

..... moves to amend H.F. No. 1978; S.F. No. 430, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

VARIOUS CLARIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 2006, section 3A.05, is amended to read:

3A.05 APPLICATION FOR SURVIVOR BENEFIT.

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

(b) Survivor benefits accrue as of the first day of the month following the death of the member of the legislature or former legislator and payments commence as of the first of the month next following the filing of the application, and are retroactive to the date the benefit accrues or the first of the month occurring 12 months before the month in which the application is filed with the director, whichever is ~~earlier~~ later.

EFFECTIVE DATE. This section is effective retroactively to July 1, 2006.

Sec. 2. Minnesota Statutes 2006, section 13.632, subdivision 1, is amended to read:

Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries and survivors of the ~~Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association,~~ and the Duluth Teachers Retirement Fund Association members are private data on individuals: home address, date of birth, direct deposit number, and tax withholding data.

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

Sec. 3. Minnesota Statutes 2006, section 126C.41, subdivision 4, is amended to read:

Subd. 4. **Minneapolis health insurance subsidy.** Each year Special School District No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net

tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who is a retired member of the Teachers Retirement Association, who was a basic member of the former Minneapolis Teachers Retirement Fund Association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the former Minneapolis Teachers Retirement Fund Association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district must notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The district must disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivision. This subdivision does not restrict the district's right to modify or terminate coverage under this subdivision.

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

Sec. 4. Minnesota Statutes 2006, section 353.01, subdivision 2b, is amended to read:

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

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

in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

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

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

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

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

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

as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

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

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

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

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

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

(16) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the

pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

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

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

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

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

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

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

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

Sec. 5. Minnesota Statutes 2006, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1a, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service after ten years of service	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in

conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

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

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

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member shall determine the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered before July 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity

amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

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

EFFECTIVE DATE. This section is effective retroactively to July 1, 2006.

Sec. 6. Minnesota Statutes 2006, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. **Special direct state matching aid to the Teachers Retirement Association.** (a) Special School District No. 1 must make an additional employer contribution to the Teachers Retirement Fund Association. The city of Minneapolis must make a contribution to the Teachers Retirement Association. This contribution must be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) ~~\$1,125,000~~ \$1,250,000 must be contributed by Special School District No. 1 and ~~\$1,125,000~~ \$1,250,000 must be contributed by the city of Minneapolis to the Teachers Retirement Association under paragraph (a), and the state shall pay to the Teachers Retirement Association \$2,500,000 each fiscal year. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Teachers Retirement Association shall jointly certify to the commissioner of finance the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the Teachers Retirement Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Teachers Retirement Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

EFFECTIVE DATE. This section is effective retroactively to July 1, 2006.

9.1 Sec. 7. Minnesota Statutes 2006, section 354A.12, subdivision 3c, is amended to read:

9.2 Subd. 3c. **Termination of supplemental contributions and direct matching**
9.3 **and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers
9.4 Retirement Fund Association by Special School District No. 1 and the city of Minneapolis
9.5 under section 423A.02, subdivision 3, ~~which~~ must continue to be paid to the Teachers
9.6 Retirement Association until 2037, ~~or~~ The supplemental contributions payable to the St.
9.7 Paul Teachers Retirement Fund Association by Independent School District No. 625 under
9.8 section 423A.02, subdivision 3, or the direct state aids under subdivision 3a to the St. Paul
9.9 Teachers Retirement Fund Association terminate at the end of the fiscal year in which the
9.10 accrued liability funding ratio for that fund, as determined in the most recent actuarial
9.11 report for that fund by the actuary retained under section 356.214, equals or exceeds the
9.12 accrued liability funding ratio for the teachers retirement association, as determined in
9.13 the most recent actuarial report for the Teachers Retirement Association by the actuary
9.14 retained under section 356.214.

9.15 (b) If the state direct matching, state supplemental, or state aid is terminated for a
9.16 first class city teachers retirement fund association under paragraph (a), it may not again
9.17 be received by that fund.

9.18 (c) If the St. Paul Teachers Retirement Fund Association is funded at the funding
9.19 ratio applicable to the Teachers Retirement Association when the provisions of paragraph
9.20 (b) become effective, then any state aid previously distributed to that association must be
9.21 immediately transferred to the Teachers Retirement Association.

9.22 **EFFECTIVE DATE.** This section is effective retroactively to July 1, 2006.

9.23 Sec. 8. Minnesota Statutes 2006, section 354A.12, subdivision 3d, is amended to read:

9.24 Subd. 3d. **Supplemental administrative expense assessment.** (a) The active and
9.25 retired membership of the St. Paul Teachers Retirement Fund Association is responsible
9.26 for defraying supplemental administrative expenses other than investment expenses of the
9.27 respective teacher retirement fund association.

9.28 (b) Investment expenses of the teachers retirement fund association are those
9.29 expenses incurred by or on behalf of the retirement fund in connection with the investment
9.30 of the assets of the retirement fund other than investment security transaction costs. Other
9.31 administrative expenses are all expenses incurred by or on behalf of the retirement fund
9.32 for all other retirement fund functions other than the investment of retirement fund assets.
9.33 Investment and other administrative expenses must be accounted for using generally
9.34 accepted accounting principles and in a manner consistent with the comprehensive annual

10.1 financial report of the teachers retirement fund association for the immediately previous
10.2 fiscal year under section 356.20.

10.3 (c) Supplemental administrative expenses other than investment expenses of the St.
10.4 Paul Teachers Retirement Fund Association are those expenses for the fiscal year that:

10.5 (1) exceed, for the St. Paul Teachers Retirement Fund Association, \$443,745 plus
10.6 an additional amount derived by applying the percentage increase in the Consumer Price
10.7 Index for Urban Wage Earners and Clerical Workers All Items Index published by the
10.8 Bureau of Labor Statistics of the United States Department of Labor since July 1, 2001,
10.9 to the dollar amount; and

10.10 (2) exceed the amount computed by applying the most recent percentage of
10.11 pay administrative expense amount, other than investment expenses, for the teachers
10.12 retirement association governed by chapter 354 to the covered payroll of the respective
10.13 teachers retirement fund association for the fiscal year.

10.14 (d) The board of trustees of the St. Paul Teachers Retirement Fund Association
10.15 shall allocate the total dollar amount of supplemental administrative expenses other than
10.16 investment expenses determined under paragraph (c), clause (2), among the various active
10.17 and retired membership groups of the teachers retirement fund association and shall assess
10.18 the various membership groups their respective share of the supplemental administrative
10.19 expenses other than investment expenses, in amounts determined by the board of trustees.
10.20 The supplemental administrative expense assessments must be paid by the membership
10.21 group in a manner determined by the board of trustees of the respective teachers retirement
10.22 association. Supplemental administrative expenses payable by the active members of the
10.23 pension plan must be picked up by the employer in accordance with section 356.62.

10.24 (e) With respect to the St. Paul Teachers Retirement Fund Association, the
10.25 supplemental administrative expense assessment must be fully disclosed to the various
10.26 active and retired membership groups of the teachers retirement fund association. The
10.27 chief administrative officer of the St. Paul Teachers Retirement Fund Association shall
10.28 prepare a supplemental administrative expense assessment disclosure notice, which must
10.29 include the following:

10.30 (1) the total amount of administrative expenses of the St. Paul Teachers Retirement
10.31 Fund Association, the amount of the investment expenses of the St. Paul Teachers
10.32 Retirement Fund Association, and the net remaining amount of administrative expenses of
10.33 the St. Paul Teachers Retirement Fund Association;

10.34 (2) the amount of administrative expenses for the St. Paul Teachers Retirement Fund
10.35 Association that would be equivalent to the teachers retirement association noninvestment
10.36 administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

EFFECTIVE DATE. This section is effective retroactively to July 1, 2006.

Sec. 9. Minnesota Statutes 2006, section 354B.21, subdivision 3, is amended to read:

Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the following retirement coverage applies:

(1) for employees of the board who are employed in faculty positions in the technical colleges, in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;

(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage

12.1 is by the Duluth Teachers Retirement Fund Association if the person was a member of
 12.2 that plan on June 30, 1995, or the ~~Minneapolis Teachers Retirement Fund Association~~
 12.3 Teachers Retirement Association if the person was a member of ~~that plan~~ the former
 12.4 Minneapolis Teachers Retirement Fund Association on June 30, 1995, or the St. Paul
 12.5 Teachers Retirement Fund Association if the person was a member of that plan on June
 12.6 30, 1995; and

12.7 (3) for employees of the board who are employed in eligible unclassified
 12.8 administrative positions, the retirement coverage is by the plan established by this chapter.

12.9 (b) If an employee fails to correctly certify prior membership in the Teachers
 12.10 Retirement Association to the Minnesota State colleges and Universities system, the
 12.11 system shall not pay interest on employee contributions, employer contributions, and
 12.12 additional employer contributions to the Teachers Retirement Association under section
 12.13 354.52, subdivision 4.

12.14 **EFFECTIVE DATE.** This section is effective the day after final enactment.

12.15 Sec. 10. Minnesota Statutes 2006, section 355.01, subdivision 3h, is amended to read:

12.16 Subd. 3h. **Minneapolis teacher.** "Minneapolis teacher" means a person employed
 12.17 by Special School District No. 1, Minneapolis, who holds a position covered by the
 12.18 ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement
 12.19 Association under ~~chapter 354A~~ section 354.70.

12.20 **EFFECTIVE DATE.** This section is effective the day after final enactment.

12.21 Sec. 11. Minnesota Statutes 2006, section 356A.06, subdivision 6, is amended to read:

12.22 Subd. 6. **Limited list of authorized investment securities.** (a) Except to the
 12.23 extent otherwise authorized by law, a covered pension plan may invest its assets only in
 12.24 investment securities authorized by this subdivision if the plan does not:

12.25 (1) have assets with a book value in excess of \$1,000,000;

12.26 (2) use the services of an investment advisor registered with the Securities and
 12.27 Exchange Commission in accordance with the Investment Advisers Act of 1940, or
 12.28 registered as an investment advisor in accordance with sections 80A.58, and ~~80A.59~~

12.29 80A.60, for the investment of at least 60 percent of its assets, calculated on book value;

12.30 (3) use the services of the State Board of Investment for the investment of at least 60
 12.31 percent of its assets, calculated on book value; or

12.32 (4) use a combination of the services of an investment advisor meeting the
 12.33 requirements of clause (2) and the services of the State Board of Investment for the
 12.34 investment of at least 75 percent of its assets, calculated on book value.

(b) Investment securities authorized for a pension plan covered by this subdivision are:

(1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, is insured by the National Credit Union Administration, or is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118A.03;

(2) savings accounts, to the extent of available insurance, with a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(3) governmental obligations, including bonds, notes, bills, or other fixed obligations, issued by the United States, an agency or instrumentality of the United States, an organization established and regulated by an act of Congress or by a state, state agency or instrumentality, municipality, or other governmental or political subdivision that:

(i) for the obligation in question, issues an obligation that equals or exceeds the stated investment yield of debt securities not exempt from federal income taxation and of comparable quality;

(ii) for an obligation that is a revenue bond, has been completely self-supporting for the last five years; and

(iii) for an obligation other than a revenue bond, has issued an obligation backed by the full faith and credit of the applicable taxing jurisdiction and has not been in default on the payment of principal or interest on the obligation in question or any other nonrevenue bond obligation during the preceding ten years;

(4) corporate obligations, including bonds, notes, debentures, or other regularly issued and readily marketable evidences of indebtedness issued by a corporation organized under the laws of any state that during the preceding five years has had on average annual net pretax earnings at least 50 percent greater than the annual interest charges and principal payments on the total issued debt of the corporation during that period and that, for the obligation in question, has issued an obligation rated in one of the top three quality categories by Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and

(5) shares in an open-end investment company registered under the federal Investment Company Act of 1940, if the portfolio investments of the company are limited to investments that meet the requirements of clauses (1) to (4).

EFFECTIVE DATE. This section is effective retroactively to August 1, 2006.

Sec. 12. Minnesota Statutes 2006, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state**

aid. (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid or supplemental amortization aid distributed under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 70 percent of the amounts derived under this paragraph to the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association and 30 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments shall be made on or before June 30 each fiscal year. The amount required under this paragraph is appropriated annually from the general fund to the commissioner of revenue. ~~If either the Minneapolis Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association becomes funded at the funding ratio applicable to the teachers retirement association based on the actuarial reports prepared by the actuary for the Legislative Commission on Pensions and Retirement, then the commissioner shall distribute that fund's share under this paragraph to the other fund. The appropriation under this paragraph terminates when both funds become fully funded, its eligibility for this aid ceases.~~ Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), Independent School District No. 625, St. Paul, must make contributions to the St. Paul Teachers Retirement Fund Association in accordance with the following schedule:

Fiscal Year	Amount
1996	\$0
1997	\$0
1998	\$200,000
1999	\$400,000
2000	\$600,000
2001 and thereafter	\$800,000

~~(c) In order to receive amortization and supplementary amortization aid under paragraph (a),~~ Special School District No. 1, Minneapolis, and the city of Minneapolis must each make contributions to the ~~Minneapolis Teachers Retirement Fund Association~~ Teachers Retirement Association in accordance with the following schedule:

15.1			School
15.2		City	district
15.3	Fiscal Year	amount	amount
15.4	1996	\$0	\$0
15.5	1997	\$0	\$0
15.6	1998	\$250,000	\$250,000
15.7	1999	\$400,000	\$400,000
15.8	2000	\$550,000	\$550,000
15.9	2001	\$700,000	\$700,000
15.10	2002	\$850,000	\$850,000
15.11	2003 and thereafter	\$1,000,000	\$1,000,000

15.12 (d) Money contributed under paragraph (a) and either paragraph (b) or (c), as
 15.13 applicable, must be credited to a separate account in the applicable teachers retirement
 15.14 fund and may not be used in determining any benefit increases. The separate account
 15.15 terminates for a fund when the aid payments to the fund under paragraph (a) cease.

15.16 (e) Thirty percent of the difference between \$5,720,000 and the current year
 15.17 amortization aid or supplemental amortization aid under subdivisions 1 and 1a that is not
 15.18 distributed for any reason to a municipality for use by a local police or salaried firefighter
 15.19 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
 15.20 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 15.21 relief associations. The amount required under this paragraph is appropriated annually
 15.22 to the commissioner of revenue.

15.23 **EFFECTIVE DATE.** This section is effective retroactively to July 1, 2006.

15.24 Sec. 13. Minnesota Statutes 2006, section 423A.02, subdivision 5, is amended to read:

15.25 Subd. 5. **Termination of state aid programs.** The amortization state aid,
 15.26 supplemental amortization state aid, and additional amortization state aid programs
 15.27 terminate as of the December 31, next following the date of the actuarial valuation when
 15.28 ~~the assets of the Minneapolis Teachers Retirement Fund Association equal the actuarial~~
 15.29 ~~accrued liability of that plan and when the assets of the St. Paul Teachers Retirement~~
 15.30 Fund Association equal the actuarial accrued liability of that plan or December 31, 2009,
 15.31 whichever is later.

15.32 **EFFECTIVE DATE.** This section is effective the day after final enactment.

15.33 Sec. 14. Laws 2006, chapter 271, article 2, section 12, subdivision 1, is amended to
 15.34 read:

15.35 Subdivision 1. **Election of prior state coverage.** (a) An employee in the
 15.36 occupational position of laundry coordinator or delivery van driver at the Minnesota
 15.37 Correctional Facility-Faribault who has future retirement coverage transferred to the

correctional state employees retirement plan under section 5 is entitled to elect to obtain prior service credit for eligible correctional state service performed after June 30, 1997, and before July 1, 2006, with the Department of Corrections and an employee who had future retirement coverage transferred to the correctional state employees retirement plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain prior service credit for eligible correctional state service performed at the Minnesota Correctional Facility-Rush City before August 1, 2004. All prior service credit in either instance must be purchased.

(b) Eligible correctional state service is either a prior period of continuous service after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period of continuous service at the Minnesota Correctional Facility-Rush City before August 1, 2004, whichever applies, performed as an employee of the Department of Corrections that would have been eligible for the correctional state employees retirement plan coverage under section 1, if that prior service had been performed after August 1, 2004, or June 30, 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 30 calendar days.

(c) The commissioner of corrections shall certify eligible correctional state service to the commissioner of employee relations and to the executive director of the Minnesota State Retirement System.

(d) A correctional employee covered under ~~section 1~~ this subdivision is entitled to purchase the past service if the department certifies that the employee met the eligibility requirements for coverage. The employee must make additional employee contributions. Payment for past service must be completed by June 30, 2007.

EFFECTIVE DATE. This section is effective retroactively to June 14, 2006.

Sec. 15. Laws 2006, chapter 271, article 2, section 13, subdivision 3, is amended to read:

Subd. 3. **Employee equivalent contribution.** To receive the transfer of service credit specified in subdivision 1, the individual must pay to the executive director of the Minnesota State Retirement System the difference between the employee contribution rate for the general state employees retirement plan and the employee contribution rate for the correctional state employees retirement plan in effect during the period eligible for transfer applied to the eligible individual's salary at the time each additional contribution would have been deducted from pay if coverage had been provided by the correctional state employees retirement plan. These amounts shall be paid in a lump sum by September 1,

17.1 ~~2005~~ 2007, or prior to termination of service, whichever is earlier, plus 8.5 percent annual
17.2 compound interest from the applicable payroll deduction date until paid.

17.3 **EFFECTIVE DATE.** This section is effective retroactively to July 1, 2006.

17.4 Sec. 16. Laws 2006, chapter 271, article 14, section 2, subdivision 3, is amended to
17.5 read:

17.6 Subd. 3. **Payment.** If an eligible person meets the requirements to purchase service
17.7 credit under this section, the public employees police and fire fund must be paid the
17.8 amount determined under Minnesota Statutes, section 356.551. Of this amount:

17.9 (1) the eligible person must pay an amount equal to the employee contribution rate
17.10 during the period of service to be purchased, applied to the actual salary in effect during
17.11 that period, plus interest at the rate of 8.5 percent per year compounded annually from
17.12 the date on which the contributions should have been made to the date on which payment
17.13 is made under this section; and

17.14 (2) the city of Faribault must pay the remainder of the amount determined under
17.15 Minnesota Statutes, section 356.551.

17.16 **EFFECTIVE DATE.** This section is effective retroactively to June 2, 2006.

17.17 ARTICLE 2

17.18 ADMINISTRATIVE PROVISIONS

17.19 Section 1. Minnesota Statutes 2006, section 3A.02, subdivision 1, is amended to read:

17.20 Subdivision 1. **Qualifications.** (a) A former legislator is entitled, upon written
17.21 application to the director, to receive a retirement allowance monthly, if the person:

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

17.25 (2) has attained the normal retirement age;

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

17.27 (4) has made all contributions provided for in section 3A.03, has made payments
17.28 for past service under subdivision 2, or has made payments in lieu of contributions under
17.29 Minnesota Statutes 1992, section 3A.031, before July 1, 1994.

17.30 (b) Unless the former legislator has legislative service before January 1, 1979,
17.31 the retirement allowance is an amount equal to 2-1/2 percent per year of service of that
17.32 member's average monthly salary and adjusted for that person on an actuarial equivalent
17.33 basis to reflect the change in the postretirement interest rate actuarial assumption under
17.34 section 356.215, subdivision 8, from five percent to six percent. The adjustment must be
17.35 calculated by or, alternatively, the adjustment procedure must be specified by, the actuary

retained under section 356.214. The purpose of this adjustment is to ensure that the total amount of benefits that the actuary predicts an individual member will receive over the member's lifetime under this paragraph will be the same as the total amount of benefits the actuary predicts the individual member would receive over the member's lifetime under the law in effect before enactment of this paragraph. If the former legislator has legislative service before January 1, 1979, the person's benefit must include the additional benefit amount in effect on January 1, 1979, and adjusted as otherwise provided in this paragraph.

(c) The retirement allowance accrues ~~beginning with the first day of the month of receipt of the application,~~ following receipt by the director of a retirement application on a form prescribed by the director, but not before normal retirement age 60, and, except as specified in subdivision 1b. The annuity is payable for the remainder of the former legislator's life, if the former legislator is not serving as a member of the legislature or as a constitutional officer as defined in section 3A.01, subdivision 1c. The annuity does not begin to accrue before the person's retirement as a legislator. No annuity payment may be made retroactive for more than 180 days before the date that the annuity application is filed with the director.

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

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

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

Sec. 2. Minnesota Statutes 2006, section 352.01, subdivision 2a, is amended to read:

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

(1) employees of the Minnesota Historical Society;

(2) employees of the State Horticultural Society;

~~(3) employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;~~

~~(4)~~ (3) employees of the Minnesota Crop Improvement Association;

~~(5)~~ (4) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;

~~(6)~~ (5) employees of the Minnesota State Colleges and Universities employed under the university or college activities program;

19.1 ~~(7)~~ (6) currently contributing employees covered by the system who are temporarily
 19.2 employed by the legislature during a legislative session or any currently contributing
 19.3 employee employed for any special service as defined in subdivision 2b, clause (8);

19.4 ~~(8) employees of the Armory Building Commission;~~

19.5 ~~(9)~~ (7) employees of the legislature appointed without a limit on the duration of their
 19.6 employment and persons employed or designated by the legislature or by a legislative
 19.7 committee or commission or other competent authority to conduct a special inquiry,
 19.8 investigation, examination, or installation;

19.9 ~~(10)~~ (8) trainees who are employed on a full-time established training program
 19.10 performing the duties of the classified position for which they will be eligible to receive
 19.11 immediate appointment at the completion of the training period;

19.12 ~~(11)~~ (9) employees of the Minnesota Safety Council;

19.13 ~~(12)~~ (10) any employees on authorized leave of absence from the Transit Operating
 19.14 Division of the former Metropolitan Transit Commission who are employed by the
 19.15 labor organization which is the exclusive bargaining agent representing employees of
 19.16 the Transit Operating Division;

19.17 ~~(13)~~ (11) employees of the Metropolitan Council, Metropolitan Parks and Open
 19.18 Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito
 19.19 Control Commission, or Metropolitan Radio Board unless excluded or covered by another
 19.20 public pension fund or plan under section 473.415, subdivision 3;

19.21 ~~(14)~~ (12) judges of the Tax Court;

19.22 ~~(15)~~ (13) personnel employed on June 30, 1992, by the University of Minnesota
 19.23 in the management, operation, or maintenance of its heating plant facilities, whose
 19.24 employment transfers to an employer assuming operation of the heating plant facilities,
 19.25 so long as the person is employed at the University of Minnesota heating plant by that
 19.26 employer or by its successor organization;

19.27 ~~(16)~~ (14) seasonal help in the classified service employed by the Department of
 19.28 Revenue; ~~and~~

19.29 ~~(17)~~ (15) persons employed by the Department of Commerce as a peace officer in
 19.30 the Insurance Fraud Prevention Division under section 45.0135 who have attained the
 19.31 mandatory retirement age specified in section 43A.34, subdivision 4; and

19.32 (16) employees of the University of Minnesota unless excluded under subdivision
 19.33 2b, clause (3).

19.34 (b) Employees specified in paragraph (a), clause ~~(15)~~ (13), are included employees
 19.35 under paragraph (a) if employer and employee contributions are made in a timely manner
 19.36 in the amounts required by section 352.04. Employee contributions must be deducted from

20.1 salary. Employer contributions are the sole obligation of the employer assuming operation
20.2 of the University of Minnesota heating plant facilities or any successor organizations to
20.3 that employer.

20.4 **EFFECTIVE DATE.** This section is effective the day after final enactment.

