "shall determine" and insert "determines"
- 2.28 Page 101, line 9, strike "shall" and insert "must"
- 2.29 Page 105, line 22, delete "the" and insert "The"
- 2.30 Page 107, line 16, delete "the" and insert "The"
- 2.31 Page 108, line 29, strike "shall" and insert a comma
- 2.32 Page 108, line 30, after "424A" insert a comma
- 2.33 Page 117, line 9, strike "must" and insert "shall"
- 2.34 Page 119, line 27, delete "must" and insert "shall"
- 2.35 Page 120, line 1, delete "must" and insert "shall"
- 2.36 Page 121, line 35, before "firefighters" insert "volunteer"

- 3.1 Page 122, line 15, delete "must" and insert "shall"
- 3.2 Page 123, line 10, after "is" insert "reduced to"
- 3.3 Page 124, line 13, after "or" insert "by"
- 3.4 Page 126, line 3, delete "special fund" and insert "account"
- 3.5 Page 126, line 9, after "plan" insert "under paragraph (c)"
- 3.6 Page 128, line 6, after "and" insert "as a member"
- 3.7 Page 129, line 6, after the period insert "If not approved in a timely fashion, the
- 3.8 service pension level change is considered to have been disapproved."
- 3.9 Page 130, line 20, before "Internal" insert "federal"
- 3.10 Page 133, line 35, strike "or funeral benefit"
- 3.11 Page 134, line 7, strike "or funeral benefit"
- 3.12 Page 134, line 15, strike "must" and insert " shall"
- 3.13 Page 137, line 2, strike "must" and insert " shall"
- 3.14 Page 140, line 18, strike "shall" and insert " is" and strike "be"
- 3.15 Page 140, line 28, strike "shall be" and insert " are"
- 3.16 Page 141, line 5, strike "shall" and insert " is"
- 3.17 Page 141, line 6, strike "be"
- 3.18 Page 141, line 7, strike "shall" and insert " may"
- 3.19 Page 141, line 17, strike "shall" and insert " is"
- 3.20 Page 141, line 18, strike "be"
- 3.21 Page 141, line 24, strike "shall be" and insert " are"
- 3.22 Page 142, line 2, strike "shall" and insert " is" and strike "be"
- 3.23 Page 142, line 4, strike "shall be" and insert " may"
- 3.24 Page 145, line 20, delete "": "
- 3.25 Page 149, line 22, delete "can" and insert "may" and after "paid" insert "a service
- 3.26 pension"
- 3.27 Page 149, line 25, delete "shall" and insert "must"
- 3.28 Page 152, line 8, before "service" insert "defined contribution"
- 3.29 Page 155, line 31, before "service" insert "defined benefit"
- 3.30 Page 156, line 3, strike the comma
- 3.31 Page 156, line 30, before "service" insert "defined benefit"
- 3.32 Page 180, line 14, strike "or"
- 3.33 Page 180, line 15, strike "funeral benefit"
- 3.34 Page 180, line 19, strike "or funeral"
- 3.35 Page 180, line 20, strike "benefit"
- 3.36 Page 180, line 28, strike "must" and insert " shall"

- 4.1 Page 194, line 3, after "elects" insert "coverage by the general employees retirement
- 4.2 plan of the" and delete "general plan"
- 4.3 Page 194, line 4, delete "coverage"
- 4.4 Page 194, line 15, after "the" insert "general employees retirement plan of the
- 4.5 Page 194, line 16, delete "general plan,"
- 4.6 Page 194, line 20, before "Public" insert "member of the general employees
- 4.7 retirement plan of the"
- 4.8 Page 194, line 21, delete "general plan member"
- 4.9 Page 195, line 7, after "prospective" insert "coverage by the general employees
- 4.10 retirement plan of the"
- 4.11 Page 195, line 8, delete "general plan coverage"
- 4.12 Page 195, line 9, after "elect" insert "coverage by the general employees retirement
- 4.13 plan of the"
- 4.14 Page 195, line 10, delete "general plan coverage"
- 4.15 Page 195, lines 14 and 16, before "Public" insert "general employees retirement
- 4.16 plan of the"
- 4.17 Page 195, lines 15 and 17, delete "general plan"
- 4.18 Amend the title as follows:
- 4.19 Page 201, line 15, after "law;" insert "appropriating money;"

1.1 moves to amend the delete everything amendment (S0191-DE3) to
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 38, line 5, after "Association" insert "or by the executive director of the
1.4 Minnesota State Retirement System, whichever applies,"

1.5 Page 38, line 17, before "the" insert "or 352B.011, subdivision 7, whichever applies,

1.6 "

1.7 Page 38, line 21, before "executive" insert "applicable"

1.1 moves to amend the delete everything amendment (S0191-DE3) to
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 89, delete section 5

1.4 Page 93, lines 5 to 6, delete the new language and insert "For a member who has 30
1.5 or more years of allowable service credit, the person's normal retirement age is age 62 and
1.6 the age 55 minimum early reduced benefit retirement age does not apply to the person."