20.5 Sec. 3. Minnesota Statutes 2006, section 352.01, subdivision 2b, is amended to read:

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

20.7 (1) students employed by the University of Minnesota, or the state colleges and
20.8 universities, unless approved for coverage by the Board of Regents of the University of
20.9 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, ~~as~~
20.10 ~~the case may be~~ whichever is applicable;

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

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

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

20.20 (5) election officers;

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

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

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

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

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

20.34 (11) employees of the Sibley House Association;

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

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

21.8 (14) temporary employees of the Minnesota State Fair who are employed on or
 21.9 after July 1 for a period not to extend beyond October 15 of that year; and persons who
 21.10 are employed at any time by the state fair administration for special events held on the
 21.11 fairgrounds;

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

21.16 ~~(16) persons who are described in section 352B.01, subdivision 2, clauses (2) to (6);~~

21.17 ~~(17)~~ (16) temporary employees in the classified service, and temporary employees
 21.18 in the unclassified service who are appointed for a definite period of not more than six
 21.19 months and who are employed less than six months in any one-year period;

21.20 ~~(18)~~ (17) interns hired for six months or less and trainee employees, except those
 21.21 listed in subdivision 2a, clause ~~(10)~~ (8);

21.22 ~~(19)~~ (18) persons whose compensation is paid on a fee basis or as an independent
 21.23 contractor;

21.24 ~~(20)~~ (19) state employees who are employed by the Board of Trustees of the
 21.25 Minnesota State Colleges and Universities in unclassified positions enumerated in section
 21.26 43A.08, subdivision 1, clause (9);

21.27 ~~(21)~~ (20) state employees who in any year have credit for 12 months service as
 21.28 teachers in the public schools of the state and as teachers are members of the Teachers
 21.29 Retirement Association or a retirement system in St. Paul, Minneapolis, or Duluth,
 21.30 except for incidental employment as a state employee not covered by one of the teacher
 21.31 retirement associations or systems;

21.32 ~~(22)~~ (21) employees of the adjutant general who are employed on an unlimited
 21.33 intermittent or temporary basis in the classified or unclassified service for the support of
 21.34 Army and Air National Guard training facilities;

21.35 ~~(23)~~ (22) chaplains and nuns who are excluded from coverage under the federal
 21.36 Old Age, Survivors, Disability, and Health Insurance Program for the performance of

22.1 service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
 22.2 no irrevocable election of coverage has been made under section 3121(r) of the Internal
 22.3 Revenue Code of 1986, as amended through December 31, 1992;

22.4 ~~(24)~~ (23) examination monitors who are employed by departments, agencies,
 22.5 commissions, and boards to conduct examinations required by law;

22.6 ~~(25)~~ (24) persons who are appointed to serve as members of fact-finding
 22.7 commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

22.8 ~~(26)~~ (25) temporary employees who are employed for limited periods under any state
 22.9 or federal program for training or rehabilitation, including persons who are employed for
 22.10 limited periods from areas of economic distress, but not including skilled and supervisory
 22.11 personnel and persons having civil service status covered by the system;

22.12 ~~(27)~~ (26) full-time students who are employed by the Minnesota Historical Society
 22.13 intermittently during part of the year and full-time during the summer months;

22.14 ~~(28)~~ (27) temporary employees who are appointed for not more than six months,
 22.15 of the Metropolitan Council and of any of its statutory boards, if the board members are
 22.16 appointed by the Metropolitan Council;

22.17 ~~(29)~~ (28) persons who are employed in positions designated by the Department of
 22.18 Employee Relations as student workers;

22.19 ~~(30)~~ (29) members of trades who are employed by the successor to the Metropolitan
 22.20 Waste Control Commission, who have trade union pension plan coverage under a
 22.21 collective bargaining agreement, and who are first employed after June 1, 1977;

22.22 ~~(31) persons who are employed in subsidized on-the-job training, work experience,~~
 22.23 ~~or public service employment as enrollees under the federal Comprehensive Employment~~
 22.24 ~~and Training Act after March 30, 1978, unless the person has as of the later of March 30,~~
 22.25 ~~1978, or the date of employment sufficient service credit in the retirement system to meet~~
 22.26 ~~the minimum vesting requirements for a deferred annuity, or the employer agrees in~~
 22.27 ~~writing on forms prescribed by the director to make the required employer contributions,~~
 22.28 ~~including any employer additional contributions, on account of that person from revenue~~
 22.29 ~~sources other than funds provided under the federal Comprehensive Employment and~~
 22.30 ~~Training Act, or the person agrees in writing on forms prescribed by the director to make~~
 22.31 ~~the required employer contribution in addition to the required employee contribution;~~

22.32 ~~(32)~~ (30) off-duty peace officers while employed by the Metropolitan Council;

22.33 ~~(33)~~ (31) persons who are employed as full-time police officers by the Metropolitan
 22.34 Council and as police officers are members of the public employees police and fire fund;

23.1 ~~(34)~~ (32) persons who are employed as full-time firefighters by the Department
 23.2 of Military Affairs and as firefighters are members of the public employees police and
 23.3 fire fund;

23.4 ~~(35)~~ (33) foreign citizens with a work permit of less than three years, or an H-1b/JV
 23.5 visa valid for less than three years of employment, unless notice of extension is supplied
 23.6 which allows them to work for three or more years as of the date the extension is granted,
 23.7 in which case they are eligible for coverage from the date extended; and

23.8 ~~(36)~~ (34) persons who are employed by the Board of Trustees of the Minnesota State
 23.9 Colleges and Universities and who elect to remain members of the Public Employees
 23.10 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
 23.11 applies, under section 136C.75.

23.12 **EFFECTIVE DATE.** This section is effective the day after final enactment.

23.13 Sec. 4. Minnesota Statutes 2006, section 352.01, subdivision 11, is amended to read:

23.14 Subd. 11. **Allowable service.** (a) "Allowable service" means:

23.15 ~~(1) Service by an employee for which on or before July 1, 1957, the employee was~~
 23.16 ~~entitled to allowable service credit on the records of the system by reason of employee~~
 23.17 ~~contributions in the form of salary deductions, payments in lieu of salary deductions, or in~~
 23.18 ~~any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by~~
 23.19 ~~Laws 1955, chapter 239.~~

23.20 ~~(2)~~ (1) service by an employee for which on or before July 1, 1961, the employee
 23.21 chose to obtain credit for service by making payments to the fund under Minnesota
 23.22 Statutes 1961, section 352.24₂;

23.23 ~~(3) Except as provided in clauses (8) and (9),~~ (2) service by an employee after July 1,
 23.24 1957, for any calendar month in which the employee is paid salary from which deductions
 23.25 are made, deposited, and credited in the fund, including deductions made, deposited, and
 23.26 credited as provided in section 352.041₂;

23.27 ~~(4) Except as provided in clauses (8) and (9),~~ (3) service by an employee after July
 23.28 ~~1, 1957,~~ for any calendar month for which payments in lieu of salary deductions are
 23.29 made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota
 23.30 Statutes 1957, section 352.021, subdivision 4₂;

23.31 ~~For purposes of clauses (3) and (4), except as provided in clauses (8) and (9), any~~
 23.32 ~~salary paid for a fractional part of any calendar month, including the month of separation~~
 23.33 ~~from state service, is deemed the compensation for the entire calendar month.~~

23.34 ~~(5)~~ (4) the period of absence from their duties by employees who are temporarily
 23.35 disabled because of injuries incurred in the performance of duties and for which disability

the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund;

~~(6)~~ (5) service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system;

~~(7)~~ (6) service before July 1, 1978, by an employee of the Transit Operating Division of the Metropolitan Transit Commission or by an employee on an authorized leave of absence from the Transit Operating Division of the Metropolitan Transit Commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division, which was credited by the Metropolitan Transit Commission-Transit Operating Division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977;

~~(8)~~ (7) service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern; and

~~Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.~~

~~(9)~~ (8) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may

~~pay the employer amount on behalf of its employees. Payments made under this clause must include interest at an annual rate of 8.5 percent compounded annually from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence under section 352.017.~~

~~(10)~~ (9) MS 2002 [Expired]

~~(11)~~ (10) [Expired, 2002 c 392 art 2 s 4]

(b) For purposes of paragraph (a), clauses (2) and (3), any salary paid for a fractional part of any calendar month, including the month of separation from state service, is deemed the compensation for the entire calendar month.

(c) Allowable service determined and credited on a fractional basis shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 5. **[352.017] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.**

Subdivision 1. **Application.** Except for leaves or breaks in service covered by section 352.27 or 352.275, this section applies to all plans specified in this chapter for any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

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

(b) If payment is received by the executive director within one year from the end of the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

26.1 (c) If payment is received by the executive director after one year, the payment
26.2 amount is the amount determined under section 356.551.

26.3 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to
26.4 authorized leaves of absence that commence on or after the effective date.

26.5 Sec. 6. Minnesota Statutes 2006, section 352.12, subdivision 2a, is amended to read:

26.6 Subd. 2a. **Surviving spouse coverage term certain.** (a) In lieu of the 100 percent
26.7 optional annuity under subdivision 2, or refund under subdivision 1, the surviving spouse
26.8 of a deceased employee or former employee may elect to receive survivor coverage in
26.9 a term certain of ~~five~~, ten, 15, or 20 years, ~~but monthly payments must not exceed 75~~
26.10 ~~percent of the average high-five monthly salary of the deceased employee or former~~
26.11 ~~employee.~~ The monthly term certain annuity must be actuarially equivalent to the 100
26.12 percent optional annuity under subdivision 2.

26.13 (b) If a survivor elects a term certain annuity and dies before the expiration of the
26.14 specified term certain period, the commuted value of the remaining annuity payments
26.15 must be paid in a lump sum to the survivor's estate.

26.16 **EFFECTIVE DATE.** This section is effective the day after final enactment.

26.17 Sec. 7. Minnesota Statutes 2006, section 352.27, is amended to read:

26.18 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
26.19 **SERVICE.**

26.20 (a) An employee who is absent from employment by reason of service in the
26.21 uniformed services, as defined in United States Code, title 38, section 4303(13), and who
26.22 returns to state service upon discharge from service in the uniformed service within the
26.23 time frames required in United States Code, title 38, section 4312(e), may obtain service
26.24 credit for the period of the uniformed service as further specified in this section, provided
26.25 that the employee did not separate from uniformed service with a dishonorable or bad
26.26 conduct discharge or under other than honorable conditions.

26.27 (b) The employee may obtain credit by paying into the fund an equivalent employee
26.28 contribution based upon the contribution rate or rates in effect at the time that the
26.29 uniformed service was performed multiplied by the full and fractional years being
26.30 purchased and applied to the annual salary rate. The annual salary rate is the average
26.31 annual salary during the purchase period that the employee would have received if the
26.32 employee had continued to be employed in covered employment rather than to provide
26.33 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
26.34 salary rate is the employee's average salary rate during the 12-month period of covered
26.35 employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in ~~section 352.04~~ chapter 352 must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in ~~section 352.04~~ chapter 352, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total employee contribution received by the total employee contribution otherwise required under this section.

(e) To receive service credit under this section, the contributions specified in this section must be transmitted to the Minnesota State Retirement System during the period which begins with the date on which the individual returns to state service and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is less than one year, the contributions required under this section to receive service credit may be made within one year of the discharge date.

(f) The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

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

Sec. 8. Minnesota Statutes 2006, section 352.951, is amended to read:

352.951 APPLICABILITY OF GENERAL LAW.

Except as otherwise provided, this chapter applies to covered correctional employees, military affairs personnel covered under section 352.85, ~~and~~ Transportation Department pilots covered under section 352.86, and state fire marshal employees under section 352.87.

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

28.1 Sec. 9. Minnesota Statutes 2006, section 352.98, is amended by adding a subdivision
28.2 to read:

28.3 Subd. 8. **Exemption from process.** Assets in a health care savings plan account
28.4 described in this section must be used for reimbursement of healthcare expenses and
28.5 are not assignable or subject to execution, levy, attachment, garnishment, or other legal
28.6 process, except as provided in section 518.58, 518.581, or 518A.53.

28.7 **EFFECTIVE DATE.** This section is effective the day after final enactment.

28.8 Sec. 10. Minnesota Statutes 2006, section 352D.02, subdivision 1, is amended to read:

28.9 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
28.10 (3), (4), ~~and~~ (6) to (14), and (16) to (18), if they are in the unclassified service of the state
28.11 or Metropolitan Council and are eligible for coverage under the general state employees
28.12 retirement plan under chapter 352, are participants in the unclassified ~~plan~~ program under
28.13 this chapter unless the employee gives notice to the executive director of the Minnesota
28.14 State Retirement System within one year following the commencement of employment
28.15 in the unclassified service that the employee desires coverage under the general state
28.16 employees retirement plan. For the purposes of this chapter, an employee who does not
28.17 file notice with the executive director is deemed to have exercised the option to participate
28.18 in the unclassified ~~plan~~ program.

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

28.25 (c) Enumerated employees and referenced persons are:

28.26 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
28.27 and the attorney general;

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

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

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

28.34 (5) a member of the legislature;

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

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

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

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

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

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

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

(13) an employee of the ~~Minnesota Educational Computing Corporation~~ Agricultural Utilization Research Institute;

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

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

(16) an employee of Minnesota Technology Incorporated;

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

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

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

Sec. 11. Minnesota Statutes 2006, section 352D.02, subdivision 3, is amended to read:

Subd. 3. ~~Election irrevocable~~ **Transfer to general plan.** ~~An election to not participate is irrevocable during any period of covered employment.~~ (a) An employee credited with employee shares in the unclassified program, after acquiring credit for ten years of allowable service ~~but prior to~~ and not later than one month following termination of covered employment, may, ~~notwithstanding other provisions of this subdivision,~~ elect to terminate participation in the unclassified ~~plan~~ program and be covered by the ~~regular~~ general plan by filing ~~such~~ a written election with the executive director. The executive director shall ~~thereupon~~ then redeem the employee's total shares and shall credit to the employee's account in the ~~regular~~ general plan the amount of contributions that would have been so credited had the employee been covered by the ~~regular~~ general plan during the employee's entire covered employment. The balance of money so redeemed and not credited to the employee's account shall be transferred to the ~~state contribution reserve of the state employees general plan~~ retirement fund, except that (1) the employee contribution paid to the unclassified ~~plan~~ program must be compared to (2) the employee contributions that would have been paid to the general plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general plan coverage or before the effective date of the annuity, whichever is sooner.

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

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

Sec. 12. Minnesota Statutes 2006, section 352D.06, subdivision 3, is amended to read:

Subd. 3. **Accrual date.** An annuity under this section accrues the first day of the first full month after an application is received or ~~after~~ the day following termination of state service, whichever is later. ~~Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts.~~ The account must

31.1 be valued and redeemed on the later of the end of the month of termination of covered
31.2 employment, or the end of the month of receipt of the annuity application for the purpose
31.3 of computing the annuity.

31.4 **EFFECTIVE DATE.** This section is effective the day after final enactment.

31.5 Sec. 13. Minnesota Statutes 2006, section 353.01, subdivision 2a, is amended to read:

31.6 Subd. 2a. **Included employees.** (a) Public employees whose salary from
31.7 employment in one or more positions within one governmental subdivision exceeds \$425
31.8 in any month shall participate as members of the association. If the salary is less than
31.9 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
31.10 employees shall participate as members of the association with retirement coverage by
31.11 the public employees retirement plan or the public employees police and fire retirement
31.12 plan under this chapter, or the local government correctional employees retirement plan
31.13 under chapter 353E, whichever applies, as a condition of their employment on the first
31.14 day of employment unless they:

31.15 (1) are specifically excluded under subdivision 2b;

31.16 (2) do not exercise their option to elect retirement coverage in the association as
31.17 provided in subdivision 2d, paragraph (a); or

31.18 (3) are employees of the governmental subdivisions listed in subdivision 2d,
31.19 paragraph (b), where the governmental subdivision has not elected to participate as a
31.20 governmental subdivision covered by the association.

31.21 (b) A public employee who was a member of the association on June 30, 2002,
31.22 based on employment that qualified for membership coverage by the public employees
31.23 retirement plan or the public employees police and fire plan under this chapter, or the
31.24 local government correctional employees retirement plan under chapter 353E as of June
31.25 30, 2002, retains that membership for the duration of the person's employment in that
31.26 position or incumbency in elected office. Except as provided in subdivision 28, the person
31.27 shall participate as a member until the employee or elected official terminates public
31.28 employment under subdivision 11a or terminates membership under subdivision 11b.

31.29 (c) Public employees under paragraph (a) include physicians under section 353D.01,
31.30 subdivision 2, who do not elect public employees defined contribution plan coverage
31.31 under section 353D.02, subdivision 2.

31.32 **EFFECTIVE DATE.** This section is effective the day after final enactment.

31.33 Sec. 14. Minnesota Statutes 2006, section 353.01, subdivision 2b, is amended to read:

31.34 Subd. 2b. **Excluded employees.** The following public employees are not eligible
31.35 to participate as members of the association with retirement coverage by the public

32.1 employees retirement plan, the local government correctional employees retirement plan
32.2 under chapter 353E, or the public employees police and fire retirement plan:

32.3 (1) public officers, other than county sheriffs, who are elected to a governing body,
32.4 or persons who are appointed to fill a vacancy in an elective office of a governing body,
32.5 whose term of office commences on or after July 1, 2002, for the service to be rendered
32.6 in that elective position. ~~Elected governing body officials who were active members~~
32.7 ~~of the association's coordinated or basic retirement plans as of June 30, 2002, continue~~
32.8 ~~participation throughout incumbency in office until termination of public service occurs as~~
32.9 ~~defined in subdivision 11a;~~

32.10 (2) election officers or election judges;

32.11 (3) patient and inmate personnel who perform services for a governmental
32.12 subdivision;

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

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

32.19 (6) employees who by virtue of their employment in one governmental subdivision
32.20 are required by law to be a member of and to contribute to any of the plans or funds
32.21 administered by the Minnesota State Retirement System, the Teachers Retirement
32.22 Association, the Duluth Teachers Retirement Fund Association, the Minneapolis Teachers
32.23 Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the
32.24 Minneapolis Employees Retirement Fund, or any police or firefighters relief association
32.25 governed by section 69.77 that has not consolidated with the Public Employees Retirement
32.26 Association, or any local police or firefighters consolidation account who have not elected
32.27 the type of benefit coverage provided by the public employees police and fire fund under
32.28 sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4,
32.29 5, or 6, who have not elected public employees police and fire plan benefit coverage. This
32.30 clause must not be construed to prevent a person from being a member of and contributing
32.31 to the Public Employees Retirement Association and also belonging to and contributing to
32.32 another public pension plan or fund for other service occurring during the same period
32.33 of time. A person who meets the definition of "public employee" in subdivision 2 by
32.34 virtue of other service occurring during the same period of time becomes a member of the
32.35 association unless contributions are made to another public retirement fund on the salary

based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

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

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

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

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement

34.1 Association and a participant in the public employees retirement fund or the public
34.2 employees police and fire fund, whichever applies, on the basis of compensation received
34.3 from public employment activities other than those as a volunteer firefighter;

34.4 (16) pipefitters and associated trades personnel employed by Independent School
34.5 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
34.6 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
34.7 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
34.8 241, article 2, section 12;

34.9 (17) electrical workers, plumbers, carpenters, and associated trades personnel
34.10 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
34.11 who have retirement coverage under a collective bargaining agreement by the Electrical
34.12 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
34.13 or the Carpenters Local 87 pension plan who were either first employed after May 1,
34.14 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
34.15 chapter 461, article 7, section 5;

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

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

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

34.32 (21) persons who are provided supported employment or work-study positions
34.33 by a governmental subdivision and who participate in an employment or industries
34.34 program maintained for the benefit of these persons where the governmental subdivision
34.35 limits the position's duration to three years or less, including persons participating in a
34.36 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or

unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

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

Sec. 15. Minnesota Statutes 2006, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department ~~or~~ unit or instrumentality of state or local government, or any public body whose revenues are derived established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the ~~Metropolitan Minnesota~~ Intercounty Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, ~~nor the Minneapolis Community Development Agency~~; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision shall be subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

EFFECTIVE DATE. This section is effective the day after final enactment. Paragraphs (e) and (f) apply to initial plan coverage dates occurring on or after the effective date.

Sec. 16. Minnesota Statutes 2006, section 353.01, subdivision 16, is amended to read:

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

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

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

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

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and ~~during or for which a member obtained service credit for each month in the leave period by payments payment under section 353.0161 to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, by appropriate action of its governing body which is made a part of its official records and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made.~~ An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the

end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

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

(7) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service is credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 20 days after termination of public service under subdivision 11a. If the member equivalent

contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period.

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

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

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

(e) MS 2002 [Expired]

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 17. Minnesota Statutes 2006, section 353.01, subdivision 28, is amended to read:

Subd. 28. **Retirement.** (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a. A right to retirement requires a complete and continuous separation for 30 days from employment as a public employee and from the provision of paid services to that employer.

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied separation requirements under paragraph (a).

~~(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.~~

~~(d)~~ (c) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the a defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan. A retirement annuity is also payable from a defined benefit plan under this chapter to an eligible member who terminates public service and who, within 30 days of separation, takes office as an elected official of a governmental subdivision.

(d) Elected officials included in association membership under subdivisions 2a and 2d meet the 30-day separation requirement under this section by resigning from office

prior to filing for a subsequent term in the same office and by remaining completely and continuously separated from that office for 30 days prior to the date of the election.

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

Sec. 18. **[353.0161] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.**

Subdivision 1. Application. This section applies to employees covered by any plan specified in this chapter or chapter 353E for any period of authorized leave of absence specified in section 353.01, subdivision 16, paragraph (a), clause (4), for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

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

(b) If payment is received by the executive director within one year from the end of the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 19. Minnesota Statutes 2006, section 353.03, subdivision 3, is amended to read:

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

(1) elect a president and vice-president. ~~The board shall;~~

(2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund. ~~The cost of administering this chapter must be paid by the fund;~~

42.1 ~~(b) The board shall~~ (3) adopt bylaws for its own government and for the management
 42.2 of the fund consistent with the laws of the state and may modify them at pleasure. ~~It shall;~~

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

42.8 (5) pass upon and allow or disallow all applications for membership in the fund
 42.9 and shall allow or disallow claims for withdrawals, pensions, or benefits payable from
 42.10 the fund. ~~It shall;~~

42.11 (6) adopt an appropriate mortality table based on experience of the fund as
 42.12 recommended by the association actuary and approved under section 356.215, subdivision
 42.13 18, with interest set at the rate specified in section 356.215, subdivision 8. ~~It shall;~~

42.14 (7) provide for the payment out of the fund of the cost of administering this
 42.15 chapter, of all necessary expenses for the administration of the fund and of all claims for
 42.16 withdrawals, pensions, or benefits allowed. ~~The board shall; and~~

42.17 (8) approve or disapprove all recommendations and actions of the executive director
 42.18 made subject to its approval or disapproval by subdivision 3a.

42.19 ~~(c)~~ (b) In passing upon all applications and claims, the board may summon, swear,
 42.20 hear, and examine witnesses and, in the case of claims for disability benefits, may require
 42.21 the claimant to submit to a medical examination by a physician of the board's choice, at the
 42.22 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
 42.23 of all applications and claims, may conduct investigations necessary to determine their
 42.24 validity and merit. The board shall establish procedures to assure that a benefit applicant
 42.25 and recipient may have a review of a benefit eligibility or benefit amount determination
 42.26 affecting the applicant or recipient. The review procedure may afford the benefit applicant
 42.27 or benefit recipient an opportunity to present views at any review proceeding conducted,
 42.28 but is not a contested case under chapter 14.

42.29 ~~(d)~~ (c) The board may continue to authorize the sale of life insurance to members
 42.30 under the insurance program in effect on January 1, 1985, but must not change that
 42.31 program without the approval of the commissioner of finance. The association shall
 42.32 not receive any financial benefit from the life insurance program beyond the amount
 42.33 necessary to reimburse the association for costs incurred in administering the program.
 42.34 The association shall not engage directly or indirectly in any other activity involving the
 42.35 sale or promotion of goods or services, or both, whether to members or nonmembers.

~~(e)~~ (d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures shall define the types of activities and expenses that qualify for reimbursement, shall provide that all out-of-state travel must be authorized by the board, and shall provide for independent verification of claims for expense reimbursement. The procedures must comply with applicable rules and policies of the Department of Finance, the Department of Administration, and the Department of Employee Relations.

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

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

Sec. 20. Minnesota Statutes 2006, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. **Executive director.** (a) **Appointment.** The board shall appoint, ~~with the advice and consent of the senate,~~ an executive director on the basis of education, experience in the retirement field, and leadership ability. The executive director shall have had at least five years' experience in an executive level management position, which has included responsibility for pensions, deferred compensation, or employee benefits. The executive director serves at the pleasure of the board. The salary of the executive director is as provided by section 15A.0815.

(b) **Duties.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

(1) attend all meetings of the board;

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

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

(4) designate, with the approval of the board, up to two persons who ~~shall~~ may serve in the unclassified service and whose ~~salary is~~ salaries are set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;

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

(6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;

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

(8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;

(9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

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

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

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Finance for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

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

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

Sec. 21. Minnesota Statutes 2006, section 353.03, subdivision 4, is amended to read:

Subd. 4. **Offices.** The commissioner of administration shall make provision for suitable office space in the ~~state capitol or other state office buildings, or at such other location as is determined by the commissioner for the use of the board of trustees and its executive director. The commissioner shall give the board at least four months notice for any proposed removal from their present location. Any and all rental charges shall be paid by the trustees from the public employees retirement fund~~ public pension fund facilities created under section 356B.10.

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

Sec. 22. Minnesota Statutes 2006, section 353.27, is amended by adding a subdivision to read:

Subd. 14. **Treatment of periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association, that employer and employees are subject to the requirements of subdivision 12 retroactive to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution plan, other than a volunteer fire plan. If this paragraph applies, an individual is prohibited from purchasing service credit for any period or periods specified in paragraph (a).

EFFECTIVE DATE. This section is effective the day after final enactment and applies to initial plan coverage dates occurring on or after the effective date.

Sec. 23. Minnesota Statutes 2006, section 353.28, subdivision 6, is amended to read:

Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which receives the direct proceeds of property taxation fails to pay an amount due under chapter 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify the amount to the applicable county auditor for collection. The county auditor shall collect the amount out of the revenue of the governmental subdivision, or shall add the amount to the levy of the governmental subdivision and make payment directly to the association. This tax must be levied, collected, and apportioned in the manner that other taxes are levied, collected, and apportioned.

(b) If a governmental subdivision which is not funded directly from the proceeds of property taxation fails to pay an amount due under this chapter, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to pay the amount for a period of 60 days after the date of the certification, the executive director shall certify the amount to the commissioner of finance, who shall deduct the amount from any subsequent state-aid payment or state appropriation amount applicable to the governmental subdivision and make payment directly to the association. If the amount of the state-aid payment or state appropriation is not sufficient to pay the full sum due, the amounts paid to the association shall be applied first to the unpaid employee deductions withheld from the employees' wages and next to the unpaid employer contributions. Any remaining amount received by the association must be applied to the interest due on the employee and employer contribution amounts. If a government subdivision under this paragraph owes amounts to more than one public retirement plan, section 356.98 applies.

(c) If a governmental subdivision has been dissolved or closed, the requirements in paragraph (b) of a certification to the governmental subdivision and the related 60-day waiting period do not apply. The executive director is authorized to immediately certify the applicable amount to the commissioner of finance.

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

Sec. 24. Minnesota Statutes 2006, section 353.29, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 353.30, subdivisions ~~1~~, 1a, 1b, and 1c, applies to any member who first became a

public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) will apply. The average salary as defined in section 353.01, subdivision 17a, multiplied by the percent specified in section 356.315, subdivision 3, for each year of allowable service for the first ten years and thereafter by the percent specified in section 356.315, subdivision 4, per year of allowable service and completed months less than a full year for ~~the "basic member,"~~ a basic member, and the percent specified in section 356.315, subdivision 1, for each year of allowable service for the first ten years and thereafter by the percent specified in section 356.315, subdivision 2, per year of allowable service and completed months less than a full year for ~~the "coordinated member,"~~ a coordinated member shall determine the amount of the ~~"normal"~~ normal retirement annuity.

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

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

Sec. 25. Minnesota Statutes 2006, section 353.30, subdivision 1a, is amended to read:

Subd. 1a. **Pre-July 1, 1989 members: rule of 90.** ~~Any~~ Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose attained age plus credited allowable service totals 90 years is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, ~~subdivisions 2 and subdivision 3,~~ subdivision 3, paragraph (a), without any reduction in annuity ~~by reason of such~~ due to early retirement.

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

Sec. 26. Minnesota Statutes 2006, section 353.30, subdivision 1b, is amended to read:

Subd. 1b. **Pre-July 1, 1989 members: 30 years of service.** ~~Any~~ Upon termination of public service under section 353.01, subdivision 11a, a person who first became a

public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, with 30 years or more of allowable service credit, who elects ~~early retirement under subdivision 1~~ to retire prior to normal retirement age, shall receive an annuity in an amount equal to the normal annuity provided under section 353.29, ~~subdivisions 2 and subdivision 3~~, paragraph (a), reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

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

Sec. 27. Minnesota Statutes 2006, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. **Pre-July 1, 1989 members: early retirement.** ~~Any~~ Upon termination of public service, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and who has received credit for at least 30 years of allowable service or who has become at least 55 years old but not normal retirement age, and has received credit for at least three years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement, except that for any member who has 30 or more years of allowable service the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.

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

Sec. 28. Minnesota Statutes 2006, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who has credit for not less than three years of allowable service and dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to ~~the a~~ a 100 percent joint and survivor annuity ~~that the member could have qualified for had the member terminated service on the date of death~~ computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) ~~If the a member was under age 55 first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using~~ computed using

49.1 section 353.30, subdivision 1b, except that the full early retirement reduction under section
 49.2 353.30, subdivisions 1b and 1c, to that provision will be applied from age 62 back to age 55
 49.3 and one-half of the early retirement reduction from age 55 back to the age payment begins.

49.4 (c) If ~~the~~ a member who was under age 55 and has credit for at least three years of
 49.5 allowable service ~~on the date of death dies,~~ but did not qualify for retirement on the date
 49.6 of death, the surviving spouse may elect to receive ~~the~~ a 100 percent joint and survivor
 49.7 annuity ~~based on the age of the member and surviving spouse at the time of death. The~~
 49.8 ~~annuity is payable~~ computed using section 353.30, subdivision 1c or 5, as applicable,
 49.9 except that the full early retirement reduction under section 353.30, subdivision 1, 1b, 1c,
 49.10 or 5, specified in the applicable subdivision will be applied to age 55 and one-half of the
 49.11 early retirement reduction from age 55 back to the age payment begins.

49.12 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
 49.13 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
 49.14 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
 49.15 with the association. If there is no surviving spouse or child or children, a former spouse
 49.16 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
 49.17 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
 49.18 the terms of a marriage dissolution decree filed with the association.

49.19 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
 49.20 may apply for the annuity at any time after the date on which the deceased employee would
 49.21 have attained the required age for retirement based on the employee's allowable service.
 49.22 The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may
 49.23 apply for an annuity any time after the member's death. ~~The annuity must be computed~~
 49.24 ~~under sections 353.29, subdivisions 2 and 3, and 353.30, subdivisions 1, 1a, 1b, 1c, and 5.~~

49.25 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
 49.26 annuity or surviving spouse benefit payable under this subdivision. ~~No payment may~~
 49.27 ~~accrue beyond the end of the month in which entitlement to the annuity has terminated or~~
 49.28 ~~upon expiration of the term certain benefit payment under subdivision 1b.~~

49.29 (g) An amount equal to any excess of the accumulated contributions that were
 49.30 credited to the account of the deceased employee over and above the total of the annuities
 49.31 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

49.32 ~~(g)~~ (h) A member may specify in writing that this subdivision does not apply and
 49.33 that payment may be made only to the designated beneficiary as otherwise provided by
 49.34 this chapter. The waiver of a surviving spouse annuity under this section does not make a
 49.35 dependent child eligible for benefits under subdivision 1c.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

EFFECTIVE DATE. This section is effective for survivor benefits based on a date of death occurring on or after July 1, 2007. This section, other than paragraph (j), is not intended to increase, modify, impair, or diminish the benefit entitlements specified in the subdivision within the Minnesota Statutes being amended. If the executive director of the Public Employees Retirement Association determines that any provision of this section, other than paragraph (j), does increase, modify, impair, or diminish the benefit entitlements as reflected in applicable law just before the effective date of this section, the executive director shall certify that determination and a recommendation as to the required legislative correction to the chairs of the Legislative Commission on Pensions and Retirement, the house Governmental Operations and Veterans Affairs Policy Committee, the senate State and Local Governmental Operations Committee, and the executive director of the Legislative Commission on Pensions and Retirement.

Sec. 29. Minnesota Statutes 2006, section 353.32, subdivision 1b, is amended to read:

Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain period of ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The benefit terminates at the end of the specified term certain period. Except as otherwise specified in this subdivision, the monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

(b) If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

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

Sec. 30. Minnesota Statutes 2006, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** A member with at least three years of allowable service when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 4, 1a, 1b, 1c, or 5. The deferred annuity must be computed under section 353.29, ~~subdivisions 2 and subdivision 3~~, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in section 353.71, subdivision 2. A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

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

Sec. 31. Minnesota Statutes 2006, section 354.05, subdivision 13, is amended to read:

Subd. 13. **Allowable service.** "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,

section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no ~~allowable service~~ credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) MS 2002 [Expired]

(9) A period of time during which a teacher ~~who is a state employee~~ was on strike without pay, not to exceed a period of one year, if ~~the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined~~ under section ~~356.551~~ 354.72, or

(10) A period of service before July 1, 2006, that was properly credited as allowable service by the Minneapolis Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2006, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on or after July 1, 2006, is "allowable service" only as provided by this chapter.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 32. Minnesota Statutes 2006, section 354.093, is amended to read:

354.093 PARENTAL LEAVE.

Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment ~~to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must equal the total required employee and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest~~ under section 354.72. Notwithstanding the provisions of any agreements to the contrary, the contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 33. Minnesota Statutes 2006, section 354.094, is amended to read:

354.094 EXTENDED LEAVES OF ABSENCE.

Subdivision 1. **Service credit contributions.** (a) Upon granting any extended leave of absence under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence under section 122A.46 or 136F.43 ~~may pay employee contributions and shall~~ receive allowable and formula service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that ~~the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave~~ payment is made as specified in paragraph (b). The employer may enter into an agreement with the exclusive bargaining representative of the teachers in the district under which, for an individual teacher, all or a portion of the employee's contribution is paid by the employer. Any such agreement must include a sunset of eligibility to qualify for the payment and must not be a part of the collective bargaining agreement. The leave period must not exceed five years. A member may not receive more than five years of allowable or formula service credit under this section. ~~The employee and employer contributions must be based upon~~

~~the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave.~~

(b) Employee contribution payments without interest for the years for which a member is receiving service credit while on extended leave must be made on or before June 30 of each fiscal year for which service credit is to be received, or in instances of late reporting by the employer, within 30 days after the association gives notification to the member of the amount due. ~~If payment is to be made by a transfer of pretax assets authorized under section 356.441, payment is authorized after June 30 of the fiscal year providing that authorization for the asset transfer has been received by the applicable third party administrator by June 30, and the payment must include interest at a rate of .708 percent per month from June 30 through the end of the month in which payment is received. No payment is permitted after the following September 30.~~ Payment is authorized after June 30 as specified in section 354.72.

(c) Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer contributions~~ payments may not be made to receive allowable and formula service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

(d) Any school district paying the employee's retirement contributions or payments under this section shall forward to the ~~applicable~~ Teachers Retirement Association or retirement fund a copy of the agreement executed by the school district and the employee.

Subd. 2. **Membership; retention.** Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave ~~whose employee and employer contributions are paid into the fund pursuant to~~ under subdivision 1 shall retain membership in the association ~~for as long as the contributions are paid~~ if payment under subdivision 1, paragraph (b), or section 354.72, is made, under the same terms and conditions as if the member had continued to teach in the district or the Minnesota State Colleges and Universities system.

Subd. 3. **Effect of nonpayment.** A member on extended leave of absence ~~pursuant to~~ under section 122A.46 or 136F.43 who ~~does not pay employee contributions or whose employer contribution is not paid into the fund in any~~ fails to make payments under subdivision 1, paragraph (b), or section 354.72, for any given year of the leave shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not ~~pay employee or employer contributions into~~ make payment to the fund in for any subsequent year of the leave until full payment is made for all prior years of the leave. ~~Nonpayment of contributions into the fund~~ Failure to make payment shall not

55.1 affect the rights or obligations of the member or the member's employer under section
55.2 122A.46 or 136F.43.

55.3 Subd. 4. **Member who does not resume teaching.** A member who ~~pays employee~~
55.4 ~~contributions into~~ makes the payments specified in subdivision 1, paragraph (b), or
55.5 section 354.72, to the fund for the agreed maximum duration of an extended leave and
55.6 who does not resume teaching in the first school year after that maximum duration has
55.7 elapsed shall be deemed to cease to render teaching services beginning in that year for
55.8 purposes of this chapter.

55.9 Subd. 5. **Discharge; layoff.** The provisions of this section shall not apply to a
55.10 member who is discharged or placed on unrequested leave of absence or retrenchment
55.11 or layoff or whose contract is terminated while the member is on an extended leave of
55.12 absence ~~pursuant to~~ under section 122A.46 or 136F.43.

55.13 Subd. 6. **Limits on other service credit.** A member who ~~pays employee~~
55.14 ~~contributions~~ makes the payments required under subdivision 1, paragraph (b), or section
55.15 354.72, and receives allowable and formula service credit in the association pursuant to
55.16 under this section may not pay employee contributions or receive allowable or formula
55.17 service credit for the same fiscal year in any other Minnesota public employee pension
55.18 plan, except a volunteer firefighters' relief association governed by sections 69.771 to
55.19 69.776. This subdivision shall not be construed to prohibit a member who ~~pays employee~~
55.20 ~~contributions and~~ receives allowable and formula service credit in the association ~~pursuant~~
55.21 ~~to under~~ this section ~~in any~~ for a given year from being employed as a substitute teacher by
55.22 any school district during that year. Notwithstanding the provisions of sections 354.091
55.23 and 354.42, a teacher may not pay retirement contributions or receive allowable or
55.24 formula service credit in the association for teaching service rendered for any part of any
55.25 year for which the teacher pays retirement contributions or receives allowable or formula
55.26 service credit ~~pursuant to~~ under this section or section 354A.091 while on an extended
55.27 leave of absence ~~pursuant to~~ under section 122A.46.

55.28 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to
55.29 authorized leaves of absence that commence on or after the effective date.

55.30 Sec. 34. Minnesota Statutes 2006, section 354.095, is amended to read:

55.31 **354.095 MEDICAL LEAVE; PAYMENT PROCEDURES.**

55.32 Upon granting a medical leave, an employing unit must certify the leave to the
55.33 association on a form specified by the executive director. A member of the association
55.34 who is on an authorized medical leave of absence is entitled to receive allowable service
55.35 credit, not to exceed one year, for the period of leave, upon making the prescribed payment

to the fund under section 354.72. ~~This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus compound annual interest at the rate of 8.5 percent from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier.~~ A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time. Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 35. Minnesota Statutes 2006, section 354.096, subdivision 2, is amended to read:

Subd. 2. **Payment.** (a) Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced.

(b) ~~The member may make If payment, without interest, to the association by the end of the fiscal year following the fiscal year in which the leave terminated or before the effective date of the member's retirement, whichever is earlier~~ is made after the leave terminates, section 354.72 applies.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to authorized leaves of absence that commence on or after the effective date.

Sec. 36. **[354.105] PAYMENTS USING PRETAX TRANSFERS.**

If a current or past member is making a payment to the Teachers Retirement Association to receive service credit under a provision of this chapter, chapter 356, or applicable special law, and this payment is to be made by a transfer of pretax assets

57.1 authorized under section 356.441, payment is authorized after the due date, but not to
57.2 exceed 90 days, providing the authorization for the asset transfer has been received by
57.3 the applicable third party administrator by the due date, and the payment must include
57.4 interest at a rate of .708 percent per month from the due date through the end of the month
57.5 in which the Teachers Retirement Association receives the payment.

57.6 **EFFECTIVE DATE.** This section is effective July 1, 2007.

57.7 Sec. 37. Minnesota Statutes 2006, section 354.35, is amended to read:

57.8 **354.35 OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE**
57.9 **NORMAL RETIREMENT AGE.**

57.10 Subdivision 1. Normal retirement age definition. For purposes of this section,
57.11 "normal retirement age" means normal retirement age as defined in United States Code,
57.12 title 42, section 416(1), as amended.

57.13 Subd. 2. Election of accelerated annuity. (a) Any coordinated member who retires
57.14 before normal retirement age 65 may elect to receive an optional accelerated retirement
57.15 annuity from the association which provides for different annuity amounts over different
57.16 periods of retirement. The optional accelerated retirement annuity must take the form of
57.17 an annuity payable for the period before the member attains age 65, or normal retirement
57.18 age, in a greater amount than the amount of the annuity calculated under section 354.44 on
57.19 the basis of the age of the member at retirement, but the optional accelerated retirement
57.20 annuity must be the actuarial equivalent of the member's annuity computed on the basis of
57.21 the member's age at retirement. The greater amount must be paid until the retiree reaches
57.22 age 65, or normal retirement age, and at that time the payment from the association must
57.23 be reduced. For each year the retiree is under age 65, or normal retirement age, up to five
57.24 percent of the total life annuity required reserves may be used to accelerate the optional
57.25 retirement annuity under this section. ~~At retirement,~~

57.26 (b) Members who retire before age 62 may elect to have the ~~age specified in~~ annuity
57.27 ~~under this section~~ be subdivision accelerated to age 62 instead of 65 rather than normal
57.28 retirement age or age 65.

57.29 (c) The method of computing the optional accelerated retirement annuity provided in
57.30 this ~~section~~ subdivision is established by the board of trustees. In establishing the method
57.31 of computing the optional accelerated retirement annuity or any modification of that
57.32 procedure, the board of trustees must obtain the written approval of the actuary retained
57.33 under section 356.214. The written approval must be a part of the permanent records
57.34 of the board of trustees. The election of an optional accelerated retirement annuity is
57.35 exercised by making an application on a form provided by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 38. Minnesota Statutes 2006, section 354.45, subdivision 1a, is amended to read:

Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 1 ~~after June 30, 1989~~, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

~~(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 1 elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments. The restoration of the normal single life annuity under this subdivision will take effect on July 1, 1989, or the first of the month following the date of death of the designated optional annuity beneficiary, or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the Teachers Retirement Association, whichever date is later.~~

(c) Except as stated in paragraph (b), this subdivision should not be interpreted as authorizing retroactive benefit payments.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 39. Minnesota Statutes 2006, section 354.48, subdivision 3, is amended to read:

Subd. 3. **Computation of benefits.** ~~(1)~~ (a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, ~~clauses (1) and (2)~~ paragraphs (b) and (c), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect ~~when the disability application is received~~ on the last day for which salary is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election ~~pursuant to~~ under Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this ~~clause~~ paragraph, as further specified in paragraphs (b) and (c), or ~~clause (2)~~ paragraph (d), whichever is larger.

(b) The benefit granted shall be determined by the following:

~~(a)~~ (1) the amount of the accumulated deductions;

59.1 ~~(b)~~ (2) interest actually earned on these accumulated deductions to the date the
 59.2 benefit begins to accrue;

59.3 ~~(c)~~ (3) interest for the years from the date the benefit begins to accrue to the date the
 59.4 member attains normal retirement age at the rate of three percent;

59.5 ~~(d)~~ (4) annuity purchase rates based on an appropriate annuity table of mortality
 59.6 established by the board as provided in section 354.07, subdivision 1, and using
 59.7 the applicable postretirement interest rate assumption specified in section 356.215,
 59.8 subdivision 8.

59.9 (c) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year
 59.10 anniversary of the effective date of the disability benefit, whichever is later, must be
 59.11 paid to basic members.

59.12 ~~(2)~~ (d) The disability benefit granted to members covered under section 354.44,
 59.13 subdivision 6, shall be computed in the same manner as the annuity provided in section
 59.14 354.44, subdivision 6. The disability benefit shall be the formula annuity without the
 59.15 reduction for each month the member is under normal retirement age when the benefit
 59.16 begins to accrue as defined by the law in effect on the last day for which salary is paid.

59.17 ~~(3)~~ (e) For the purposes of computing a retirement annuity when the member
 59.18 becomes eligible, the amounts paid for disability benefits shall not be deducted from the
 59.19 individual member's accumulated deductions. If the disability benefits provided in this
 59.20 subdivision exceed the monthly average salary of the disabled member, the disability
 59.21 benefits shall be reduced to an amount equal to the disabled member's average salary.

59.22 **EFFECTIVE DATE.** This section is effective July 1, 2007.

59.23 Sec. 40. **[354.471] ACCOUNT TERMINATION; RESTORATION.**

59.24 Subdivision 1. **Account termination.** If an active or deferred member dies and
 59.25 there is no surviving spouse or other beneficiaries, or the spouse or beneficiaries cannot be
 59.26 located within five years of the date of death of the member, the accumulated employee
 59.27 and employer contributions and any other payments made to the Teachers Retirement
 59.28 Association fund by the individual or on behalf of the individual, and all investment
 59.29 earnings on these amounts, shall be credited to and become part of the retirement fund.

59.30 Subd. 2. **Restoration.** Following a forfeiture under subdivision 1, if a surviving
 59.31 spouse or other beneficiary of the deceased contacts the Teachers Retirement Association
 59.32 and, based on documentation determined by the executive director to be valid and
 59.33 adequate, establishes a right to a survivor annuity, death refund, or other benefit provided
 59.34 by this chapter, the account forfeited under subdivision 1 shall be fully or partially
 59.35 restored, as necessary.

60.1 **EFFECTIVE DATE.** This section is effective July 1, 2007.

60.2 Sec. 41. **[354.72] AUTHORIZED LEAVE OF ABSENCE AND STRIKE PERIOD**
60.3 **SERVICE CREDIT PURCHASE PROCEDURE.**

60.4 Subdivision 1. **Application.** This section applies to any strike period under section
60.5 354.05, subdivision 13, clause (9), and to any period of authorized leave of absence
60.6 without pay under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher
60.7 obtains credit for allowable service by making payment as specified in this section to the
60.8 Teachers Retirement Association fund. Each year of an extended leave of absence under
60.9 section 354.094 is considered to be a separate leave for purposes of this section.

60.10 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and
60.11 formula service in the plan for a period specified in subdivision 1 if the teacher makes
60.12 a payment as specified in paragraph (b) or (c), whichever applies. The employing unit,
60.13 at its option, may pay the employer portion of the amount specified in paragraph (b) on
60.14 behalf of its employees.

60.15 (b) If payment is received by the executive director within one year from the end
60.16 of the strike period or authorized leave under section 354.093, 354.095, or 354.096, or
60.17 after June 30 and before the following June 30 for an extended leave of absence under
60.18 section 354.094, the payment must equal the total employee and employer contributions,
60.19 including amortization contributions if applicable, given the contribution rates in section
60.20 354.42, multiplied by the member's average monthly salary rate on the commencement
60.21 of the leave or period of strike, multiplied by the months and portions of a month of the
60.22 leave of absence or period of strike for which the teacher seeks allowable service credit.
60.23 Payments made under this paragraph must include compound interest at a monthly rate of
60.24 0.71 percent from the last day of the leave period or strike period, or from June 30 for
60.25 an extended leave of absence under section 354.094, until the last day of the month in
60.26 which payment is received.

60.27 (c) If payment is received by the executive director after the applicable last permitted
60.28 date under paragraph (b), the payment amount is the amount determined under section
60.29 356.551.

60.30 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to
60.31 authorized leaves of absence that commence on or after the effective date.

60.32 Sec. 42. Minnesota Statutes 2006, section 356.195, subdivision 1, is amended to read:

60.33 Subdivision 1. **Covered plans.** This section applies to all defined benefit plans
60.34 specified in section 356.30, subdivision 3, except clause (10).

61.1 **EFFECTIVE DATE.** This section is effective the day after final enactment.

61.2 Sec. 43. Minnesota Statutes 2006, section 356.405, is amended to read:

61.3 **356.405 COMBINED PAYMENT OF RETIREMENT ANNUITIES.**

61.4 (a) The Public Employees Retirement Association and the Minnesota State
61.5 Retirement System are permitted to combine payments to retirees if one of the payments
61.6 is less than \$250 per month and the same joint and survivor annuity was taken, or if
61.7 the individual elects straight life annuities from both systems. The total payment must
61.8 be equal to the amount that is payable if payments were kept separate. ~~The retiree must~~
61.9 ~~agree, in writing, to have the payment combined.~~

61.10 (b) Each plan must calculate the benefit amounts under the laws governing the plan
61.11 and the required reserves ~~and future mortality losses or gains~~ must be paid ~~or accrued~~ to
61.12 the plan making the combined payment from ~~which the plan where the~~ service was earned.
61.13 ~~Each plan must account for its portion of the payment separately, and there may be no~~
61.14 ~~additional actuarial liabilities realized by either plan.~~

61.15 (c) The plan making the payment would be responsible for issuing one payment and
61.16 making address changes, tax withholding changes, and other administrative functions
61.17 needed to process the payment.