1.7 Page 93, lines 19 to 20, delete the new language and insert "For a member who has 30
1.8 or more years of allowable service credit, the person's normal retirement age is age 62 and
1.9 the age 55 minimum early reduced benefit retirement age does not apply to the person."

1.10 Page 97, delete section 13

1.11 Page 99, line 29, delete everything after "2011. " and insert "For a member who has
1.12 30 or more years of allowable service credit, the person's normal retirement age is age 62
1.13 and the age 55 minimum early reduced benefit retirement age does not apply to the person."

1.14 Page 99, delete line 30

1.15 Page 100, line 33, delete everything after "2011. " and insert "For a member who has
1.16 30 or more years of allowable service credit, the person's normal retirement age is age 62
1.17 and the age 55 minimum early reduced benefit retirement age does not apply to the person."

1.18 Page 100, delete lines 34 to 35

1.19 Page 101, lines 17 to 18, delete the new language and insert "For a member who has
1.20 30 or more years of allowable service credit, the person's normal retirement age is age 62
1.21 and the age 55 minimum early reduced benefit retirement age does not apply to the person."

1.22 Renumber the sections in sequence and correct the internal references

1.23 Amend the title accordingly

1.1 moves to amend the delete everything amendment (S0191-DE3) to
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 125, line 10, after "calculated" insert "based on the good time service credit of
1.4 active and deferred members as of that date"

1.5 Page 125, line 26, after "calculated" insert ", based on the good time service used in
1.6 the calculation under paragraph (b), clause (1), increased by one year"

1.7 Page 125, line 35, to page 126, line 1, delete "financial requirement of the account
1.8 calculated as though the account were fully funded under clause (4)" insert "total of the
1.9 amounts calculated under clauses (2) and (3)"

1.1 moves to amend the delete everything amendment (S0191-DE3) to
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 126, line 5, after "(4)" insert "and, if the account has also had a surplus over
1.4 full funding during the prior two years, additionally"

1.1 moves to amend the delete everything amendment (S0191-DE3) to
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 185, after line 16, insert:

1.4 "Section 1. Minnesota Statutes 2008, section 354.66, subdivision 6, is amended to read:

1.5 Subd. 6. **Insurance.** A board of an employing district entering into an agreement
1.6 authorized by this section shall take all steps necessary to assure continuance of any
1.7 insurance programs furnished or authorized a full-time teacher on an identical basis and
1.8 with identical sharing of costs for a part-time teacher pursuant to this section, provided,
1.9 however, that the requirements of this sentence may be modified by a collective bargaining
1.10 agreement between a board and an exclusive representative pursuant to chapter ~~179~~ 179A.
1.11 Teachers as defined in section 136F.43 employed on a less than 75 percent time basis
1.12 pursuant to this section shall be eligible for state paid insurance benefits as if the teachers
1.13 were employed full time.

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

1.15 Sec. 2. Minnesota Statutes 2008, section 356.32, subdivision 2, is amended to read:

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

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

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

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

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

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

1.27 (6) the Teachers Retirement Association, established under chapter 354;

1.28 (7) the Minneapolis Employees Retirement Fund, established under chapter 422A;

1.29 (8) the Duluth Teachers Retirement Fund Association, established under chapter
1.30 354A; and

1.31 ~~(9) the Minneapolis Teachers Retirement Fund Association, established under
1.32 chapter 354A; and~~

1.33 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association, established under
1.34 chapter 354A.

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

2.1 Page 189, after line 25, insert"

2.2 "Sec. 4. Minnesota Statutes 2008, section 422A.08, subdivision 5, is amended to read:

2.3 Subd. 5. **Service credit purchase.** Any contributor who prior to entering the service
2.4 of the city was an employee of a public corporation, is authorized, using the procedure in
2.5 ~~subdivision 5a~~ section 356.551, to purchase allowable service credit in the retirement fund
2.6 for employment by the public corporation in the same manner as though the service had
2.7 been rendered to the city, providing that the individual has not received service credit and
2.8 is not eligible to receive service credit for this period under any other plan or fund listed
2.9 in section 356.30, subdivision 3. Before receiving credit for service rendered to a public
2.10 corporation as herein set forth, the contributing employee shall make application therefor
2.11 in writing to the retirement board, and shall contribute to the retirement fund the amount
2.12 specified in ~~subdivision 5a~~ section 356.551.

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

2.14 Sec. 5. Laws 1989, chapter 319, article 11, section 13, is amended to read:

2.15 Sec. 13. **REPEALER.**

2.16 Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224,
2.17 ~~sections 2 and 5~~ section 245, are repealed.

2.18 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.19 and applies retroactively from June 2, 1989.