61.18 **EFFECTIVE DATE.** This section is effective July 1, 2007.

61.19 Sec. 44. Minnesota Statutes 2006, section 356.46, subdivision 3, is amended to read:

61.20 Subd. 3. **Requirement of notice to member's spouse.** (a) Except as specified in
61.21 paragraph (c), if a public pension plan provides optional retirement annuity forms which
61.22 include a joint and survivor optional retirement annuity form potentially applicable to the
61.23 surviving spouse of a member, the executive director of the public pension plan shall send
61.24 a copy of the written statement required by subdivision 2 to the spouse of the member
61.25 before the member's election of ~~an optional~~ a retirement annuity.

61.26 (b) Following the election of a retirement annuity by the member, a copy of the
61.27 completed retirement annuity application and retirement annuity beneficiary form, if
61.28 applicable, must be sent by the executive director of the public pension plan to the
61.29 spouse of the retiring member. A signed acknowledgment must be required from the
61.30 spouse confirming receipt of a copy of the completed retirement annuity application and
61.31 retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is
61.32 on the annuity application form. If the required signed acknowledgment is not received
61.33 from the spouse within 30 days, the executive director of the public pension plan must
61.34 send another copy of the completed retirement annuity application and retirement annuity
61.35 beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

62.1 (c) For the Teachers Retirement Association, the statement to the spouse that is
62.2 required under paragraph (a) shall be sent before or upon the member's election of an
62.3 annuity.

62.4 **EFFECTIVE DATE.** This section is effective July 1, 2007.

62.5 Sec. 45. Minnesota Statutes 2006, section 356.87, is amended to read:

62.6 **356.87 HEALTH INSURANCE WITHHOLDING.**

62.7 **Subdivision 1. Public employees insurance program withholding.** (a) Upon
62.8 authorization of a person entitled to receive a retirement annuity, disability benefit or
62.9 survivor benefit, the executive director of a public pension fund enumerated in section
62.10 356.20, subdivision 2, shall withhold health insurance premium amounts from the
62.11 retirement annuity, disability benefit or survivor benefit, and shall pay the premium
62.12 amounts to the public employees insurance program.

62.13 (b) The public employees insurance program shall reimburse a public pension fund
62.14 for the administrative expense of withholding the premium amounts and shall assume
62.15 liability for the failure of a public pension fund to properly withhold the premium amounts.

62.16 **Subd. 2. Public safety retiree insurance withholding.** (a) For purposes of this
62.17 subdivision, "governing board" means the governing board or body that has been assigned
62.18 the chief policy making powers and management duties of the applicable pension plan.

62.19 (b) The governing board may, for a pension plan providing monthly annuity
62.20 payments and which is enumerated in section 356.20, subdivision 2, direct the plan's chief
62.21 administrative officer to withhold health, accident, and long-term care insurance premiums
62.22 from the retirement annuity or disability benefit and to transmit the amount to an approved
62.23 insurance provider specified by the eligible person. A governing board which agrees to
62.24 participate may revise or revoke that decision at a later date, providing reasonable notice
62.25 is provided to the applicable parties.

62.26 (c) An eligible person is a person who:

62.27 (1) is a retiree or disabilitant from a participating plan;

62.28 (2) was a public safety officer as defined in United States Code, title 42, section
62.29 3796b;

62.30 (3) terminated service as a public safety officer upon attainment of normal retirement
62.31 age and commences receipt of an annuity without any period of deferral, or is receiving
62.32 a disability benefit; and

62.33 (4) satisfies any other requirements to have all or a portion of the health, accident,
62.34 or long-term care insurance premiums excluded from income for taxation purposes, as
62.35 specified in the Pension Protection Act of 2006, section 845.

63.1 (d) An approved insurance provider is:

63.2 (1) any regulated, licensed insurance company;

63.3 (2) a fraternal or any other organization sponsoring a regulated, licensed insurance
63.4 program; or

63.5 (3) an employer-sponsored insurance program, whether directly through the
63.6 employer or a third-party administrator.

63.7 (e) Using a form determined by the chief administrative officer of the applicable
63.8 plan, an eligible person may elect to have the applicable plan administrator withhold and
63.9 transmit the insurance amounts described in paragraph (b).

63.10 (f) A pension fund and the plan fiduciaries which authorize or administer
63.11 withholding of insurance premiums under this subdivision shall not be held liable for
63.12 failure to properly withhold or transmit the premium amounts.

63.13 **EFFECTIVE DATE.** This section is effective January 1, 2007.

63.14 **COMPREHENSIVE EMPLOYMENT TRAINING ACT**
63.15 **SERVICE CREDIT PURCHASE**

63.16 **Sec. 46. [356.95] PURCHASE OF PRIOR COMPREHENSIVE EMPLOYMENT**
63.17 **TRAINING ACT SERVICE.**

63.18 Subdivision 1. **Eligibility.** An eligible person is a person who:

63.19 (1) is currently an active plan member in a plan included under section 356.30,
63.20 subdivision 3, other than clause (3);

63.21 (2) was excluded from pension coverage under the provisions of Laws 1978, chapter
63.22 720; and

63.23 (3) subsequently became employed in unsubsidized public employment covered by
63.24 a pension plan included under section 356.30, subdivision 3, other than clause (3), with
63.25 the same public employer which provided the subsidized employment or other public
63.26 employer.

63.27 Subd. 2. **Authorization.** An eligible person under subdivision 1 is authorized to
63.28 purchase service credit for that period of uncovered prior subsidized public employment,
63.29 other than a period of prior subsidized public employment for which a repayment of a
63.30 refund was made, with a public pension plan specified in subdivision 1, clause (3), which,
63.31 except for the exclusion provided by Laws 1978, chapter 720, would have provided
63.32 pension coverage for the subsidized employment.

63.33 Subd. 3. **Procedures.** Section 356.551 applies to purchases under this section,
63.34 except that payment must be made before the expiration date of this section or termination
63.35 from eligible employment covered by a pension plan under subdivision 1, clause (1),
63.36 whichever is earlier.

Subd. 4. **Restriction.** (a) Pre-July 1, 1989, service credit purchased under this section does not extend eligibility to plan benefits applicable to individuals who became members prior to July 1, 1989, of a plan listed in section 356.30, subdivision 3.

(b) Service credit may not be purchased for any period for which the individual has service credit in a covered pension plan, as defined in section 356A.01, subdivision 8, other than a volunteer firefighter plan.

Subd. 5. **Expiration.** This section expires on June 30, 2009.

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

RECEIVABLES

Sec. 47. **[356.98] ALLOCATION OF RECEIVABLES.**

If an employing unit is dissolved or closed and amounts are owed to more than one Minnesota public pension plan, any amounts available to cover payments to the plans shall be applied first to the employee contributions owed to the applicable plans, and next to the unpaid employer contributions, including any applicable employer additional contributions, and finally to the interest due on the employee and employer amounts. If, at any stage in this allocation process, the available amount is insufficient to fully cover the amount required, the remaining available payment amount must be prorated among the applicable plans based on each plan's share of combined covered payroll.

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

Sec. 48. Minnesota Statutes 2006, section 490.121, subdivision 15a, is amended to read:

Subd. 15a. **Early retirement date.** "Early retirement date" means ~~the last day of the month~~ any date after a judge attains the age of 60 but before the judge reaches the normal retirement date.

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

Sec. 49. Minnesota Statutes 2006, section 490.121, subdivision 21f, is amended to read:

Subd. 21f. **Normal retirement date.** "Normal retirement date" means ~~the last day of the month in which~~ date a judge attains the age of 65.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2006, sections 353.30, subdivision 1; 353.34, subdivision 7; 353.69; 354.49, subdivision 5; and 356.90, are repealed.

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

Sec. 51. **REVISOR INSTRUCTION.**

The revisor of statutes shall replace references to section 356.55, which was repealed in 2002, with references to section 356.551, wherever they appear in Minnesota Statutes or Minnesota Rules. The revisor shall also make related grammatical changes.

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

ARTICLE 3

MSRS-CORRECTIONAL PLAN MEMBERSHIP PROVISIONS

Section 1. Minnesota Statutes 2006, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are as follows: baker; central services administrative specialist, intermediate; central services administrative specialist, principal; chaplain; ~~chemical dependency counselor supervisor~~; chief cook; cook; cook coordinator; corrections program therapist 1; corrections program therapist 2; corrections program therapist 3; corrections program therapist 4; corrections inmate program coordinator; corrections transitions program coordinator; corrections security caseworker; corrections security caseworker career; corrections teaching assistant; delivery van driver; dentist; electrician supervisor; ~~general maintenance worker~~; general repair worker; ~~laundry coordinator~~; library/information research services specialist; library/information research services specialist senior; library technician; plant maintenance engineer lead; plumber supervisor; psychologist 1; psychologist 3; recreation therapist; recreation therapist coordinator; recreation program assistant; recreation therapist senior; sports medicine specialist; ~~water treatment plant operator~~; work therapy assistant; work therapy program coordinator; and work therapy technician.

EFFECTIVE DATE. This section is effective the first day of the first payroll period next following June 15, 2007.

Sec. 2. Minnesota Statutes 2006, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota extended treatment options program.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota extended treatment options program specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with patients

66.1 who are in the Minnesota extended treatment options program and if service in such a
 66.2 position is certified to the executive director by the commissioner of human services .

66.3 (b) The employment positions are:

66.4 (1) behavior analyst 1;

66.5 (2) behavior analyst 2;

66.6 (3) behavior analyst 3;

66.7 (4) group supervisor;

66.8 (5) group supervisor assistant;

66.9 (6) human services support specialist;

66.10 (7) ~~developmental disability~~ residential program lead;

66.11 (8) psychologist 2;

66.12 (9) recreation program assistant;

66.13 (10) recreation therapist senior;

66.14 (11) registered nurse senior;

66.15 (12) skills development specialist;

66.16 (13) social worker senior;

66.17 (14) social worker specialist; and

66.18 (15) speech pathology specialist.

66.19 **EFFECTIVE DATE.** This section is effective July 1, 2007.

66.20 Sec. 3. Minnesota Statutes 2006, section 352.91, subdivision 3f, is amended to read:

66.21 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
 66.22 correctional service" means service by a state employee in one of the employment
 66.23 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota
 66.24 sex offender program if at least 75 percent of the employee's working time is spent in
 66.25 direct contact with patients and the determination of this direct contact is certified to the
 66.26 executive director by the commissioner of human services.

66.27 (b) The employment positions are:

66.28 (1) behavior analyst 2;

66.29 (2) behavior analyst 3;

66.30 (3) certified occupational therapy assistant 1;

66.31 (4) certified occupational therapy assistant 2;

66.32 (5) chemical dependency counselor senior;

66.33 ~~(4)~~ (6) client advocate;

66.34 ~~(5)~~ (7) customer services specialist principal;

66.35 (8) dental assistant registered;

- 67.1 ~~(6)~~ (9) group supervisor;
- 67.2 ~~(7)~~ (10) group supervisor assistant;
- 67.3 ~~(8)~~ (11) human services support specialist;
- 67.4 (12) licensed alcohol and drug counselor;
- 67.5 (13) licensed practical nurse 1;
- 67.6 ~~(9)~~ (14) management analyst 3;
- 67.7 (15) occupational therapist;
- 67.8 ~~(10)~~ (16) occupational therapist, senior;
- 67.9 ~~(11)~~ ~~office and administrative specialist senior~~;
- 67.10 ~~(12)~~ (17) psychologist 1;
- 67.11 ~~(13)~~ (18) psychologist 2;
- 67.12 ~~(14)~~ (19) psychologist 3;
- 67.13 ~~(15)~~ (20) recreation program assistant;
- 67.14 ~~(16)~~ (21) recreation therapist lead;
- 67.15 (22) recreation therapist senior;
- 67.16 ~~(17)~~ (23) rehabilitation counselor senior;
- 67.17 ~~(18)~~ (24) security supervisor;
- 67.18 (25) skills development specialist;
- 67.19 ~~(19)~~ (26) social worker senior;
- 67.20 ~~(20)~~ (27) social worker specialist;
- 67.21 ~~(21)~~ (28) social worker specialist, senior;
- 67.22 ~~(22)~~ (29) special education program assistant;
- 67.23 (30) speech pathology clinician;
- 67.24 ~~(23)~~ (31) work therapy assistant; and
- 67.25 ~~(24)~~ (32) work therapy program coordinator.

67.26 **EFFECTIVE DATE.** This section is effective the first day of the first payroll period
 67.27 next following June 15, 2007.

67.28 Sec. 4. Minnesota Statutes 2006, section 352.91, subdivision 4b, is amended to read:

67.29 Subd. 4b. **Department of Corrections; procedure for coverage change**

67.30 **considerations.** (a) The commissioner of corrections shall appoint a standing review
 67.31 committee to review and determine positions that should be included in legislative
 67.32 requests for correctional employees retirement plan coverage under subdivision 4a.

67.33 (b) Periodically, the Department of Corrections will convene meetings of the
 67.34 review committee. The review committee must review all requests and the supporting
 67.35 documentation for coverage by the correctional employees retirement plan and must

determine which classes or positions meet the statutory requirements for coverage. The review committee also must determine if incumbents of and recent retirees from classes or positions determined for inclusion in correctional employees retirement plan coverage have prior Department of Corrections employment which also qualified as correctional service and which should be transferred from the general state employees retirement plan to the plan and the initial date for each potential service credit transfer.

(c) The review committee must evaluate and determine the eligibility date for initial plan participation and all periods of eligibility in the correctional employees retirement plan.

(d) The department must provide a notice of each determination and of the employee's right to appeal from the review committee to each employee who requested inclusion. Appeals must be filed with the agency human resource manager within 30 days of the date of the notice of determination.

~~(d)~~ (e) The commissioner of corrections shall appoint a standing appeals committee to hear appeals of determinations for coverage. The appeal committee must include relevant department employees and employee representatives. Appeal committee determinations are final.

~~(e)~~ (f) All positions approved for inclusion must be forwarded to the commissioner of corrections for the preparation of legislation to implement the coverage change and submission. The commissioner will submit a written recommendation documenting classes or positions that should or should not be covered by the correctional employees retirement plan. Documentation of each request and the final determination must be retained in the Department of Corrections' Office of Human Resource Management.

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

Sec. 5. [352.955] TRANSFER OF PRIOR MSRS-GENERAL SERVICE CREDIT FOR CERTAIN EMPLOYEES WITH TRANSFERRED RETIREMENT COVERAGE.

Subdivision 1. Election to transfer prior MSRS-general service credit. (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who is covered by section 6 or who became eligible for retirement coverage by the correctional state employees retirement plan of the Minnesota State Retirement System under Laws 2006, chapter 271, article 2, this article, or legislation implementing the recommendations under section 352.91, subdivision 4.

(c) Eligible prior correctional employment is covered correctional service defined in section 6 or is employment by the Department of Corrections Human Services or by the Department of Human Services that preceded the effective date of the retirement coverage transfer under Laws 2006, chapter 271, article 2, this article, or legislation implementing the recommendations under section 352.91, subdivision 4, is continuous service, and is certified by the commissioner of corrections and the commissioner of human services, whichever applies, and by the commissioner of employee relations to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under Minnesota Statutes, section 352.91, if the service was rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before January 1, 2008, the one year anniversary of the coverage transfer, whichever is later, or the date of the eligible employee's termination of state employment, whichever is earlier.

Subd. 2. Payment of additional equivalent contributions; pre-July 1, 2007, coverage transfers. (a) An eligible employee who was transferred to plan coverage before July 1, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent.

(b) The additional equivalent member contribution must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after January 1, 2008, or the date on which the eligible employee terminates state employment, whichever is earlier.

(c) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraphs (a) and (b), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of

70.1 employment covered by the service credit to be transferred and the employer contribution
70.2 rate or rates for the correctional state employees retirement plan for the period of
70.3 employment covered by the service credit to be transferred, plus annual compound interest
70.4 at the rate of 8.5 percent.

70.5 (d) The additional equivalent employer contribution must be paid in a lump sum and
70.6 must be paid within 30 days of the date on which the executive director of the Minnesota
70.7 State Retirement System certifies to the applicable department that the employee paid the
70.8 additional equivalent member contribution.

70.9 Subd. 3. **Payment of additional equivalent contributions; post-July 1, 2007,**
70.10 **coverage transfers.** (a) An eligible employee who was transferred to plan coverage after
70.11 July 1, 2007, and who elects to transfer past service credit under this section must pay
70.12 an additional member contribution for that prior service period. The additional member
70.13 contribution is (1) the difference between the member contribution rate or rates for the
70.14 general state employees retirement plan of the Minnesota State Retirement System for
70.15 the period of employment covered by the service credit to be transferred and the member
70.16 contribution rate or rates for the correctional state employees retirement plan for the most
70.17 recent 12 month period of employment covered by the service credit to be transferred, plus
70.18 annual compound interest at the rate of 8.5 percent, and (2) 40 percent of the unfunded
70.19 actuarial accrued liability attributable to the past service credit transfer. The unfunded
70.20 actuarial accrued liability attributable to the past service credit transfer is the present
70.21 value of the benefit obtained by the transfer of the service credit to the correctional state
70.22 employees retirement plan reduced by the amount of the asset transfer under subdivision 4,
70.23 by the amount of the member contribution equivalent payment under clause (1), and by the
70.24 amount of the employer contribution equivalent payment under paragraph (c), clause (1).

70.25 (b) The additional equivalent member contribution must be paid in a lump sum.
70.26 Payment must accompany the election to transfer the prior service credit. No transfer
70.27 election or additional equivalent member contribution payment may be made by a person
70.28 or accepted by the executive director after the one year anniversary date of the effective
70.29 date of the retirement coverage transfer, or the date on which the eligible employee
70.30 terminates state employment, whichever is earlier.

70.31 (c) If an eligible employee elects to transfer past service credit under this section
70.32 and pays the additional equivalent member contribution amount under subdivision 2,
70.33 the applicable department shall pay an additional equivalent employer contribution
70.34 amount. The additional employer contribution is (1) the difference between the employer
70.35 contribution rate or rates for the general state employees retirement plan for the period of
70.36 employment covered by the service credit to be transferred and the employer contribution

71.1 rate or rates for the correctional state employees retirement plan for the period of
71.2 employment covered by the service credit to be transferred, plus annual compound
71.3 interest at the rate of 8.5 percent, and (2) 60 percent of the unfunded actuarial accrued
71.4 liability attributable to the past service credit transfer calculated as provided in paragraph
71.5 (a), clause (2).

71.6 (d) The additional equivalent employer contribution must be paid in a lump sum and
71.7 must be paid within 30 days of the date on which the executive director of the Minnesota
71.8 State Retirement System certifies to the applicable department that the employee paid the
71.9 additional equivalent member contribution.

71.10 Subd. 4. **Transfer of assets.** Assets related to the transferred service credit of an
71.11 eligible employee must be transferred from the general state employees retirement fund
71.12 to the correctional state employees retirement fund in an amount equal to the present
71.13 value of benefits earned under the general state employees retirement plan by the eligible
71.14 employee transferring past service to the correctional state employees retirement plan, as
71.15 determined by the actuary retained under Minnesota Statutes, section 356.214, multiplied
71.16 by the accrued liability funding ratio of the active members of the general state employees
71.17 retirement plan as derived from the most recent actuarial valuation prepared under
71.18 Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days
71.19 after the coverage transfer election is made.

71.20 Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision
71.21 4, the service credit in the general state employees retirement plan of the Minnesota State
71.22 Retirement System is forfeited and may not be reinstated. The transferred service credit
71.23 and the transferred assets must be credited to the correctional state employees retirement
71.24 plan and fund, respectively.

71.25 Subd. 6. **Cost of actuarial calculations.** The applicable department shall pay the
71.26 cost of the actuarial calculations required by this section as billed by the executive director
71.27 of the Minnesota State Retirement System.

71.28 **EFFECTIVE DATE.** This section is effective the day after final enactment.

71.29 Sec. 6. **COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.**

71.30 (a) An employee who has retirement coverage for past correctional service
71.31 transferred to the correctional state employees retirement plan under paragraph (b) is
71.32 entitled to elect to obtain prior service credit for eligible state service performed as a
71.33 stores clerk after April 24, 1990, and before September 8, 1994, with the Department of
71.34 Corrections. All eligible prior service credit must be purchased.

(b) "Covered correction service" means service between April 25, 1990, through September 7, 1994, as a stores clerk at the Minnesota Correctional Facility-St. Cloud.

(c) The commissioner of corrections shall certify the eligible state service as a stores clerk rendered by the employee to the executive director of the Minnesota State Retirement System.

(d) The covered correctional plan employee who has past service is entitled to purchase the past service under section 5 if the department certifies that the employee met the eligibility requirements for coverage.

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

ARTICLE 4

DISABILITY BENEFIT CHANGES

Section 1. Minnesota Statutes 2006, section 353.01, subdivision 37, is amended to read:

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (7), before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (8) and (9).

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision to read:

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the actual performance of less frequent duties, either of which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

73.1 Sec. 3. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision
73.2 to read:

73.3 Subd. 42. **Less frequent duties.** "Less frequent duties" means tasks designated in
73.4 the applicant's job description as either required from time to time or as assigned, but
73.5 which are not carried out as part of the normal routine of the applicant's job.

73.6 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
73.7 benefit applicants whose last day of public employment was after June 30, 2007.

73.8 Sec. 4. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision
73.9 to read:

73.10 Subd. 43. **Line of duty death.** "Line of duty death" means a death that occurs while
73.11 performing or as a direct result of performing normal or less frequent duties which are
73.12 specific to protecting the property and personal safety of others and that present inherent
73.13 dangers that are specific to the positions covered by the public employees police and
73.14 fire plan.

73.15 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
73.16 benefit applicants whose last day of public employment was after June 30, 2007.

73.17 Sec. 5. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision
73.18 to read:

73.19 Subd. 44. **Normal duties.** "Normal duties" means specific tasks designated in the
73.20 applicant's job description and which the applicant performs on a day-to-day basis, but
73.21 do not include less frequent duties which may be requested to be done by the employer
73.22 from time to time.

73.23 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
73.24 benefit applicants whose last day of public employment was after June 30, 2007.

73.25 Sec. 6. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision
73.26 to read:

73.27 Subd. 45. **Not line of duty death.** For purposes of survivor benefits under the
73.28 public employees police and fire plan, a "not line of duty death" is any death not specified
73.29 under subdivision 43.

73.30 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
73.31 benefit applicants whose last day of public employment was after June 30, 2007.

73.32 Sec. 7. Minnesota Statutes 2006, section 353.01, is amended by adding a subdivision
73.33 to read:

74.1 Subd. 46. **Regular disability.** "Regular disability," physical or psychological,
74.2 means a condition that is expected to prevent a member, for a period of not less than 12
74.3 months, from performing the normal duties of the position held by a person who is a
74.4 member of the public employees police and fire plan, and which results from a disease or
74.5 an injury that arises from any activities while not at work, or while at work and performing
74.6 those normal or less frequent duties that do not present inherent dangers that are specific
74.7 to the occupations covered by the public employees police and fire plan.

74.8 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
74.9 benefit applicants whose last day of public employment was after June 30, 2007.

74.10 Sec. 8. **[353.031] DISABILITY DETERMINATION PROCEDURES.**

74.11 Subdivision 1. **Application.** This section shall apply to all disability determinations
74.12 for the public employees general fund, the public employees police and fire fund, and
74.13 the local government correctional service retirement plan and any other disability
74.14 determination subject to approval by the board, except as otherwise specified in section
74.15 353.33, 353.656, or 353E.05. These requirements and the requirements of section 353.03,
74.16 subdivision 3, are in addition to the specific requirements of each plan and govern in the
74.17 event there is any conflict between these sections and the procedures specific to any of
74.18 those plans under section 353.33, 353.656, or 353E.06.

74.19 Subd. 2. **Plan document policy statement.** Disability determinations for the public
74.20 employees general fund shall be made subject to section 353.01, subdivision 19; and for
74.21 the police and fire plan and the local government correctional service retirement plan shall
74.22 be made consistent with the legislative policy and intent set forth in section 353.63.

74.23 Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a
74.24 disability benefit must be initiated in writing on an application form and in the manner
74.25 prescribed by the executive director and filed with the executive director. An application
74.26 for disability benefits must be made within 18 months next following termination of public
74.27 service as defined under section 353.01, subdivision 11a.

74.28 (b) All medical reports must support a finding that disability arose before the
74.29 employee was placed on any paid or unpaid leave of absence or terminated public service,
74.30 as defined under section 353.01, subdivision 11a.

74.31 (c) An applicant for disability shall provide a detailed report signed by a licensed
74.32 medical doctor and at least one additional report signed by a medical doctor, psychologist,
74.33 or chiropractor. The applicant must authorize the release of all medical and health care
74.34 evidence, including all medical records and relevant information from any source, to
74.35 support the application for initial, or the continuing payment of, disability benefits.

(d) All reports must contain an opinion regarding the claimant's prognosis, the duration of the disability, and the expectations for improvement. Any report that does not contain and support a finding that the disability will last for at least one year may not be relied upon to support eligibility for benefits.

(e) Where the medical evidence supports the expectation that at some point in time the claimant will no longer be disabled, any decision granting disability may provide for a termination date upon which disability can be expected to no longer exist. In the event a termination date is made part of the decision granting benefits, prior to the actual termination of benefits, the claimant shall have the opportunity to show that the disabling condition for which benefits were initially granted continues. In the event the benefits terminate in accordance with the original decision, the claimant may petition for a review by the board of trustees under section 353.03, subdivision 3, or may reapply for disability in accordance with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

(f) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform in the employee's disabled condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant. The employer shall also provide a certification of the member's past public service; the dates of any paid sick leave, vacation, or any other employer-paid salary continuation plan beyond the last working day; and whether or not any sick or annual leave has been allowed.

(g) An employee who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.

(h) An applicant for disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for disability benefits. If the application for disability benefits is approved, the retirement annuity application is cancelled. If disability benefits are denied, the retirement annuity application must be processed upon the request of the applicant. No member of the public employees general plan, the public employees police and fire plan, or the local government correctional service retirement plan may receive a disability benefit and a retirement annuity simultaneously from the same plan.

Subd. 4. Additional requirements to determine eligibility for police and fire or local government correctional service plan disability benefits. (a) If an application for disability benefits is filed within two years of the date of the injury or the onset of the illness

that gave rise to the disability application, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or the onset of the illness causing the disability. The employer must provide evidence indicating whether the applicant is able or unable to perform the duties of the position held on the date of the injury or onset of the illness causing the disability and the specifications of any duties that the individual can or cannot perform.

(b) If an application for disability benefits is filed more than two years after the date of injury or the onset of an illness causing the disability, the application must be supported by evidence that the applicant is unable to perform the most recent duties that are expected to be performed by the applicant during the 90 days before the filing of the application. The employer must provide evidence of the duties that are expected to be performed by the applicant during the 90 days before the filing of the application, whether the applicant can or cannot perform those duties overall, and the specifications of any duties that the applicant can or cannot perform.

(c) Any report supporting a claim to disability benefits under section 353.656 or 353E.06 shall specifically relate the disability to its cause; and for any claim to duty disability from an injury or illness arising out of an act of duty, the report shall relate the cause of disability to specific tasks or functions required to be performed by the employee in fulfilling the employee's duty-related acts which must be specific to the inherent dangers of the positions eligible for membership in the police and fire fund and the local government correctional service retirement plan. Any report that does not relate the cause of disability to specific acts or functions performed by the employee may not be relied upon as evidence to support eligibility for benefits and may be disregarded in the executive director's decision-making process.

(d) Any application for duty disability must be supported by a first report of injury as defined in section 176.231.

(e) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.

Subd. 5. Medical adviser. The executive director may contract with licensed physicians or physicians on the staff of the state commissioner of health, as designated by the commissioner, to be the medical adviser of the association. The medical adviser

77.1 shall review all medical reports submitted to the association, including the findings of
77.2 an independent medical examination requested under this section, and shall advise the
77.3 executive director.

77.4 Subd. 6. **Independent medical examination.** Any individual applying for
77.5 or receiving disability benefits must submit to an independent medical examination
77.6 if requested by the executive director. The medical examination must be paid for by
77.7 the association.

77.8 Subd. 7. **Refusal of examination or medical evidence.** If a person applying
77.9 for or receiving a disability benefit refuses to submit to a medical examination under
77.10 subdivision 6, or fails to provide or to authorize the release of medical evidence under
77.11 subdivision 3, the association shall cease the application process or shall discontinue the
77.12 payment of a disability benefit, whichever is applicable. Upon the receipt of the requested
77.13 medical evidence, the association shall resume the application process or the payment of a
77.14 disability benefit upon approval for the continuation, whichever is applicable.

77.15 Subd. 8. **Proof of continuing disability.** (a) A disability benefit payment must not
77.16 be made except upon adequate proof furnished to the executive director of the association
77.17 that the person remains disabled.

77.18 (b) During the time when disability benefits are being paid, the executive director
77.19 of the association has the right, at reasonable times, to require the disabled member to
77.20 submit proof of the continuance of the disability claimed.

77.21 (c) Adequate proof of a disability must include a written expert report by a licensed
77.22 physician, a licensed chiropractor, or, with respect to a mental impairment, a licensed
77.23 psychologist.

77.24 Subd. 9. **Application approval or denial; decision of executive director.** Any
77.25 decision of the executive director is final, except that a member whose application for
77.26 disability benefits or whose continuation of disability benefits is denied may appeal the
77.27 executive director's decision to the board of trustees within 60 days of receipt of a certified
77.28 letter notifying the member of the decision to deny the application or continuation of
77.29 benefits. In developing the record for review by the board when a decision is appealed,
77.30 the executive director may direct that the applicant participate in a fact-finding session
77.31 conducted by an administrative law judge assigned by the Office of Administrative
77.32 Hearings, and, as applicable, a vocational assessment conducted by the qualified
77.33 rehabilitation counselor on contract with the Public Employees Retirement Association.

77.34 Subd. 10. **Restoring forfeited service.** To restore forfeited service, a repayment of
77.35 a refund must be made within six months after the effective date of disability benefits or

78.1 within six months after the date of the filing of the disability application, whichever is
 78.2 later. No purchase of prior service or payment made in lieu of salary deductions otherwise
 78.3 authorized under section 353.01 may be made after the occurrence of the disability for
 78.4 which an application is filed under this section.

78.5 **EFFECTIVE DATE.** This section is effective July 1, 2007.

78.6 Sec. 9. Minnesota Statutes 2006, section 353.33, subdivision 1, is amended to read:

78.7 Subdivision 1. **Age, service, and salary requirements.** A coordinated member
 78.8 who has at least three years of allowable service and becomes totally and permanently
 78.9 disabled before normal retirement age, and a basic member who has at least three years of
 78.10 allowable service and who becomes totally and permanently disabled, upon application as
 78.11 defined under section 353.031, is entitled to a disability benefit in an amount determined
 78.12 under subdivision 3. If the disabled person's public service has terminated at any time,
 78.13 at least two of the required three years of allowable service must have been rendered
 78.14 after last becoming an active member. ~~A repayment of a refund must be made within six~~
 78.15 ~~months after the effective date of disability benefits under subdivision 2 or within six~~
 78.16 ~~months after the date of the filing of the disability application, whichever is later. No~~
 78.17 ~~purchase of prior service and no payment made in lieu of salary deductions otherwise~~
 78.18 ~~authorized under section 353.01, subdivision 16, may be made after the occurrence of the~~
 78.19 ~~disability for which an application under this section is filed.~~

78.20 **EFFECTIVE DATE.** This section is effective July 1, 2007.

78.21 Sec. 10. Minnesota Statutes 2006, section 353.33, subdivision 2, is amended to read:

78.22 Subd. 2. **Applications; Accrual of benefits.** ~~Every claim or demand for a total~~
 78.23 ~~and permanent disability benefit must be initiated by written application in the manner~~
 78.24 ~~and form prescribed by the executive director showing compliance with the statutory~~
 78.25 ~~conditions qualifying the applicant for a total and permanent disability benefit and filed~~
 78.26 ~~with the executive director. A member or former member who became totally and~~
 78.27 ~~permanently disabled during a period of membership shall file application for total and~~
 78.28 ~~permanent disability benefits within three years next following termination of public~~
 78.29 ~~service. (a) Except for a total and permanent disability under section 353.656, subdivision~~
 78.30 ~~1a, this benefit begins to accrue the day following the commencement of disability,~~
 78.31 when the applicant is no longer receiving any form of compensation, whether salary or
 78.32 paid leave; 90 days preceding the filing of the application, or, if annual or sick leave or
 78.33 any other employer-paid salary continuation plan is paid for more than the 90-day period,
 78.34 from the date salary ceased, whichever is later. Except for a total and permanent disability
 78.35 under section 353.656, subdivision 1a, no member is entitled to receive a disability benefit

payment when there remains to the member's credit any unused annual leave or, sick leave, or any other employer-paid salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(b) Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. ~~An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 353.33, subdivision 4, is amended to read:

Subd. 4. **Procedure to determine eligibility.** (a) ~~The applicant shall provide an expert report signed by a licensed physician, psychologist, or chiropractor and the applicant must authorize the release of medical and health care evidence, including all medical records and relevant information from any source, to support the application for total and permanent disability benefits.~~ Eligibility for disability benefits will be determined following the procedures defined in section 353.031.

~~(b) The medical adviser shall verify the medical evidence and, if necessary for disability determination, suggest the referral of the applicant to specialized medical consultants.~~

~~(c) The association shall also obtain from the employer a certification of the member's past public service, the dates of any paid sick leave and vacation beyond the last working day and whether or not any sick leave or annual leave has been allowed.~~

~~(d)~~ (b) If, after following the procedures for determining eligibility for benefits under section 353.031, and upon consideration of the medical evidence received and the recommendations of the medical adviser, it is determined by the executive director that the applicant is totally and permanently disabled within the meaning of the law, the association shall grant the person a disability benefit.

~~(e) An employee who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 12. Minnesota Statutes 2006, section 353.33, subdivision 6, is amended to read:

80.1 Subd. 6. **Continuing eligibility for benefits.** ~~The association shall determine~~
 80.2 ~~eligibility for continuation of disability benefits and require periodic examinations and~~
 80.3 ~~evaluations of disabled members as frequently as deemed necessary. The association shall~~
 80.4 ~~require the disabled member to provide an expert report signed by a licensed physician,~~
 80.5 ~~psychologist, or chiropractor and the disabled member shall authorize the release of~~
 80.6 ~~medical and health care evidence, including all medical and health care records and~~
 80.7 ~~information from any source, relating to an application for continuation of disability~~
 80.8 ~~benefits.~~ Disability benefits are contingent upon a disabled person's participation in a
 80.9 vocational rehabilitation evaluation if the executive director determines that the disabled
 80.10 person may be able to return to a gainful occupation. If, after a review by the executive
 80.11 director under section 353.031, subdivision 8, a member is found to be no longer totally
 80.12 and permanently disabled, payments must cease the first of the month following the
 80.13 expiration of a 30-day period after the member receives a certified letter notifying the
 80.14 member that payments will cease.

80.15 **EFFECTIVE DATE.** This section is effective July 1, 2007.

80.16 Sec. 13. Minnesota Statutes 2006, section 353.33, subdivision 7a, is amended to read:

80.17 Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public
 80.18 Employees Retirement Association general plan.

80.19 (b) If, following a work or non-work-related injury or illness, a disabled member
 80.20 attempts to return to work for their previous public employer or attempts to return to a
 80.21 similar position with another public employer, on a full-time or less than full-time basis,
 80.22 the Public Employees Retirement Association shall continue paying the disability benefit
 80.23 for a period not to exceed six months. The disability benefit must continue in an amount
 80.24 that, when added to the subsequent employment earnings and workers' compensation
 80.25 benefit, does not exceed the salary at the date of disability or the salary currently paid
 80.26 for similar positions, whichever is higher.

80.27 ~~(b)~~ (c) No deductions for the general employees retirement fund plan may be taken
 80.28 from the salary of a disabled person who is attempting to return to work under this
 80.29 provision unless the member waives further disability benefits.

80.30 ~~(c)~~ (d) A member only may return to employment and continue disability benefit
 80.31 payments once while receiving disability benefits from ~~a~~ the general employees retirement
 80.32 plan administered by the Public Employees Retirement Association.

80.33 **EFFECTIVE DATE.** This section is effective July 1, 2007.

80.34 Sec. 14. Minnesota Statutes 2006, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age with at least three years of allowable service, upon termination of public service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon termination of public service, any police ~~officer or firefighter~~ and fire plan member ~~who has become~~ not specified in paragraph (a), upon attaining at least 50 years ~~old and who has~~ of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 15. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan whose disabling condition is determined to be a duty disability that is also a permanent and total disability as defined in section 353.01, subdivision 19, shall receive, for life, disability benefits in an amount equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision 1 under this section upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

(c) If a member approved for disability benefits under this subdivision dies before attaining normal retirement age as defined in section 353.01, subdivision 37 (b), or within 60 months of the effective date of the disability, whichever is later, the surviving spouse

82.1 shall receive a survivor benefit under section 353.657, subdivision 2 (a) (1), if the death is
 82.2 the direct result of the disabling condition for which disability benefits were approved, or
 82.3 section 353.657, subdivision 2 (a) (2) if the death is not directly related to the disabling
 82.4 condition for which benefits were approved under this subdivision.

82.5 If the election of an actuarial equivalent optional annuity is not made at the time
 82.6 the permanent and total disability benefit accrues, an election must be made within 90
 82.7 days prior to the member attaining normal retirement age as defined under section 353.01,
 82.8 subdivision 37(b) or having collected total and permanent disability benefits for 60
 82.9 months, whichever is later. If a member receiving disability benefits who has dependent
 82.10 children dies, subdivision 6a, paragraph (c) applies.

82.11 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
 82.12 benefit applicants whose last day of public employment was after June 30, 2007.

82.13 Sec. 16. Minnesota Statutes 2006, section 353.656, subdivision 1a, is amended to read:

82.14 Subd. ~~1a~~ **1b. Optional annuity election.** (a) A disabled member of the police and
 82.15 fire fund may elect to receive the normal disability benefit or an actuarial equivalent
 82.16 optional annuity as provided in section 353.30, subdivision 3. ~~If the election of an~~
 82.17 actuarial equivalent optional annuity may be is made prior to commencement of payment
 82.18 of the disability benefit or as specified under subdivision 6a, the optional annuity shall
 82.19 begin to accrue on the same date as ~~provided for~~ the disability benefit covering only the
 82.20 disability would have accrued.

82.21 (b) If an election of an optional annuity is not made prior to commencement of the
 82.22 disability benefit, the disability can elect an optional annuity:

82.23 (1) within 90 days before normal retirement age;

82.24 (2) upon application to convert to an early retirement annuity, if electing to convert
 82.25 to an early retirement annuity prior to normal retirement age; or

82.26 (3) within 90 days before the expiration of the 60-month period for which a disability
 82.27 benefit is paid, if the disability benefit is payable because the disabled member did not
 82.28 have at least 20 years of allowable service at normal retirement age.

82.29 (c) If ~~the person~~ a disabled member who is not the spouse of the member is
 82.30 has named as beneficiary of the a joint and survivor optional annuity; ~~beneficiary dies~~
 82.31 before the disability benefit ceases and is recalculated under subdivision 5a, the person
 82.32 is beneficiary eligible to receive the joint and survivor annuity only if the spouse, on
 82.33 may elect to have the disability application form prescribed by annuity converted at the
 82.34 executive director, permanently waives times designated in paragraph (b), clause (1),
 82.35 (2), or (3), whichever allows for the surviving spouse benefits under section 353.657,

~~subdivisions 2 and 2a~~ earliest payment of a higher joint and survivor annuity option resulting from recalculation under subdivision 5a, paragraph (e).

(d) A disabled member may name a person other than the spouse as beneficiary of a joint and survivor annuity only if the spouse of the disabled member refuses to permanently waive the waives surviving spouse coverage, the selection of a person other than the spouse of the member as a joint annuitant is invalid on the disability application form prescribed by the executive director.

~~(2) (e) If the spouse of the member permanently waives survivor coverage, the dependent child or children, if any, continue to be eligible for survivor~~ dependent child benefits, including the minimum benefit under section 353.657, subdivision 3., and the designated optional annuity beneficiary may draw the monthly benefit; however, the amount payable to the dependent child or children and joint annuitant must not exceed the 70 percent maximum family benefit under section 353.657, subdivision 3. If the maximum is exceeded, the benefit of the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount.

~~(3) If the spouse is named as the beneficiary of the joint and survivor optional annuity, the spouse may draw the monthly benefit; however, the amount payable to the dependent child or children and the joint annuitant must not exceed the 70 percent maximum family benefit under section 353.657, subdivision 3. If the maximum is exceeded, each dependent child will receive ten percent of the member's specified average monthly salary, and the benefit to the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount. The joint and survivor optional annuity must be restored to the surviving spouse, plus applicable postretirement adjustments under section 356.41, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.~~

(f) Any optional annuity under this subdivision, plus dependent child benefits, if applicable, are subject to the maximum and minimum family benefit amounts specified in section 353.657, subdivision 3a.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 17. Minnesota Statutes 2006, section 353.656, subdivision 3, is amended to read:

Subd. 3. **Nonduty Regular disability benefit.** (a) ~~Any~~ A member of the police and fire plan who:

~~(1) has not met the requirements for a retirement annuity under section 353.651, subdivision 1, or~~

~~(2) has met the requirements for a retirement annuity under section 353.651, subdivision 1, but who does not have 15 years of credited service; and who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, and by reason of that sickness or injury the member has been or is expected to be unable to perform the duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, is entitled to~~ qualifies for a regular disability benefit as defined in section 353.01, subdivision 46, shall receive a disability benefit, after filing a valid application, in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a.

~~(b) The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. To be eligible for a benefit under paragraph (a), the member must have at least one year of allowable service credit and have:~~

~~(1) not met the requirements for a retirement annuity under section 353.651, subdivision 1, or~~

~~(2) met the requirements under that subdivision, but does not have at least 15 years of allowable service credit.~~

~~(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.~~

~~(d) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.~~

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 18. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 3a. Total and permanent regular disability; computation of benefits. (a) A member of the police and fire plan whose disabling condition is determined to be a regular

85.1 disability under section 353.01, subdivision 46 that is also a permanent and total disability
85.2 as defined in section 353.01, subdivision 19, shall receive, for life, disability benefits in an
85.3 amount equal to 45 percent of the average salary as defined in section 353.01, subdivision
85.4 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average
85.5 salary for each year of service in excess of 15 years.

85.6 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
85.7 under section 353.33, subdivision 6, but the review may be waived if the executive
85.8 director receives a written statement from the association's medical advisor that no
85.9 improvement can be expected in the member's disabling condition that was the basis for
85.10 payment of the benefit under paragraph (a). A member receiving a disability benefit under
85.11 this subdivision who is found to no longer be permanently and totally disabled as defined
85.12 under section 353.01, subdivision 19, but continues to meet the definition for receipt of a
85.13 regular disability under section 353.01, subdivision 46, is subject to subdivision 3 under
85.14 this section upon written notice from the association's medical advisor that the person is
85.15 no longer considered permanently and totally disabled.

85.16 (c) A member approved for disability benefits under this subdivision may elect
85.17 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
85.18 election of an actuarial equivalent optional annuity is not made at the time the total and
85.19 permanent disability benefit accrues, an election must be made within 90 days prior to
85.20 the member attaining normal retirement age as defined in section 353.01, subdivision 37
85.21 (b), or having collected disability benefits for 60 months, whichever is later. No surviving
85.22 spouse benefits are payable if the member dies during the period in which a normal total
85.23 and permanent disability benefit is being paid. If a member receiving disability benefits
85.24 who has dependent children dies, subdivision 6a, paragraph (c) applies.

85.25 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
85.26 benefit applicants whose last day of public employment was after June 30, 2007.

85.27 Sec. 19. Minnesota Statutes 2006, section 353.656, subdivision 4, is amended to read:

85.28 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to
85.29 receive a disability benefit payment when there remains to the member's credit unused
85.30 annual leave ~~or~~, sick leave, or any other employer-provided salary continuation plan, or
85.31 under any other circumstances when, during the period of disability, there has been no
85.32 impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined
85.33 in section 353.64, subdivision 10, whichever applies.

85.34 (b) If a disabled member resumes a gainful occupation with earnings that, when
85.35 added to the normal disability benefit, and workers' compensation benefit if applicable,

exceed the disabilitant reemployment earnings limit, the amount of the disability benefit must be reduced as provided in this paragraph. The disabilitant reemployment earnings limit is the greater of:

(1) the salary earned at the date of disability; or

(2) 125 percent of the base salary currently paid by the employing governmental subdivision for similar positions.

(c) The disability benefit must be reduced by one dollar for each three dollars by which the total amount of the current disability benefit, any workers' compensation benefits if applicable, and actual earnings exceed the greater disabilitant reemployment earnings limit. In no event may the disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 20. Minnesota Statutes 2006, section 353.656, subdivision 5a, is amended to read:

Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the payment of ~~an in-line-of-duty or non-duty~~ any disability benefit the first of the month following the reinstatement of a member to full time or less than full-time service in a position covered by the police and fire fund.

(b) A disability benefit paid to a disabled member of the police and fire plan, that was granted under laws in effect after June 30, 2007, terminates at the end of the month in which the member:

(1) reaches normal retirement age;

(2) if the disability benefit is payable for a 60-month period as determined under subdivisions 1 and 3, as applicable, the first of the month following the expiration of the 60-month period; or

(3) if the disabled member so chooses, the end of the month in which the member has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

(c) If the police and fire member continues to be disabled when the disability benefit terminates under this subdivision, the member is deemed to be retired. The individual shall receive a normal retirement annuity or an early retirement annuity under section 353.651, whichever is applicable, as further specified in paragraph (d) or (e). If the individual did not previously elect an optional annuity under subdivision 1a, paragraph (a), the individual may elect an optional annuity under subdivision 1a, paragraph (b).

(d) A member of the police and fire plan who is receiving a disability benefit under this section may, upon application, elect to receive an early retirement annuity under

87.1 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a
 87.2 retirement annuity no later than the end of the month in which the disabled member attains
 87.3 normal retirement age. An early retirement annuity elected under this subdivision must be
 87.4 calculated on the disabled member's accrued years of service and average salary as defined
 87.5 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

87.6 (e) When an individual's benefit is recalculated as a retirement annuity under this
 87.7 section, the annuity shall be based on clause (1) or clause (2), whichever provides the
 87.8 greater amount:

87.9 (1) the benefit amount at the time of reclassification, including all prior adjustments
 87.10 provided under section 11A.18; or

87.11 (2) a benefit amount computed on the member's actual years of accrued allowable
 87.12 service credit and the law in effect at the time the disability benefit first accrued, plus any
 87.13 increases that would have applied since that date under section 11A.18.

87.14 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
 87.15 benefit applicants whose last day of public employment was after June 30, 2007.