2.20 Sec. 6. Laws 2008, chapter 349, article 14, section 13, is amended to read:

2.21 Sec. 13. **REPEALER OF PRIOR INCONSISTENT SPECIAL VOLUNTEER**
2.22 **FIRE RELIEF ASSOCIATION ANCILLARY BENEFIT LEGISLATION.**

2.23 Subdivision 1. **Anoka.** Laws 1969, chapter ~~352~~ 252, section 1, subdivisions 3,
2.24 4, 5, and 6, are repealed.

2.25 Subd. 2. **Butterfield.** Laws 1975, chapter 185, section 1, is repealed.

2.26 Subd. 3. **Coon Rapids.** Laws 1973, chapter 304, section 1, subdivisions 3, 4, 5, 6,
2.27 7, 8, and 9, are repealed.

2.28 Subd. 4. **Edina.** (1) Laws 1965, chapter 592, section 3, as ~~amended~~ added by Laws
2.29 1969, chapter 644, section 2, and amended by Laws 1975, chapter 229, section 2; (2) Laws
2.30 1965, chapter 592, section 4, as ~~amended~~ added by Laws 1969, chapter 644, section 2, and
2.31 amended by Laws 1975, chapter 229, section 3, Laws 1985, chapter 261, section 37, and
2.32 Laws 1991, chapter 125, section 1; (3) Laws 1985, chapter 261, section 37, as amended by
2.33 Laws 1991, chapter 125, section 1; and (4) Laws 1991, chapter 125, section 1, are repealed.

3.1 Subd. 5. **Fairmont.** Laws 1967, chapter 575, sections 2, as amended by Laws 1979,
3.2 chapter 201, section 23; 3; and 4, are repealed.

3.3 Subd. 6. **Falcon Heights.** Laws 1969, chapter 526, sections 3; 4; 5, as amended
3.4 by Laws 1974, chapter 208, section 2; and 7, as amended by Laws 1974, chapter 208,
3.5 section 3, are repealed.

3.6 Subd. 7. **Golden Valley.** Laws 1971, chapter 140, sections 2, as amended by Laws
3.7 1973, chapter 30, section 2; 3, as amended by Laws 1973, chapter 30, section 3; 4, as
3.8 amended by Laws 1973, chapter 30, section 4; and 5, as amended by Laws 1973, chapter
3.9 30, section 5; and Laws 1993, chapter 244, article 4, section 1, are repealed.

3.10 Subd. 8. **Wayzata.** Laws 1973, chapter 472, section 1, as amended by Laws 1976,
3.11 chapter 272, section 1, and Laws 1979, chapter 201, section 33, is repealed.

3.12 Subd. 9. **White Bear Lake.** Laws 1971, chapter 214, ~~section 1, subdivisions~~
3.13 sections 1, 2, 3, 4, and 5, are repealed.

3.14 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) Subdivision 1 is effective the day
3.15 after the governing body of Anoka and its chief clerical officer timely complete their
3.16 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after June
3.17 30, 2009.

3.18 (b) Subdivision 2 is effective the day after the governing body of Butterfield and its
3.19 chief clerical officer timely complete their compliance with Minnesota Statutes, section
3.20 645.021, subdivisions 2 and 3, after June 30, 2009.

3.21 (c) Subdivision 3 is effective the day after the governing body of Coon Rapids and
3.22 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
3.23 645.021, subdivisions 2 and 3, after June 30, 2009.

3.24 (d) Subdivision 4 is effective the day after the governing body of Edina and its
3.25 chief clerical officer timely complete their compliance with Minnesota Statutes, section
3.26 645.021, subdivisions 2 and 3, after June 30, 2009.

3.27 (e) Subdivision 5 is effective the day after the governing body of Fairmont and its
3.28 chief clerical officer timely complete their compliance with Minnesota Statutes, section
3.29 645.021, subdivisions 2 and 3, after June 30, 2009.

3.30 (f) Subdivision 6 is effective the day after the governing body of Falcon Heights
3.31 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
3.32 section 645.021, subdivisions 2 and 3, after June 30, 2009.

3.33 (g) Subdivision 7 is effective the day after the governing body of Golden Valley and
3.34 its chief clerical officer timely complete their compliance with Minnesota Statutes, section
3.35 645.021, subdivisions 2 and 3, after June 30, 2009.

4.1 (h) Subdivision 8 is effective the day after the governing body of Wayzata and its
 4.2 chief clerical officer timely complete their compliance with Minnesota Statutes, section
 4.3 645.021, subdivisions 2 and 3, after June 30, 2009.

4.4 (i) Subdivision 9 is effective the day after the governing body of White Bear Lake
 4.5 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
 4.6 section 645.021, subdivisions 2 and 3, after June 30, 2009.

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

4.8 Sec. 7 **REPEALER.**

4.9 Minnesota Statutes 2008, sections 356.2165; and 422A.08, subdivision 5a, are
 4.10 repealed.

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

4.12 Renumber the sections in sequence and correct the internal references

4.13 Amend the title accordingly