87.16 Sec. 21. Minnesota Statutes 2006, section 353.656, subdivision 6a, is amended to read:

87.17 Subd. 6a. **Disability survivor benefits for pre-July 1, 2007, disabilitants.** (a) If a
 87.18 member who is receiving a disability benefit ~~under subdivision 1 or 3:~~

87.19 ~~(1) that was granted under the laws in effect before July 1, 2007, dies before~~
 87.20 ~~attaining the normal retirement age required for receipt of a retirement annuity under~~
 87.21 ~~section 353.651, subdivision 1 as defined under section 353.01, subdivision 37, paragraph~~
 87.22 ~~(b), or within five years of the effective date of the disability, whichever is later, the~~
 87.23 ~~surviving spouse shall receive a survivor benefit under section 353.657, subdivision 2,~~
 87.24 ~~paragraph (a), clause (2); or 2a, unless the surviving spouse elected to receive a refund~~
 87.25 ~~under section 353.32, subdivision 1. The joint and survivor optional annuity under~~
 87.26 ~~subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the~~
 87.27 ~~deceased member's allowable service, whichever is greater;~~

87.28 ~~(2)~~ (b) If the disability benefit was granted under the laws in effect before July 1,
 87.29 2007, and the disabilitant is living at the age required for receipt of a retirement annuity
 87.30 under section 353.651, subdivision 1, or five years after the effective date of the disability,
 87.31 whichever is later, the disabled member may continue to receive a normal disability
 87.32 benefit, or the member may elect a joint and survivor optional annuity under section
 87.33 353.30. The optional annuity is based on the minimum disability benefit under subdivision
 87.34 1 or 3, or the member's allowable service, whichever is greater. The election of this joint
 87.35 and survivor annuity must occur within 90 days of the prior to attaining normal retirement

88.1 age ~~required for receipt of a retirement annuity under section 353.651, subdivision 1 as~~
 88.2 defined under section 353.01, subdivision 37, paragraph (b), or within 90 days prior to
 88.3 the five-year anniversary of the effective date of the disability benefit, whichever is later.
 88.4 The optional annuity takes effect the first of the month following the month in which the
 88.5 person attains the age required for receipt of a retirement annuity under section 353.651,
 88.6 subdivision 1, or reaches the five-year anniversary of the effective date of the disability
 88.7 benefit, whichever is later; ~~or.~~

88.8 ~~(3)~~ (c) If any disabled member dies while receiving a benefit and has a dependent
 88.9 child or children under clause (1) or (2), the association shall grant a dependent child
 88.10 benefit under section 353.657, subdivision 3.

88.11 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to survivor
 88.12 benefit applicants where the application is based on the death of a public employee that
 88.13 occurred after June 30, 2007.

88.14 Sec. 22. Minnesota Statutes 2006, section 353.656, subdivision 8, is amended to read:

88.15 Subd. 8. **Application procedure to determine eligibility for police and fire plan**
 88.16 **disability benefits.** ~~(a) An application for disability benefits must be made in writing on a~~
 88.17 ~~form or forms prescribed by the executive director.~~

88.18 ~~(b) If an application for disability benefits is filed within two years of the date of the~~
 88.19 ~~injury or the onset of the illness that gave rise to the disability application, the application~~
 88.20 ~~must be supported by evidence that the applicant is unable to perform the duties of the~~
 88.21 ~~position held by the applicant on the date of the injury or the onset of the illness causing~~
 88.22 ~~the disability. The employer must provide evidence indicating whether the applicant is~~
 88.23 ~~able or unable to perform the duties of the position held on the date of the injury or onset~~
 88.24 ~~of illness causing the disability and the specifications of any duties that the individual can~~
 88.25 ~~or cannot perform.~~

88.26 ~~(c) If an application for disability benefits is filed more than two years after the date~~
 88.27 ~~of the injury or the onset of an illness causing the disability, the application must be~~
 88.28 ~~supported by evidence that the applicant is unable to perform the most recent duties that~~
 88.29 ~~are expected to be performed by the applicant during the 90 days before the filing of the~~
 88.30 ~~application. The employer must provide evidence of the duties that are expected to be~~
 88.31 ~~performed by the applicant during the 90 days before the filing of the application, whether~~
 88.32 ~~the applicant can or cannot perform those duties overall, and the specifications of any~~
 88.33 ~~duties that the applicant can or cannot perform.~~

88.34 ~~(d) Unless otherwise permitted by law, no application for disability benefits can be~~
 88.35 ~~filed by a former member of the police and fire plan more than three years after the former~~

~~member has terminated from Public Employees Retirement Association police and fire plan covered employment. If an application is filed within three years after the termination of public employment, the former member must provide evidence that the disability is the direct result of an injury or the contracting of an illness that occurred while the person was still actively employed and participating in the police and fire plan.~~

~~(e) Any application for duty-related disability must be supported by a first report of injury as defined in section 176.231.~~

~~(f) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.~~

~~(g) An applicant may file a retirement application under section 353.29, subdivision 4, at the same time as the disability application is filed. If the disability application is approved, the retirement application is canceled. If the disability application is denied, the retirement application must be initiated and processed upon the request of the applicant. A police and fire fund member may not receive a disability benefit and a retirement annuity from the police and fire fund at the same time.~~

~~(h) A repayment of a refund must be made within six months after the effective date of disability benefits or within six months after the date of the filing of the disability application, whichever is later. No purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01 may be made after the occurrence of the disability for which an application is filed under this section.~~

The application procedures to determine eligibility for police and fire plan disability benefits are defined under section 353.031.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 23. Minnesota Statutes 2006, section 353.656, subdivision 10, is amended to read:

Subd. 10. **Accrual of benefits.** (a) A disability benefit begins to accrue ~~the day following the commencement of disability, when the applicant is no longer receiving any form of compensation, whether salary or paid leave~~ 90 days preceding the filing of an application; or, if annual or sick leave, or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date on which the payment of salary ceased, whichever is later. No member is entitled to receive a disability benefit payment

when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation benefit, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(b) Payment of the disability benefit must not continue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment must be made to the surviving spouse or, if none, to the designated beneficiary or, if none, to the estate.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 24. Minnesota Statutes 2006, section 353.656, is amended by adding a subdivision to read:

Subd. 13. Chemical dependency limitations to disability benefit eligibility.

(a) No benefits shall be payable for any disability resulting in whole or in part from the member's current use of illegal drugs. This exclusion does not apply to a member who:

(1) has successfully completed a supervised drug rehabilitation program or has otherwise been rehabilitated successfully and is no longer engaging in such use; or

(2) is participating in a supervised rehabilitation program and is no longer engaging in such use.

(b) "Illegal use of drugs" means the use of drugs, the possession or distribution of which is unlawful under United States Code, title 21, section 801. "Illegal use of drugs" does not include the use of a drug taken under the supervision of a licensed health care professional, or other uses authorized by United States Code, title 21, or other provisions of law.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 25. Minnesota Statutes 2006, section 353.657, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) In the event a member of the police and fire fund dies from any cause before retirement or ~~after~~ before becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required and to a dependent child or children, as defined in section 353.01, subdivision 15, except that if the death is not a line of duty death, the member must have accrued at least three years of credited service.

~~For purposes of this section, line of duty also includes active military service, as defined in section 190.05, subdivision 5. The association shall also grant survivor benefits to a dependent child or children, as defined in section 353.01, subdivision 15.~~

(b) Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The spouse and child or children are entitled to monthly benefits as provided in ~~the following~~ subdivisions 2 to 4.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to survivor benefit applicants where the application is based on the death of a public employee that occurred after June 30, 2007.

Sec. 26. Minnesota Statutes 2006, section 353.657, subdivision 2, is amended to read:

Subd. 2. **Benefit amount.** (a) ~~The spouse, for life, of a deceased member shall receive a monthly benefit for life equal to 50 percent the following percentage of the member's average full-time monthly salary rate as a member of the police officer or firefighter and fire plan in effect over the last six months of allowable service preceding the month in which death occurred:~~

(1) if the death was a line of duty death, 60 percent of the stated average salary is payable; and

(2) if the death was not a line of duty death or if death occurred while receiving disability benefits that accrued prior to July 1, 2007, 50 percent of the stated average salary is payable.

(b) If the member was a part-time employee in the position for which the employee qualified for participation in the police officer or firefighter and fire plan, the monthly survivor benefit is based on the salary rate in effect for that member's part-time service during the last six months of allowable service. If the member's status changed from full time to part time for health reasons during the last year of employment, the monthly survivor benefit is based on the full-time salary rate of ~~a~~ the position held as a member of the police officer or firefighter and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to survivor benefit applicants where the application is based on the death of a public employee that occurred after June 30, 2007.

Sec. 27. Minnesota Statutes 2006, section 353.657, subdivision 2a, is amended to read:

92.1 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former
92.2 member who has attained the age of at least 50 years and has credit for not less than
92.3 three years allowable service or who has credit for at least 30 years of allowable service,
92.4 regardless of age attained, dies before the annuity or disability benefit becomes payable,
92.5 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
92.6 elect to receive a death while eligible survivor benefit.

92.7 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
92.8 20, a former spouse of the member, if any, is entitled to a portion of the death while
92.9 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
92.10 filed with the association. If there is no surviving spouse or child or children, a former
92.11 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
92.12 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
92.13 benefit despite the terms of a marriage dissolution decree filed with the association.

92.14 (c) The benefit may be elected instead of a refund with interest under section 353.32,
92.15 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
92.16 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
92.17 which the member could have qualified for on the date of death, computed as provided in
92.18 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. ~~If there is a dependent~~
92.19 ~~child or children, and the 100 percent joint and survivor optional annuity for the surviving~~
92.20 ~~spouse, when added to the benefit of the dependent child or children under subdivision 3,~~
92.21 ~~exceeds an amount equal to 70 percent of the member's specified average monthly salary,~~
92.22 ~~the 100 percent joint and survivor annuity must be reduced by the amount necessary so~~
92.23 ~~that the total family benefit does not exceed the 70 percent maximum family benefit~~
92.24 ~~amount under subdivision 3. The 100 percent joint and survivor optional annuity must be~~
92.25 ~~restored to the surviving spouse, plus applicable postretirement fund adjustments under~~
92.26 ~~section 356.41, as the dependent child or children become no longer dependent under~~
92.27 ~~section 353.01, subdivision 15.~~

92.28 (d) The surviving spouse may apply for the annuity at any time after the date
92.29 on which the deceased employee would have attained the required age for retirement
92.30 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
92.31 subdivision 2, apply to a deferred annuity payable under this subdivision.

92.32 (e) No payment shall accrue beyond the end of the month in which entitlement to
92.33 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
92.34 contributions which were credited to the account of the deceased employee over and
92.35 above the total of the annuities paid and payable to the surviving spouse must be paid to

93.1 the deceased member's last designated beneficiary or, if none, to the legal representative of
 93.2 the estate of such deceased member.

93.3 (f) Any member may request in writing that this subdivision not apply and that
 93.4 payment be made only to the designated beneficiary, as otherwise provided by this chapter.

93.5 (g) For a member who is employed as a full-time firefighter by the Department of
 93.6 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
 93.7 Affairs Department firefighter credited by the Minnesota State Retirement System may be
 93.8 used in meeting the minimum allowable service requirement of this subdivision.

93.9 **EFFECTIVE DATE.** This section is effective July 1, 2007.

93.10 Sec. 28. Minnesota Statutes 2006, section 353.657, subdivision 3, is amended to read:

93.11 Subd. 3. **Dependent children.** A dependent child, as defined in section 353.01,
 93.12 subdivision 15, shall receive a monthly benefit equal to ten percent of the member's
 93.13 average full-time monthly salary rate as a member of the police officer or firefighter and
 93.14 fire plan in effect over the last six months of allowable service preceding the month in
 93.15 which death occurred. Payments for the benefit of a dependent child must be made to the
 93.16 surviving parent, or to the legal guardian of the child or to any adult person with whom the
 93.17 child may at the time be living, provided only that the parent or other person to whom
 93.18 any amount is to be paid advises the board in writing that the amount will be held or
 93.19 used in trust for the benefit of the child.

93.20 Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly
 93.21 benefit ~~for one per family~~ must not exceed ~~an amount equal to~~ the following percentages of
 93.22 the member's average monthly salary as specified in subdivision 3:

93.23 (1) 80 percent, if the member's death was a line of duty death; or

93.24 (2) 70 percent of the member's specified average monthly salary, and, if the
 93.25 member's death is not a line of duty death or occurred while the member was receiving a
 93.26 disability benefit that accrued before July 1, 2007.

93.27 (b) The minimum monthly benefit per family, including the joint and survivor
 93.28 optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be
 93.29 less than the following percentage of the member's average monthly salary as specified in
 93.30 subdivision 3:

93.31 (1) 60 percent, if the death is a line of duty death; or

93.32 (2) 50 percent of the member's specified average monthly salary, if the death is
 93.33 not a line of duty death or occurred while the member was receiving a disability benefit
 93.34 that accrued before July 1, 2007.

94.1 (c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the joint
 94.2 annuitant must be reduced to the amount necessary so that the total family benefit does not
 94.3 exceed the applicable maximum. The joint and survivor optional annuity must be restored,
 94.4 plus applicable postretirement adjustments under section 356.41, as the dependent child or
 94.5 children become no longer dependent under section 353.01, subdivision 15.

94.6 **EFFECTIVE DATE.** This section is effective July 1, 2007.

94.7 Sec. 29. Minnesota Statutes 2006, section 353B.08, subdivision 11, is amended to read:

94.8 Subd. 11. **Subsequent medical reexaminations.** Periodically, upon the
 94.9 recommendation of the medical adviser appointed as provided in section ~~353.33~~,
 94.10 ~~subdivision 6a~~ 353.031, based on the medical nature of the initial qualifying disability and
 94.11 its potential for improvement or recovery, the executive director of the Public Employees
 94.12 Retirement Association shall have a former member of a consolidating relief association
 94.13 who is receiving a disability benefit reexamined and reevaluated for continued entitlement
 94.14 to a disability benefit. If, upon the recommendation of the medical adviser, the executive
 94.15 director determines that the person is no longer entitled to receive a disability benefit, the
 94.16 disability benefit shall be discontinued effective as of the first day of the second month
 94.17 following that determination and the person shall be considered for reemployment as
 94.18 a police officer or a firefighter, whichever applies, by the municipality in which the
 94.19 consolidating relief association was located.

94.20 **EFFECTIVE DATE.** This section is effective July 1, 2007.

94.21 Sec. 30. **[353E.001] DEFINITIONS.**

94.22 Subdivision 1. **Duty disability.** "Duty disability," physical or psychological, means
 94.23 a condition that is expected to prevent a member, for a period of not less than 12 months,
 94.24 from performing the normal duties of a local government correctional service employee as
 94.25 defined under section 353E.02 and that is the direct result of an injury incurred during, or
 94.26 a disease arising out of, the performance of normal duties or the actual performance of less
 94.27 frequent duties, either of which are specific to protecting the property and personal safety
 94.28 of others and that present inherent dangers that are specific to the positions covered by
 94.29 the local government correctional service retirement plan.

94.30 Subd. 2. **Less frequent duties.** "Less frequent duties" means tasks designated in the
 94.31 applicant's job description as either required from time to time or as assigned, but which
 94.32 are not carried out as part of the normal routine of the applicant's job.

94.33 Subd. 3. **Normal duties.** "Normal duties" means specific tasks designated in the
 94.34 applicant's job description and which the applicant performs on a day-to-day basis, but

95.1 do not include less frequent duties which may be requested to be done by the employer
 95.2 from time to time.

95.3 Subd. 4. **Regular disability.** "Regular disability," physical or psychological, means
 95.4 a condition that is expected to prevent a member, for a period of not less than 12 months,
 95.5 from performing the normal duties of a local government correctional service employee as
 95.6 defined under section 353E.02 and that results from a disease or an injury that arises from
 95.7 any activities while not at work or while at work from performing those normal or less
 95.8 frequent duties that do not present inherent dangers that are specific to the occupations
 95.9 covered by the local government correctional service retirement plan.

95.10 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
 95.11 benefit applicants whose last day of public employment was after June 30, 2007.

95.12 Sec. 31. Minnesota Statutes 2006, section 353E.06, subdivision 1, is amended to read:

95.13 Subdivision 1. **Duty disability qualification requirements.** A local government
 95.14 correctional employee who ~~becomes disabled and physically or mentally unfit to perform~~
 95.15 ~~the duties of the position as a direct result of an injury, sickness, or other disability that~~
 95.16 ~~is medically determinable, that was incurred in or arose out of any act of duty, and that~~
 95.17 ~~renders the employee physically or mentally unable to perform the employee's duties~~ is
 95.18 determined to qualify for a duty disability as defined in section 353E.001, subdivision 1, is
 95.19 entitled to a disability benefit. The disability benefit must be based on covered service
 95.20 under this chapter only and is an amount equal to 47.5 percent of the average salary
 95.21 defined in section 353E.04, subdivision 2, plus an additional percent equal to that specified
 95.22 in section 356.315, subdivision 5a, for each year of covered service under this chapter in
 95.23 excess of 25 years.

95.24 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to disability
 95.25 benefit applicants whose last day of public employment was after June 30, 2007.

95.26 Sec. 32. Minnesota Statutes 2006, section 353E.06, subdivision 2, is amended to read:

95.27 Subd. 2. ~~**Nonduty**~~ **Regular disability qualification requirements.** A local
 95.28 government correctional employee who has at least one year of covered service under this
 95.29 chapter and ~~becomes disabled and physically or mentally unfit to perform the duties of the~~
 95.30 ~~position because of sickness or injury that is medically determinable and that occurs while~~
 95.31 ~~not engaged in covered employment,~~ who is determined to qualify for a regular disability
 95.32 benefit as defined in section 353E.001, subdivision 4, is entitled to a disability benefit
 95.33 based on covered service under this chapter. The disability benefit must be computed in

the same manner as an annuity under section 353E.04, subdivision 3, and as though the employee had at least ten years of covered correctional service.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Sec. 33. Minnesota Statutes 2006, section 353E.06, subdivision 4, is amended to read:

Subd. 4. **Disability benefit application; accrual of benefits.** ~~A claim or demand for a disability benefit must be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the association, showing compliance with the statutory conditions qualifying the applicant for a disability benefit. A member or former member who became disabled during a period of membership may file an application for disability benefits within three years following termination of local government correctional service, but not after that time has elapsed.~~ (a) Procedures for the application process and determining eligibility for disability benefits are defined in section 353.031.

(b) ~~The disability benefit begins to accrue the day following the commencement of disability,~~ when the applicant is no longer receiving any form of compensation, whether salary or paid leave; 90 days preceding the filing of the application, or, if annual or sick leave, or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date salary ceased, whichever is latest. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation benefits or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(c) No payment may accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies before negotiating the check for the month in which death occurs, payment must be made to the optional annuitant or beneficiary.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 34. Minnesota Statutes 2006, section 353E.06, subdivision 8, is amended to read:

Subd. 8. **Continuing benefit eligibility.** Continuing eligibility for a disability benefit is subject to section ~~353.33, subdivision 6~~ 353.031, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 35. **REPEALER.**

Minnesota Statutes 2006, sections 353.33, subdivisions 6a, 6b, and 8; and 353.656, subdivisions 5, 9, 11, and 12, are repealed.

97.1 **EFFECTIVE DATE.** This section is effective July 1, 2007.

97.2 **ARTICLE 5**

97.3 **HEALTH CARE FACILITY PRIVATIZATIONS**

97.4 Section 1. Minnesota Statutes 2006, section 353F.02, subdivision 4, is amended to read:

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

97.6 (1) Bridges Medical Services;

97.7 (2) the City of Cannon Falls Hospital;

97.8 (3) Clearwater County Memorial Hospital doing business as Clearwater Health

97.9 Services in Bagley;

97.10 (4) the Dassel Lakeside Community Home;

97.11 (5) the Fair Oaks Lodge, Wadena;

97.12 (6) the Glencoe Area Health Center;

97.13 (7) the Hutchinson Area Health Care;

97.14 (8) the Kanabec Hospital;

97.15 (9) the Lakefield Nursing Home;

97.16 (10) the Lakeview Nursing Home in Gaylord;

97.17 (11) the Luverne Public Hospital;

97.18 ~~(10)~~ (12) the Northfield Hospital;

97.19 (13) the Oakland Park Nursing Home;

97.20 ~~(11)~~ (14) the RenVilla Nursing Home;

97.21 ~~(12)~~ (15) the Renville County Hospital in Olivia;

97.22 ~~(13)~~ (16) the St. Peter Community Healthcare Center; and

97.23 ~~(14)~~ (17) the Waconia-Ridgeview Medical Center.

97.24 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon the

97.25 latter of:

97.26 (a) for the Lakefield Nursing Home,

97.27 (1) the day after the governing body of the city of Lakefield and its chief clerical

97.28 officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

97.29 (2) the first day of the month next following certification to the Lakefield City

97.30 Council by the executive director of the Public Employees Retirement Association that

97.31 the actuarial accrued liability of the special benefit coverage proposed for extension to

97.32 the privatized Lakefield Nursing Home employees under section 1 does not exceed the

97.33 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as

97.34 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.

97.35 The cost of the actuarial calculations must be borne by the current employer or by the entity

which is the employer following the privatization, and the date of the actuarial calculations must be within one year of the date the Lakefield Nursing Home is sold or leased;

(b) for the Lakeview Nursing Home in Gaylord,

(1) the day after the governing body of the city of Gaylord and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Gaylord City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Lakeview Nursing Home employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization, and the date of the actuarial calculations must be within one year of the date the Lakeview Nursing Home is sold or leased; and

(c) for the Oakland Park Nursing Home,

(1) the day after the governing body of Pennington County and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to Pennington County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Oakland Park Nursing Home employees under this section does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization, and the date of the actuarial calculations must be within one year of the date the Oakland Park Nursing Home is sold or leased.

Sec. 2. Minnesota Statutes 2006, section 353F.04, subdivision 1, is amended to read:

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated medical facility or other public employing unit employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in paragraph (b) or (c), whichever is applicable.

(b) This paragraph applies if the legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care or before January 1, 2007, for all other medical facilities and all other

99.1 employing units. For a terminated medical facility or other public employing unit
99.2 employee, the augmentation rate is 5.5 percent compounded annually until January 1
99.3 following the year in which the person attains age 55. From that date to the effective date
99.4 of retirement, the augmentation rate is 7.5 percent compounded annually.

99.5 (c) If paragraph (b) is not applicable, the augmentation rate is four percent
99.6 compounded annually until January 1, following the year in which the person attains age
99.7 55. From that date to the effective date of retirement, the augmentation rate is six percent
99.8 compounded annually.

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

99.10 **ARTICLE 6**

99.11 **STATEWIDE RETIREMENT PLAN APPEALS PROCESS**

99.12 Section 1. Minnesota Statutes 2006, section 353.03, subdivision 3, is amended to read:

99.13 Subd. 3. **Duties and powers of the board.** (a) The board shall elect a president and
99.14 vice-president. The board shall approve the staffing complement necessary to administer
99.15 the fund. The cost of administering this chapter must be paid by the fund.

99.16 (b) The board shall adopt bylaws for its own government and for the management of
99.17 the fund consistent with the laws of the state and may modify them at pleasure. It shall
99.18 adopt, alter, and enforce reasonable rules consistent with the laws of the state for the
99.19 administration and management of the fund, for the payment and collection of payments
99.20 from members, and for the payment of withdrawals and benefits. It shall pass upon and
99.21 allow or disallow all applications for membership in the fund and shall allow or disallow
99.22 claims for withdrawals, pensions, or benefits payable from the fund. It shall adopt an
99.23 appropriate mortality table based on experience of the fund as recommended by the
99.24 association actuary, with interest set at the rate specified in section 356.215, subdivision
99.25 8. It shall provide for the payment out of the fund of all necessary expenses for the
99.26 administration of the fund and of all claims for withdrawals, pensions, or benefits allowed.
99.27 The board shall approve or disapprove all recommendations and actions of the executive
99.28 director made subject to its approval or disapproval by subdivision 3a.

99.29 (c) In passing upon all applications and claims, the board may summon, swear, hear,
99.30 and examine witnesses and, in the case of claims for disability benefits, may require the
99.31 claimant to submit to a medical examination by a physician of the board's choice, at the
99.32 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
99.33 of all applications and claims, may conduct investigations necessary to determine their
99.34 validity and merit. ~~The board shall establish procedures to assure that a benefit applicant~~
99.35 ~~and recipient may have a review of a benefit eligibility or benefit amount determination~~
99.36 ~~affecting the applicant or recipient. The review procedure may afford the benefit applicant~~

100.1 ~~or benefit recipient an opportunity to present views at any review proceeding conducted,~~
100.2 ~~but is not a contested case under chapter 14.~~

100.3 (d) The board may continue to authorize the sale of life insurance to members under
100.4 the insurance program in effect on January 1, 1985, but must not change that program
100.5 without the approval of the commissioner of finance. The association shall not receive
100.6 any financial benefit from the life insurance program beyond the amount necessary to
100.7 reimburse the association for costs incurred in administering the program. The association
100.8 shall not engage directly or indirectly in any other activity involving the sale or promotion
100.9 of goods or services, or both, whether to members or nonmembers.

100.10 (e) The board shall establish procedures governing reimbursement of expenses to
100.11 board members. These procedures shall define the types of activities and expenses that
100.12 qualify for reimbursement, shall provide that all out-of-state travel must be authorized
100.13 by the board, and shall provide for independent verification of claims for expense
100.14 reimbursement. The procedures must comply with applicable rules and policies of the
100.15 Department of Finance, the Department of Administration, and the Department of
100.16 Employee Relations.

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

100.21 **EFFECTIVE DATE.** This section is effective the day after final enactment.

100.22 Sec. 2. **[356.95] PENSION PLAN APPEAL PROCEDURES.**

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

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

100.28 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
100.29 2, clauses (1) to (4), (10), and (12) to (14), but does not mean the deferred compensation
100.30 plan administered under sections 352.96 and 352.97 or to the postretirement health care
100.31 savings plan administered under section 352.98.

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

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

101.5 Subd. 2. **Right to review.** A determination made by the administration of a covered
101.6 pension plan regarding a person's eligibility, benefits, or other rights under the plan with
101.7 which the person does not agree is subject to review under this section.

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

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

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

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

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

101.24 (5) a copy of this section.

101.25 Subd. 4. **Termination of benefits.** (a) If a covered pension plan decides to
101.26 terminate a benefit that is being paid to a person, before terminating the benefit, the chief
101.27 administrative officer must, in addition to the other procedures prescribed in this section,
101.28 provide the individual with written notice of the pending benefit termination by certified
101.29 mail. The notice must explain the reason for the pending benefit termination. The person
101.30 must be given an opportunity to explain, in writing, in person, by telephone, or by e-mail,
101.31 the reasons that the benefit should not be terminated.

101.32 (b) If the chief administrative officer is unable to contact the person and determines
101.33 that a failure to terminate the benefit will result in unauthorized payment by a covered
101.34 pension plan, the chief administrative officer may terminate the benefit immediately upon
101.35 mailing a written notice containing the information required by subdivision 3 to the

102.1 address to which the most recent benefit payment was sent and, if that address is that of a
102.2 financial institution, to the last known address of the person.

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

102.6 (b) A petition under this section must be sent to the chief administrative officer by
102.7 mail and must be postmarked no later than 60 days after the person received the notice
102.8 required by subdivision 3. The petition must include the person's statement of the reason
102.9 or reasons that the person believes the decision of the chief administrative officer should
102.10 be reversed or modified. The petition may include all documentation and written materials
102.11 that the petitioner deems to be relevant.

102.12 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is
102.13 not filed with the chief administrative officer, the covered pension plan's determination is
102.14 final and is not subject to further administrative or judicial review.

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

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

102.27 (c) Except as provided in subdivision 8, paragraph (c), all documents and materials
102.28 that the petitioner wishes to be part of the record for review must be filed with the chief
102.29 administrative officer and must be received in the offices of the covered pension plan at
102.30 least 30 days before the date of the meeting at which the petition is scheduled to be heard.

102.31 (d) A petitioner, within ten calendar days of the scheduled date of the applicable
102.32 board meeting, may request a continuance on a scheduled petition. The chief
102.33 administrative officer must reschedule the review within 60 days of the date of the
102.34 continuance request. Only one continuance may be granted to any petitioner.

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

103.6 (b) Not later than seven days before the scheduled hearing date, the chief
103.7 administrative officer must provide a copy of the record to each member of the governing
103.8 board.

103.9 (c) At least five days before the hearing, the petitioner may submit to the chief
103.10 administrative officer, for submission to the governing board, any additional document,
103.11 affidavit, or other relevant information that was not initially submitted with the petition.

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

103.18 Subd. 10. **Hearing.** (a) The governing board shall hold a timely hearing on a petition
103.19 for review as part of a regularly scheduled board meeting, or as part of a special meeting
103.20 if so scheduled. All governing board members who participate in the decision-making
103.21 process must be familiar with the record. The governing board shall make its decision
103.22 on a petition solely on the record as submitted and on the proceedings of the hearing. At
103.23 the hearing, the petitioner, the petitioner's attorney, and the chief administrative officer
103.24 may state and discuss with the governing board their positions with respect to the petition.
103.25 The governing board may allow further documentation to be placed in the record at the
103.26 board meeting only with the agreement of both the chief administrative officer and the
103.27 petitioner. The chief administrative officer may not otherwise participate in the board's
103.28 decision-making process.

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

103.33 (c) A motion by a board member, supported by a summary of the relevant facts,
103.34 conclusions and reasons, as properly amended and approved by a majority of the
103.35 governing board, constitutes the board's final decision. A verbatim statement of the
103.36 board's final decision must be served upon the petitioner. If the decision is contrary to the

104.1 petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set
104.2 forth in subdivision 13.

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

104.5 Subd. 11. **Disability medical issues.** (a) If a person petitions the governing board
104.6 to reverse or modify a determination which found that there exists no medical data
104.7 supporting an application for disability benefits, the board may reverse that determination
104.8 only if there is in fact medical evidence supporting the application. The board has the
104.9 discretion to resubmit a disability benefit application at any time to a medical advisor for
104.10 reconsideration, and the resubmission may include an instruction that further medical
104.11 examinations be obtained.

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

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

104.22 Subd. 12. **Referral for administrative hearing.** (a) Notwithstanding any provision
104.23 of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination
104.24 of the chief administrative officer of a covered pension plan must be conducted exclusively
104.25 under the procedures set forth in this section and is not a contested case under chapter 14.

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

104.29 Subd. 13. **Appeal of the governing board's decision; judicial review.** Within
104.30 60 days of the date of the mailing of the notice of the governing board's decision,
104.31 the petitioner may appeal the decision by filing a writ of certiorari with the Court of
104.32 Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate
104.33 Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day
104.34 period precludes the person from later raising, in any subsequent administrative hearing

105.1 or court proceeding, those substantive and procedural issues that reasonably should have
105.2 been raised upon a timely appeal.

105.3 Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and
105.4 requirements under this section, a person who believes that the person's rights have been
105.5 affected by a decision made by the administration of a covered pension plan may request
105.6 a review under this section by the appropriate governing board. The petition under this
105.7 subdivision must be made within 45 days of the time that the person knew or should have
105.8 known of the disputed decision.

105.9 Subd. 15. **Governing board review panel.** Any covered pension plan subject
105.10 to this section, by motion duly made and adopted, may appoint a panel of governing
105.11 board members to hear and determine any or all petitions brought under this section.
105.12 The governing board review panel must contain a minimum number of board members
105.13 that would otherwise constitute a quorum of board members under the governing body's
105.14 rules and procedures.

105.15 **EFFECTIVE DATE.** This section is effective the day after final enactment.

105.16 Sec. 3. **REPEALER.**

105.17 Minnesota Statutes 2006, sections 352.031; and 354.071, are repealed.

105.18 **EFFECTIVE DATE.** This section is effective the day after final enactment.

105.19 **ARTICLE 7**

105.20 **MINNEAPOLIS EMPLOYEES RETIREMENT FUND**

105.21 **LIQUIDITY CHANGES**

105.22 Section 1. Minnesota Statutes 2006, section 422A.01, subdivision 13a, is amended to
105.23 read:

105.24 Subd. 13a. **Covered salary.** (a) "Salary" is subject to the limitations of section
105.25 356.611.

105.26 (b) "Salary" also includes the contributions to a supplemental retirement plan under
105.27 section 356.24, subdivision 1, clause (8), (9), or (10), for an employee who is covered by a
105.28 supplemental retirement plan which requires that all plan contributions be made by the
105.29 person's employer from mandatory withholdings from the employee's wages.

105.30 Sec. 2. Minnesota Statutes 2006, section 422A.05, subdivision 2c, is amended to read:

105.31 Subd. 2c. **Minneapolis Employees Retirement Fund investment authority.**

105.32 (a) For investments made on or after July 1, 1991, the board shall invest funds only in
105.33 investments authorized by section 356A.06, subdivision 7.

(b) However, in addition to real estate investments authorized under paragraph (a), the board may also make loans to purchasers of Minnesota situs nonfarm residential real estate that is owned by the Minneapolis Employees Retirement Fund. The loans must be secured by mortgages or deeds of trust.

(c) For investments made before July 1, 1991, the board may, but is not required to, comply with paragraph (a). However, with respect to these investments, the board shall act in accordance with subdivision 2a and chapter 356A.

(d) The board may certify assets for investment by the State Board of Investment under section 11A.17. Alternatively or in addition, the board may certify assets for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

Sec. 3. Minnesota Statutes 2006, section 422A.06, subdivision 3, is amended to read:

Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists of the assets held in the fund, including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments.

(b) There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, including the death-while-active refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

(c) To the extent that the deposit accumulation fund has insufficient assets to transfer the total value of the required reserves for retirement annuities to either the disability benefit fund under subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required, the deposit accumulation fund has a transfer amount payable on which an interest charge accrues. The executive director must determine the interest charge for the period that the transfer amount payable remains unpaid at an annual rate equal to five percent plus the percentage increase in the amount of the annual Consumer Price Index for urban wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the United States Department of Labor from the previous June 30. The interest charge must be reflected in the books of the Minneapolis Employees Retirement Fund and assessed against the deposit accumulation fund based on the average quarterly transfer

107.1 amount payable balance outstanding. Any revenue received by the deposit accumulation
 107.2 fund subsequent to unpaid transfers must be transferred from the deposit accumulation
 107.3 fund to the disability benefit fund or to the retirement fund, whichever applies, and must
 107.4 first be applied to any remaining interest charge and then must be applied to the principal
 107.5 amount of transfer amount payable outstanding.

107.6 Sec. 4. Minnesota Statutes 2006, section 422A.06, subdivision 5, is amended to read:

107.7 Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of**
 107.8 **annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities
 107.9 as determined in accordance with the appropriate mortality table adopted by the board
 107.10 of trustees based on the experience of the fund as recommended by the actuary retained
 107.11 under section 356.214 and using the postretirement interest assumption specified in
 107.12 section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability benefit fund as
 107.13 provided in subdivision 7, or the retirement benefit fund, except for any amounts payable
 107.14 from the survivor benefit fund, as of date of retirement.

107.15 (b) To the extent that the deposit accumulation fund has insufficient assets to cover a
 107.16 full required transfer amount, the applicable fund must be credited with an interest-bearing
 107.17 transfer amount payable.

107.18 (c) Annuity payments ~~shall~~ must be adjusted in accordance with this chapter, except
 107.19 that no minimum retirement payments described in this chapter ~~shall~~ must include
 107.20 any amounts payable from the survivors' benefit fund or disability benefit fund and
 107.21 supplemented benefits specifically financed by statute.

107.22 ~~(c)~~ (d) Increases in annuity payments ~~pursuant to~~ under this section shall be made
 107.23 automatically unless written notice on a form prescribed by the board is filed with the
 107.24 retirement board requesting that the increase not be made.

107.25 ~~(d)~~ (e) Any additional annuity which began to accrue on July 1, 1973, or which
 107.26 began to accrue on January 1, 1974, ~~pursuant to~~ under Laws 1973, chapter 770, section
 107.27 1, ~~shall~~ must be considered as part of the base amount to be used in determining any
 107.28 postretirement adjustments payable ~~pursuant to~~ under the provisions of subdivision 8.

107.29 Sec. 5. Minnesota Statutes 2006, section 422A.06, subdivision 7, is amended to read:

107.30 Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established,
 107.31 containing the required reserves for disability allowances under this chapter. A
 107.32 proportionate share of income from investments must be allocated to this fund and any
 107.33 interest charge under subdivision 3, paragraph (c), must be credited to the fund. ~~There~~
 107.34 ~~must be paid from this fund~~ The disability allowances payable under this chapter must be
 107.35 paid from this fund.

108.1 (b) In the event of the termination of any disability allowance for any reason other
108.2 than the death of the recipient, the balance of the required reserves for the disability
108.3 allowance as of the date of the termination must be transferred from the disability benefit
108.4 fund to the deposit accumulation fund.

108.5 (c) At the end of each fiscal year, as part of the annual actuarial valuation, a
108.6 determination must be made of the required reserves for all disability allowances being
108.7 paid from the disability benefit fund. Any excess of assets over actuarial required reserves
108.8 in the disability benefit fund must be transferred to the deposit accumulation fund. Unless
108.9 subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the
108.10 disability benefit fund must be funded by a transfer of the appropriate amount of assets
108.11 from the deposit accumulation fund.

108.12 Sec. 6. Minnesota Statutes 2006, section 422A.06, subdivision 8, is amended to read:

108.13 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~
108.14 consists of amounts held for payment of retirement allowances for members retired
108.15 pursuant to under this chapter, including any transfer amount payable under subdivision 3,
108.16 paragraph (c).

108.17 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves
108.18 for retirement allowances pursuant to under this chapter determined in accordance with
108.19 the appropriate mortality table adopted by the board of trustees based on the experience of
108.20 the fund as recommended by the actuary retained under section 356.214 ~~shall~~ must be
108.21 transferred from the deposit accumulation fund to the retirement benefit fund as of the last
108.22 business day of the month in which the retirement allowance begins. The income from
108.23 investments of these assets ~~shall~~ must be allocated to this fund and any interest charge
108.24 under subdivision 3, paragraph (c), must be credited to the fund. There ~~shall~~ must be paid
108.25 from this fund the retirement annuities authorized by law. A required reserve calculation
108.26 for the retirement benefit fund must be made by the actuary retained under section 356.214
108.27 and must be certified to the retirement board by the actuary retained under section 356.214.

108.28 (c) The retirement benefit fund ~~shall~~ must be governed by the applicable laws
108.29 governing the accounting and audit procedures, investment, actuarial requirements,
108.30 calculation and payment of postretirement benefit adjustments, discharge of any deficiency
108.31 in the assets of the fund when compared to the actuarially determined required reserves,
108.32 and other applicable operations and procedures regarding the Minnesota postretirement
108.33 investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996,
108.34 section 11A.18, and any legal or administrative interpretations of those laws of the State
108.35 Board of Investment, the legal advisor to the Board of Investment and the executive
108.36 director of the State Board of Investment in effect on June 30, 1997. If a deferred yield

109.1 adjustment account is established for the Minnesota postretirement investment fund
109.2 before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the
109.3 retirement board shall also establish and maintain a deferred yield adjustment account
109.4 within this fund.

109.5 (d) Annually, following the calculation of any postretirement adjustment payable
109.6 from the retirement benefit fund, the board of trustees shall submit a report to the
109.7 executive director of the Legislative Commission on Pensions and Retirement and to the
109.8 commissioner of finance indicating the amount of any postretirement adjustment and
109.9 the underlying calculations on which that postretirement adjustment amount is based,
109.10 including the amount of dividends, the amount of interest, and the amount of net realized
109.11 capital gains or losses utilized in the calculations.

109.12 (e) With respect to a former contributing member who began receiving a retirement
109.13 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
109.14 30, 1997, or with respect to a survivor of a former contributing member who began
109.15 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
109.16 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
109.17 adjustment payable to those annuity or benefit recipients annually must be transferred back
109.18 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.
109.19 The calculation of this annual reduced cost-of-living adjustment reserve transfer must be
109.20 reviewed by the actuary retained under section 356.214.

109.21 Sec. 7. Minnesota Statutes 2006, section 422A.101, subdivision 3, is amended to read:

109.22 Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c),
109.23 the state shall pay to the Minneapolis Employees Retirement Fund annually an amount
109.24 equal to the amount calculated under paragraph (b).

109.25 (b) The payment amount is an amount equal to the financial requirements of the
109.26 Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund
109.27 prepared by the actuary retained under section 356.214 ~~pursuant to~~ consistent with section
109.28 356.215 for the most recent year but based on a target date for full amortization of the
109.29 unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee
109.30 contributions required ~~pursuant to~~ under section 422A.10, and the amount of employer
109.31 contributions required ~~pursuant to~~ under subdivisions 1a, 2, and 2a. Payments shall be
109.32 made September 15 annually.

109.33 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
109.34 plus the cost of the annual supplemental benefit determined under section 356.43.

109.35 (d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000,
109.36 the excess must be allocated to and paid to the fund by the employers identified in

110.1 subdivisions 1a and 2, other than units of metropolitan government. Each employer's
110.2 share of the excess is proportionate to the employer's share of the fund's unfunded
110.3 actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the
110.4 actuary retained under section 356.214 compared to the total unfunded actuarial accrued
110.5 liability attributed to all employers identified in subdivisions 1a and 2, other than units of
110.6 metropolitan government. Payments must be made in equal installments as set forth in
110.7 paragraph (b).

110.8 Sec. 8. **REPEALER.**

110.9 Minnesota Statutes 2006, section 422A.101, subdivision 4, is repealed.

110.10 Sec. 9. **EFFECTIVE DATE; LOCAL APPROVAL.**

110.11 Sections 1 to 8 are effective the day after the city council of the city of Minneapolis
110.12 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
110.13 section 645.021, subdivisions 2 and 3.

110.14 **ARTICLE 8**

110.15 **VOLUNTEER FIREFIGHTER BENEFIT CHANGES**

110.16 Section 1. Minnesota Statutes 2006, section 424A.10, subdivision 1, is amended to
110.17 read:

110.18 Subdivision 1. **Definitions.** For purposes of this section:

110.19 (1) "qualified recipient" means an individual who receives a lump sum distribution
110.20 of pension or retirement benefits from a firefighters' relief association for service that the
110.21 individual has performed as a volunteer firefighter;

110.22 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally
110.23 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or
110.24 minor children of a deceased volunteer firefighter;

110.25 (3) "active volunteer firefighter" means a person who regularly renders fire
110.26 suppression service for a municipal fire department or an independent nonprofit firefighting
110.27 corporation, who has met the statutory and other requirements for relief association
110.28 membership, and who has been a fully qualified member of the relief association for
110.29 at least one month; and

110.30 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
110.31 terminated active firefighting service, has sufficient service credit from the applicable
110.32 relief association to be entitled to a service pension, but has not applied for or has not
110.33 received the service pension.

110.34 **EFFECTIVE DATE.** This section is effective for supplemental benefits paid after
110.35 July 1, 2007.

111.1 Sec. 2. Minnesota Statutes 2006, section 424A.10, subdivision 2, is amended to read:

111.2 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a firefighters'
111.3 relief association of a lump sum distribution to a qualified recipient, the association must
111.4 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the
111.5 contrary, the relief association ~~may~~ must pay the supplemental benefit out of its special
111.6 fund. The amount of this benefit equals ten percent of the regular lump sum distribution
111.7 that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may
111.8 the amount of the supplemental benefit exceed ~~\$1,000~~ \$1,695. A supplemental benefit
111.9 under this paragraph may not be paid to a survivor of a deceased active or deferred
111.10 volunteer firefighter in that capacity.

111.11 (b) Upon the payment by a relief association of a lump sum survivor benefit or
111.12 funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased
111.13 deferred volunteer firefighter, the association may pay a supplemental survivor benefit
111.14 to the survivor of the deceased active or deferred volunteer firefighter from the special
111.15 fund of the relief association if its articles of incorporation or bylaws so provide. The
111.16 amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral
111.17 benefit, but not to exceed \$2,000.

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

111.21 **EFFECTIVE DATE.** This section is effective for supplemental benefits paid after
111.22 July 1, 2007.

111.23 Sec. 3. Minnesota Statutes 2006, section 424A.10, subdivision 3, is amended to read:

111.24 Subd. 3. **State reimbursement.** (a) By February 15 of each year, the treasurer of
111.25 the relief association shall apply to the commissioner of revenue for state reimbursement
111.26 of the amount of supplemental benefits paid under subdivision 2 during the preceding
111.27 calendar year. By March 15, the commissioner shall reimburse the relief association for
111.28 the amount of the supplemental benefits paid to qualified recipients and to survivors of
111.29 deceased active or deferred volunteer firefighters.

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

111.32 (c) The reimbursement payment must be deposited in the special fund of the relief
111.33 association.

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

EFFECTIVE DATE. This section is effective retroactively to July 1, 2006.

ARTICLE 9

VARIOUS BENEFIT AND OTHER CHANGES

Section 1. Minnesota Statutes 2006, section 3A.02, subdivision 5, is amended to read:

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

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

(c) The surviving spouse of a legislator who has attained at least age 55 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

(d) The surviving spouse of a deceased former legislator may elect an optional joint and survivor annuity under paragraph (a) in lieu of surviving spouse benefits under section 3A.04, subdivision 1, on or after the date the former legislator would have reached age 55.

EFFECTIVE DATE. This section is effective the day after final enactment and also applies to the surviving spouse of a former legislator who died on March 5, 2007.

Sec. 2. **[3A.021] OPTIONAL DIVISION OF RETIREMENT ALLOWANCE.**

Subdivision 1. **Election of division.** Notwithstanding section 518.58, subdivision 4, paragraph (a), clause (5), a former legislator or the former spouse of a former legislator, if a portion of the former legislator's retirement allowance is awarded to the former spouse under a marriage dissolution property division decree by a court of competent jurisdiction, may elect to have payment of the portion of the legislator's retirement allowance designated in the decree as payable to the former spouse beginning as of the first day of the month next following the date on which the former legislator attains the age of 62, even if the former legislator has not applied for the receipt of retirement allowance as of

113.1 that date. In all other respects, the optional retirement allowance division is governed
113.2 by section 518.58, subdivision 4.

113.3 **Subd. 2. Calculation of subsequent portion of the retirement allowance.**

113.4 Upon the eventual application for a retirement allowance under this chapter by a former
113.5 legislator who elected or was affected by the election of a benefit under subdivision 1,
113.6 the subsequent retirement allowance must be adjusted to be the actuarial equivalent of
113.7 the balance of the present value of the retirement allowance of the former legislator upon
113.8 the effective date of the application remaining after a reduction equal to the present value
113.9 of the partial benefit previously paid and subsequently payable to the former spouse,
113.10 as calculated by the actuary retained under section 356.214 or as calculated under a
113.11 procedure specified by the actuary. The retirement allowance present value calculations
113.12 must include the effect of section 356.30.

113.13 **Subd. 3. No optional annuity form.** Section 3A.02, subdivision 5, does not apply
113.14 to a partial retirement allowance payable under subdivision 1.

113.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
113.16 and applies to any retirement allowance affected by a marriage dissolution decree rendered
113.17 after September 2003.

113.18 Sec. 3. Minnesota Statutes 2006, section 352.01, subdivision 2a, is amended to read:

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

113.20 (1) employees of the Minnesota Historical Society;

113.21 (2) employees of the State Horticultural Society;

113.22 (3) employees of the Disabled American Veterans, Department of Minnesota,
113.23 Veterans of Foreign Wars, Department of Minnesota, if employed before July 1, 1963;

113.24 (4) employees of the Minnesota Crop Improvement Association;

113.25 (5) employees of the adjutant general who are paid from federal funds and who are
113.26 not covered by any federal civilian employees retirement system;

113.27 (6) employees of the Minnesota State Colleges and Universities employed under the
113.28 university or college activities program;

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

113.32 (8) employees of the Armory Building Commission;

113.33 (9) employees of the legislature appointed without a limit on the duration of their
113.34 employment and persons employed or designated by the legislature or by a legislative

114.1 committee or commission or other competent authority to conduct a special inquiry,
114.2 investigation, examination, or installation;

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

114.6 (11) employees of the Minnesota Safety Council;

114.7 (12) any employees on authorized leave of absence from the Transit Operating
114.8 Division of the former Metropolitan Transit Commission who are employed by the
114.9 labor organization which is the exclusive bargaining agent representing employees of
114.10 the Transit Operating Division;

114.11 (13) employees of the Metropolitan Council, Metropolitan Parks and Open Space
114.12 Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control
114.13 Commission, or Metropolitan Radio Board unless excluded or covered by another public
114.14 pension fund or plan under section 473.415, subdivision 3;

114.15 (14) judges of the Tax Court;

114.16 (15) personnel employed on June 30, 1992, by the University of Minnesota in the
114.17 management, operation, or maintenance of its heating plant facilities, whose employment
114.18 transfers to an employer assuming operation of the heating plant facilities, so long as the
114.19 person is employed at the University of Minnesota heating plant by that employer or by its
114.20 successor organization;

114.21 (16) seasonal help in the classified service employed by the Department of Revenue;

114.22 ~~and~~

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

114.26 (18) employees of the Middle Management Association whose employment began
114.27 after July 1, 2007, and to whom section 352.029 does not apply.

114.28 (b) Employees specified in paragraph (a), clause (15), are included employees under
114.29 paragraph (a) if employer and employee contributions are made in a timely manner in the
114.30 amounts required by section 352.04. Employee contributions must be deducted from
114.31 salary. Employer contributions are the sole obligation of the employer assuming operation
114.32 of the University of Minnesota heating plant facilities or any successor organizations to
114.33 that employer.

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

114.35 Sec. 4. Minnesota Statutes 2006, section 352B.01, subdivision 2, is amended to read:

115.1 Subd. 2. **Member.** "Member" means:

115.2 (1) a State Patrol member currently employed under section 299D.03 by the state,
115.3 who is a peace officer under section 626.84, and whose salary or compensation is paid
115.4 out of state funds;

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

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

115.12 (4) a person who is employed by the state in the Department of Public Safety in a
115.13 data processing management position with salary or compensation paid from state funds,
115.14 who was a crime bureau officer covered by the State Patrol retirement plan on August
115.15 15, 1987, and who was initially hired in the data processing management position within
115.16 the department during September 1987, or January 1988, with membership continuing
115.17 for the duration of the person's employment in that position, whether or not the person
115.18 has the power of arrest by warrant after August 15, 1987;

115.19 (5) a public safety employee who is a peace officer under section 626.84, subdivision
115.20 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling
115.21 Enforcement under section 299L.01;

115.22 (6) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed by
115.23 the Office of Special Investigations of the Department of Corrections and who is a peace
115.24 officer under section 626.84; ~~and~~

115.25 (7) an employee of the Department of Commerce defined as a peace officer in section
115.26 626.84, subdivision 1, paragraph (c), who is employed by the Division of Insurance Fraud
115.27 Prevention under section 45.0135 after January 1, 2005, and who has not attained the
115.28 mandatory retirement age specified in section 43A.34, subdivision 4; and

115.29 (8) an employee of the Department of Public Safety, who is a licensed peace officer
115.30 under Section 626.84, subdivision 1, paragraph (c), and is employed as the statewide
115.31 coordinator of the Gang and Drug Oversight Council.

115.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
115.33 and applies retroactive to April 1, 2007.

115.34 Sec. 5. Minnesota Statutes 2006, section 356.87, is amended to read:

115.35 **356.87 HEALTH INSURANCE WITHHOLDING.**

116.1 Subdivision. 1. **Public employees insurance program withholding.** (a) Upon
116.2 authorization of a person entitled to receive a retirement annuity, disability benefit or
116.3 survivor benefit, the executive director of a public pension fund enumerated in section
116.4 356.20, subdivision 2, shall withhold health insurance premium amounts from the
116.5 retirement annuity, disability benefit or survivor benefit, and shall pay the premium
116.6 amounts to the public employees insurance program.

116.7 (b) The public employees insurance program shall reimburse a public pension fund
116.8 for the administrative expense of withholding the premium amounts and shall assume
116.9 liability for the failure of a public pension fund to properly withhold the premium amounts.

116.10 Subd. 2. **Public safety retiree insurance withholding.** (a) For purposes of this
116.11 subdivision, "governing board" means the governing board or body that has been assigned
116.12 the chief policy-making powers and management duties of the applicable pension plan.

116.13 (b) For a pension plan covered under section 356.20, subdivision 2, that provides
116.14 monthly annuity payments, the governing board may direct the plan's chief administrative
116.15 officer to withhold health, accident, and long-term care insurance premiums from the
116.16 retirement annuity or disability benefit and to transmit the amount to an approved
116.17 insurance provider specified by the eligible person. A governing board which agrees
116.18 to participate may revise or revoke that decision at a later date if the board provides
116.19 reasonable notice to the applicable parties.

116.20 (c) An eligible person is a person who:

116.21 (1) is a retiree or disabilitant from a participating plan;

116.22 (2) was a public safety officer as defined in United States Code, title 42, section
116.23 3796b;

116.24 (3) terminated service as a public safety officer due to disability or attainment
116.25 of normal retirement age and commences receipt of an annuity without any period of
116.26 deferral; and

116.27 (4) satisfies any other requirements to have all or a portion of the health, accident,
116.28 or long-term care insurance premiums excluded from income for taxation purposes, as
116.29 specified in section 845 of Public Law 109-28, the Pension Protection Act of 2006.

116.30 (d) An approved insurance provider is:

116.31 (1) any regulated, licensed insurance company;

116.32 (2) a fraternal or any other organization sponsoring a regulated, licensed insurance
116.33 program; or

116.34 (3) an employer-sponsored insurance program, whether directly through the
116.35 employer or a third-party administrator.

117.1 (e) An eligible person may elect to have the applicable plan administrator withhold
117.2 and transmit the insurance amounts described in paragraph (b). The eligible person
117.3 must make this election on a form prescribed by the chief administrative officer of the
117.4 applicable plan.

117.5 (f) A pension fund and the plan fiduciaries which authorize or administer
117.6 withholding of insurance premiums under this subdivision is not liable for failure to
117.7 properly withhold or transmit the premium amounts.

117.8 **EFFECTIVE DATE.** This section is effective retroactive to January 1, 2007.

117.9 Sec. 6. Minnesota Statutes 2006, section 626.84, subdivision 1, is amended to read:

117.10 Subdivision 1. **Definitions.** For purposes of sections 626.84 to 626.863, the
117.11 following terms have the meanings given them:

117.12 (a) "Board" means the Board of Peace Officer Standards and Training.

117.13 (b) "Director" means the executive director of the board.

117.14 (c) "Peace officer" means:

117.15 (1) an employee or an elected or appointed official of a political subdivision or
117.16 law enforcement agency who is licensed by the board, charged with the prevention and
117.17 detection of crime and the enforcement of the general criminal laws of the state and who
117.18 has the full power of arrest, and shall also include the Minnesota State Patrol, agents of the
117.19 Division of Alcohol and Gambling Enforcement, state conservation officers, Metropolitan
117.20 Transit police officers, Department of Corrections' Fugitive Apprehension Unit officers,
117.21 and Department of Commerce Insurance Fraud Unit officers, and the statewide coordinator
117.22 of the Gang and Drug Oversight Council; and

117.23 (2) a peace officer who is employed by a law enforcement agency of a federally
117.24 recognized tribe, as defined in United States Code, title 25, section 450b(e), and who
117.25 is licensed by the board.

117.26 (d) "Part-time peace officer" means an individual licensed by the board whose
117.27 services are utilized by law enforcement agencies no more than an average of 20 hours per
117.28 week, not including time spent on call when no call to active duty is received, calculated
117.29 on an annual basis, who has either full powers of arrest or authorization to carry a
117.30 firearm while on active duty. The term shall apply even though the individual receives
117.31 no compensation for time spent on active duty, and shall apply irrespective of the title
117.32 conferred upon the individual by any law enforcement agency.

117.33 (e) "Reserve officer" means an individual whose services are utilized by a law
117.34 enforcement agency to provide supplementary assistance at special events, traffic or crowd
117.35 control, and administrative or clerical assistance. A reserve officer's duties do not include

enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(f) "Law enforcement agency" means:

(1) a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state; and

(2) subject to the limitations in section 626.93, a law enforcement agency of a federally recognized tribe, as defined in United States Code, title 25, section 450b(e).

(g) "Professional peace officer education" means a postsecondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

EFFECTIVE DATE. This section is effective the day after final enactment and applies retroactive to April 1, 2007.

ARTICLE 10

SMALL GROUP/SINGLE PERSON PROVISIONS

Section 1. **PERA-GENERAL; CITY OF ST. PAUL EMPLOYEE SERVICE CREDIT PURCHASE.**

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the general employees retirement plan of the Public Employees Retirement Association for the period of employment by the city of St. Paul between November 11, 1988, and September 30, 1989, that qualified as employment by a public employee under Minnesota Statutes 1988, section 353.01, subdivision 2b, that was not previously credited by the retirement plan.

(b) An eligible person is a person who:

(1) was born on December 29, 1958;

(2) was first employed by the city of St. Paul as a part-time or seasonal employee in 1985;

(3) qualified for Public Employees Retirement Association general plan coverage in November 1988 but was not reported by the city of St. Paul to the Public Employees Retirement Association for coverage until October 1989; and

(4) became a member of the general employees retirement plan of the Public Employees Retirement Association in October 1989.

(c) The eligible person described in paragraph (b) is authorized to apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include

119.1 all necessary documentation of the applicability of this section and any other relevant
119.2 information that the executive director may require.

119.3 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision
119.4 16, must be granted by the general employees retirement plan of the Public Employees
119.5 Retirement Association to the account of the eligible person upon the receipt of the prior
119.6 service credit purchase payment amount required under Minnesota Statutes, section
119.7 356.551.

119.8 (e) Of the prior service credit purchase payment amount under Minnesota Statutes,
119.9 section 356.551, the eligible person must pay an amount equal to the employee
119.10 contribution rate or rates in effect during the uncredited employment period applied to the
119.11 actual salary rates in effect during the period, plus annual compound interest at the rate
119.12 of 8.5 percent from the date the member contribution payment should have been made
119.13 if made in a timely fashion until the date on which the contribution is actually made. If
119.14 the equivalent member contribution payment, plus interest, is made, the city of St. Paul
119.15 shall pay the balance of the total prior service credit purchase payment amount under
119.16 Minnesota Statutes, section 356.551, within 60 days of notification by the executive
119.17 director of the Public Employees Retirement Association that the member contribution
119.18 equivalent payment has been received by the association.

119.19 (f) Authority for an eligible person to make a prior service credit purchase under this
119.20 section expires June 30, 2009, or upon termination of employment covered by the Public
119.21 Employees Retirement Association, whichever is earlier.

119.22 (g) If the city of St. Paul fails to pay its portion of the prior service credit purchase
119.23 payment amount under paragraph (e), the executive director of the Public Employees
119.24 Retirement Association must notify the commissioners of finance and revenue of that fact
119.25 and the commissioners shall order the deduction of the required payment amount from
119.26 the next payment of any state aid to the city of St. Paul and the commissioners shall
119.27 transmit the applicable amount to the general employees retirement fund of the Public
119.28 Employees Retirement Association.

119.29 **EFFECTIVE DATE.** This section is effective the day after final enactment.

119.30 **Sec. 2. PERA-POLICE AND FIRE PLAN; EXEMPTING CERTAIN ANOKA**
119.31 **COUNTY FIELD INVESTIGATORS FROM REEMPLOYED ANNUITANT**
119.32 **EARNINGS LIMITATIONS.**

119.33 Notwithstanding any provision of Minnesota Statutes, section 353.37, to the
119.34 contrary, a person who is receiving a retirement annuity from the Public Employees
119.35 Retirement Association police and fire plan and who was employed by Midwest Pathology,

120.1 Incorporated, as of December 31, 2006, who became employed by Anoka County on
120.2 January 1, 2007, as a field investigator, when the functions of Midwest Pathology,
120.3 Incorporated, transferred to the county, is exempt from the limitation on reemployed
120.4 annuitant earnings under Minnesota Statutes, section 353.37, for the duration of that
120.5 employment as a field investigator.

120.6 **EFFECTIVE DATE.** This section is effective retroactive to January 1, 2007.

120.7 Sec. 3. **MSRS-GENERAL AND PERA-GENERAL; ANNUITY BACK**
120.8 **PAYMENTS.**

120.9 (a) Notwithstanding any provision of Minnesota Statutes, sections 352.115,
120.10 subdivision 8, and 353.29, subdivision 7, to the contrary, an eligible annuitant described in
120.11 paragraph (b) is entitled to a back payment of annuities from the general state employees
120.12 retirement plan of the Minnesota State Retirement System and from the general employees
120.13 retirement plan of the Public Employees Retirement Association as provided in paragraph
120.14 (c). The back payments are intended to correct the consequences of any negligence or
120.15 error of the retirement plans in failing to promptly implement a combined service annuity.

120.16 (b) An eligible annuitant is a person who:

120.17 (1) was born on April 1, 1947;

120.18 (2) was employed by Clearwater County and was covered by the general employees
120.19 retirement plan of the Public Employees Retirement Association in 1968, 1969, and 1970;

120.20 (3) was employed by the Rural Minnesota Concentrated Employment Program
120.21 in 1970;

120.22 (4) was employed by the state of Minnesota by the Department of Human Services
120.23 or its predecessor from 1970 to 2004; and

120.24 (5) retired from state employment under the rule of 90 on April 20, 2004.

120.25 (c) The back payments are the amount of the annuity of the eligible annuitant from
120.26 the general employees retirement plan of the Public Employees Retirement Association
120.27 for eight months, representing the period May 1, 2004, to December 31, 2004, and the
120.28 amount of the increase in the annuity of the eligible annuitant from the general state
120.29 employees retirement plan of the Minnesota State Retirement System on account of
120.30 Minnesota Statutes, section 356.30, for 20 months, representing the period May 1, 2004,
120.31 to December 31, 2005.

120.32 **EFFECTIVE DATE.** This section is effective the day after final enactment.

120.33 Sec. 4. **TEACHERS RETIREMENT ASSOCIATION; SABBATICAL LEAVE**
120.34 **SALARY CREDIT PURCHASE.**

121.1 (a) Notwithstanding any provisions to the contrary of Minnesota Statutes, chapter
121.2 354 or 354A, an eligible person described in paragraph (b) is entitled to purchase credit
121.3 for the salary amount specified in paragraph (c) by making the payment required by
121.4 paragraph (d).

121.5 (b) An eligible person is a person who:

121.6 (1) was born on August 2, 1948;

121.7 (2) has 2.95 years of service credit from the Teachers Retirement Association for
121.8 teaching service rendered in the early 1970s;

121.9 (3) has 26 years of service credit from the former Minneapolis Teachers Retirement
121.10 Fund Association transferred to the Teachers Retirement Association under Laws 2006,
121.11 chapter 277, article 3, sections 5 and 9, subdivision 3;

121.12 (4) took a sabbatical leave from Special School District No. 1, Minneapolis, for the
121.13 2004-2005 school year;

121.14 (5) obtained full salary credit from the former Minneapolis Teachers Retirement
121.15 Fund Association for the 2004-2005 school year under the applicable law and benefit
121.16 plan provisions; and

121.17 (6) has uncredited full-time equivalent salary from the 2005-2006 school year based
121.18 on a reduced salary figure related to the sabbatical leave arrangement.

121.19 (c) The salary amount is an amount equal to the difference between the salary credit
121.20 the eligible person received from the former Minneapolis Teachers Retirement Fund
121.21 Association for the 2005-2006 school year and the full-time equivalent salary of the
121.22 eligible person for the 2005-2006 school year.

121.23 (d) The required payment amount is an amount equal to 13.64 percent of the salary
121.24 amount determined under paragraph (c), plus interest at an 8.5 percent compound rate
121.25 from the date on which the contribution amounts would have been made if made in a
121.26 timely fashion and the date on which the amount is actually paid. The amount is payable
121.27 only in a lump sum.

121.28 (e) The eligible person shall provide any relevant documentation related to the
121.29 eligibility to make this purchase that is required by the executive director of the Teachers
121.30 Retirement Association.

121.31 (f) Authority for an eligible person to make the purchase under this section expires
121.32 June 30, 2008.

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

121.34 **Sec. 5. COMMUNITY EDUCATION TEACHER; PRIOR SERVICE**
121.35 **PURCHASE.**

122.1 (a) An eligible person described in paragraph (b) is entitled to purchase prior
122.2 uncredited service rendered as a community education teacher for Independent School
122.3 District No. 535, Rochester, from the general employees retirement plan of the Public
122.4 Employees Retirement Association.

122.5 (b) An eligible person is a person who:

122.6 (1) was born on March 4, 1939;

122.7 (2) began teaching Independent School District No. 535, Rochester, in 1962 and
122.8 retired June 1997;

122.9 (3) was a contributing member of the Teachers Retirement Association until
122.10 retirement;

122.11 (4) subsequent to retirement began teaching for community education; and

122.12 (5) because of an error, no deductions were taken from the person's pay and no
122.13 contributions were made on the person's behalf by the school district to the Public
122.14 Employees Retirement Association for the community education service.

122.15 (c) The purchase payment amount for the uncredited community education service
122.16 must be determined under Minnesota Statutes, section 356.551. Notwithstanding
122.17 Minnesota Statutes, section 356.551, subdivision 2, paragraphs (d) and (e), the purchase
122.18 payment amount must be allocated on the basis of one-third of the total by the eligible
122.19 person and of the balance of the total by Independent School District No. 535, Rochester.
122.20 If the eligible person pays the person's required portion, Independent School District
122.21 No. 535, Rochester, shall make its payment within 30 days of notification by the Public
122.22 Employees Retirement Association of its payment obligation. If Independent School
122.23 District No. 535, Rochester, does not pay the balance within 30 days of notification by the
122.24 executive director of the Public Employees Retirement Association of the payment of the
122.25 member contribution payment by the eligible person under paragraph (a), the executive
122.26 director shall notify the commissioner of finance of that fact and the commissioner shall
122.27 deduct from any state aid payable to Independent School District No. 535, Rochester, that
122.28 amount, plus interest on that amount of 1.5 percent per month for each month or portion of
122.29 a month that has elapsed from the effective date of this section.

122.30 (d) This authority expires on May 31, 2009, or on the first day of the month next
122.31 following the conclusion of the eligible member's elected public service, whichever
122.32 occurs earlier.

122.33 **EFFECTIVE DATE.** This section is effective the day after final enactment.

122.34 Sec. 6. **PERA-GENERAL; LATE DISABILITY BENEFIT APPLICATION**
122.35 **AUTHORIZED.**

123.1 (a) Notwithstanding any provision of Minnesota Statutes, section 353.33, subdivision
123.2 2, to the contrary, a person described in paragraph (b) is authorized to apply for a disability
123.3 benefit from the general employees retirement plan of the Public Employees Retirement
123.4 Association under Minnesota Statutes, section 353.33.

123.5 (b) An eligible person is a person who:

123.6 (1) was born on February 1, 1956;

123.7 (2) became a Public Employees Retirement Association general plan member on
123.8 December 18, 1994, until January 31, 1996, while employed by the city of Benson;

123.9 (3) was employed by Independent School District No. 777, Benson, with Public
123.10 Employees Retirement Association general plan coverage, from October 1, 1996, until
123.11 July 31, 2003;

123.12 (4) is disabled within the meaning of Minnesota Statutes, section 353.01, subdivision
123.13 19; and

123.14 (5) failed to apply for disability benefits under Minnesota Statutes, section 353.33,
123.15 within the three-year time period permitted in that statute following termination of covered
123.16 employment.

123.17 (c) The eligible person under paragraph (b) must provide, in conjunction with the
123.18 disability application, any relevant evidence that the executive director of the Public
123.19 Employees Retirement Association requires about the existence of a total and permanent
123.20 disability as defined in Minnesota Statutes, section 353.01, subdivision 19, and about the
123.21 date on which the disability occurred and its relationship to the termination of active
123.22 service in July 2003.

123.23 (d) If the eligible person files a disability benefit application and if the eligible
123.24 person provides sufficient evidence of disability and the occurrence of the disability under
123.25 paragraph (c), to qualify for a disability benefit under Minnesota Statutes, section 353.33,
123.26 the disability benefit becomes payable on the first day of the first month next following the
123.27 approval of the application. The disability benefit must be calculated under the laws in
123.28 effect at the time the eligible person terminated active service in July 2003. The disability
123.29 benefit must include any applicable deferred annuities augmentation under Minnesota
123.30 Statutes, section 353.71, subdivision 2.

123.31 (e) Nothing in this section may be deemed to exempt the eligible person from the
123.32 partial reemployment of a disabilitant provision under Minnesota Statutes, section 353.33,
123.33 subdivision 7, or from the trial work period provision under Minnesota Statutes, section
123.34 353.33, subdivision 7a.

123.35 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

123.36 (b) This section expires, if not utilized, on December 31, 2007."

124.1 Delete the title and insert:

124.2 "A bill for an act

124.3 relating to retirement; various retirement plans; authorizing an optional annuity
 124.4 election for the surviving spouse of a deceased former legislator; permitting
 124.5 the optional early division of legislators retirement plan retirement allowances
 124.6 upon a marriage dissolution; expanding the membership of the general state
 124.7 employees retirement plan and the State Patrol retirement plan; permitting
 124.8 withholding of insurance premiums from public safety employee annuities;
 124.9 providing special coverage to privatized employees of Lakefield Nursing Home,
 124.10 Lakeview Nursing Home, Oakland Park Nursing Home, and Hutchinson Area
 124.11 Health Care; permitting various prior service credit purchases; exempting certain
 124.12 Anoka County employees from reemployed annuitant earnings limitations,
 124.13 permitting certain combined service annuity back payments; permitting a
 124.14 delayed disability benefit application; making various administrative changes
 124.15 in various statewide retirement plans; modifying disability determination
 124.16 procedures and disability benefits in various plans administered by the Public
 124.17 Employees Retirement Association; authorizing investment in the State Board of
 124.18 Investment by the Minneapolis Employees Retirement Fund; relaxing certain
 124.19 Minneapolis Employees Retirement Fund liquidity transfer requirements;
 124.20 expanding the coverage group of the state employees correctional retirement
 124.21 plan to include various Department of Corrections and Department of Human
 124.22 Services employees; modifying various aspects of the volunteer fire supplemental
 124.23 benefit coverage; correcting various 2006 drafting errors; amending Minnesota
 124.24 Statutes 2006, sections 3A.02, subdivisions 1, 5; 3A.05; 13.632, subdivision 1;
 124.25 126C.41, subdivision 4; 352.01, subdivisions 2a, 2b, 11; 352.12, subdivision
 124.26 2a; 352.27; 352.91, subdivisions 3d, 3e, 3f, 4b; 352.951; 352.98, by adding
 124.27 a subdivision; 352B.01, subdivision 2; 352D.02, subdivisions 1, 3; 352D.06,
 124.28 subdivision 3; 353.01, subdivisions 2a, 2b, 6, 16, 28, 37, by adding subdivisions;
 124.29 353.03, subdivisions 3, 3a, 4; 353.27, by adding a subdivision; 353.28,
 124.30 subdivision 6; 353.29, subdivision 3; 353.30, subdivisions 1a, 1b, 1c; 353.32,
 124.31 subdivisions 1a, 1b; 353.33, subdivisions 1, 2, 4, 6, 7a; 353.34, subdivision
 124.32 3; 353.651, subdivision 4; 353.656, subdivisions 1a, 3, 4, 5a, 6a, 8, 10, by
 124.33 adding subdivisions; 353.657, subdivisions 1, 2, 2a, 3; 353B.08, subdivision 11;
 124.34 353E.06, subdivisions 1, 2, 4, 8; 353F.02, subdivision 4; 353F.04, subdivision
 124.35 1; 354.05, subdivision 13; 354.093; 354.094; 354.095; 354.096, subdivision 2;
 124.36 354.35; 354.44, subdivision 6; 354.45, subdivision 1a; 354.48, subdivision 3;
 124.37 354A.12, subdivisions 3b, 3c, 3d; 354B.21, subdivision 3; 355.01, subdivision
 124.38 3h; 356.195, subdivision 1; 356.405; 356.46, subdivision 3; 356.87; 356A.06,
 124.39 subdivision 6; 422A.01, subdivision 13a; 422A.05, subdivision 2c; 422A.06,
 124.40 subdivisions 3, 5, 7, 8; 422A.101, subdivision 3; 423A.02, subdivisions 3,
 124.41 5; 424A.10, subdivisions 1, 2, 3; 490.121, subdivisions 15a, 21f; 626.84,
 124.42 subdivision 1; Laws 2006, chapter 271, article 2, sections 12, subdivision 1; 13,
 124.43 subdivision 3; article 14, section 2, subdivision 3; proposing coding for new
 124.44 law in Minnesota Statutes, chapters 3A; 352; 353; 353E; 354; 356; repealing
 124.45 Minnesota Statutes 2006, sections 352.031; 353.30, subdivision 1; 353.33,
 124.46 subdivisions 6a, 6b, 8; 353.34, subdivision 7; 353.656, subdivisions 5, 9, 11, 12;
 124.47 353.69; 354.071; 354.49, subdivision 5; 356.90; 422A.101, subdivision 4."