

1.1 **OMNIBUS RETIREMENT BILL I THROUGH 2/26/2013**

1.2 ..... moves to amend S.F. No. 489; H.F. No. 629, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 **"ARTICLE 1**

1.5 **MSRS ADMINISTRATIVE PROVISIONS**

1.6 Section 1. Minnesota Statutes 2012, section 3.85, subdivision 10, is amended to read:

1.7 Subd. 10. **Standards for pension valuations and cost estimates.** The commission  
1.8 shall adopt standards prescribing specific detailed methods to calculate, evaluate, and  
1.9 display current and proposed law liabilities, costs, and actuarial equivalents of all public  
1.10 employee pension plans in Minnesota. These standards shall be consistent with chapter  
1.11 356 and be updated annually. At a minimum, the standards must not shall contain a  
1.12 valuation requirement requirements that is inconsistent comply with generally accepted  
1.13 accounting principles applicable to government pension plans. The standards may include  
1.14 additional financial, funding, or valuation requirements that are not required under  
1.15 generally accepted accounting principles applicable to government pension plans.

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

1.17 Sec. 2. Minnesota Statutes 2012, section 3A.011, is amended to read:

1.18 **3A.011 ADMINISTRATION OF PLAN PLANS.**

1.19 The executive director and the board of directors of the Minnesota State Retirement  
1.20 System shall administer the legislators retirement plan plans specified in accordance this  
1.21 chapter consistent with this chapter and chapter chapters 245 and 356A.

1.22 **EFFECTIVE DATE.** This section is effective July 1, 2013.

1.23 Sec. 3. Minnesota Statutes 2012, section 3A.03, subdivision 3, is amended to read:

1.24 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special  
1.25 retirement fund, is created within the state treasury ~~and must be credited with assets equal~~  
1.26 ~~to the participation of the legislators retirement plan in the Minnesota postretirement~~  
1.27 ~~investment fund as of June 30, 2009, and any investment proceeds on those assets.~~

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

1.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

2.1 Sec. 4. Minnesota Statutes 2012, section 3A.07, is amended to read:

2.2 **3A.07 APPLICATION.**

2.3 (a) Except as provided in paragraph (b) and section 3A.17, this chapter applies  
2.4 to members of the legislature in service after July 1, 1965, who otherwise meet the  
2.5 requirements of this chapter.

2.6 (b) Members of the legislature who were elected for the first time after June 30,  
2.7 1997, or members of the legislature who were elected before July 1, 1997, and who, after  
2.8 July 1, 1998, elect not to be members of the plan established by this chapter are covered  
2.9 by the unclassified employees retirement program governed by chapter 352D.

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

2.13 **EFFECTIVE DATE.** This section is effective July 1, 2013.

2.14 Sec. 5. Minnesota Statutes 2012, section 3A.115, is amended to read:

2.15 **3A.115 RETIREMENT ALLOWANCE APPROPRIATION;**  
2.16 **POSTRETIREMENT ADJUSTMENT.**

2.17 (a) The amount necessary to fund the retirement allowance granted under this  
2.18 chapter to a former legislator retiring after June 30, 2003, or to that legislator's survivor,  
2.19 and the retirement allowance granted under section 3A.17 to a former constitutional  
2.20 officer or the survivor of that constitutional officer is appropriated from the general fund to  
2.21 the director to pay pension obligations due to the retiree.

2.22 (b) The amount necessary to fund the retirement allowance granted under this  
2.23 chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators  
2.24 retirement fund created under section 3A.03, subdivision 3, until the assets of the fund  
2.25 are exhausted and at that time, the amount necessary to fund the retirement allowances  
2.26 under this paragraph is appropriated from the general fund to the director to pay pension  
2.27 obligations to the retiree and survivor.

2.28 (c) Retirement allowances payable to retired legislators and their survivors under  
2.29 this chapter must be adjusted as provided in sections 3A.02, subdivision 6, and 356.415.

2.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

2.31 Sec. 6. Minnesota Statutes 2012, section 3A.13, is amended to read:

3.1 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**  
3.2 **PREMIUM DEDUCTION.**

3.3 (a) The provisions of section 356.401 apply to the legislators retirement plan plans  
3.4 specified in this chapter.

3.5 (b) The executive director of the Minnesota State Retirement System must, at the  
3.6 request of a retired legislator or constitutional officer who is enrolled in a health insurance  
3.7 plan covering state employees, deduct the person's health insurance premiums from the  
3.8 person's annuity and transfer the amount of the premium to a health insurance carrier  
3.9 covering state employees.

3.10 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.11 Sec. 7. Minnesota Statutes 2012, section 3A.15, is amended to read:

3.12 **3A.15 ~~COORDINATED PROGRAM~~ PROGRAMS OF THE LEGISLATORS**  
3.13 **RETIREMENT PLAN.**

3.14 ~~The coordinated program of the legislators retirement plan is created.~~ The provisions  
3.15 of sections 3A.01 to 3A.13 apply to the coordinated program and basic programs of the  
3.16 legislators retirement plan.

3.17 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.18 Sec. 8. **3A.17 CONSTITUTIONAL OFFICERS.**

3.19 Subdivision 1. Application. (a) This section specifies the retirement plan applicable  
3.20 to a former constitutional officer who was first elected to a constitutional office after July  
3.21 1, 1967, and before July 1, 1997. The plan includes the applicable portions of chapter  
3.22 352C and chapter 356 in effect on the date on which the person terminated active service  
3.23 as a constitutional officer.

3.24 (b) Nothing in this section, this act, or Laws 2006, chapter 271, article 10, section  
3.25 33, subdivision 2, is intended to increase or reduce the benefits of former constitutional  
3.26 officers or their survivors or to adversely modify their eligibility for benefits in effect  
3.27 as of June 30, 2012.

3.28 Subd. 2. Benefit adjustments. Retirement allowances payable to retired  
3.29 constitutional officers and surviving spouse benefits payable must be adjusted under  
3.30 section 356.415.

3.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.1 Sec. 9. Minnesota Statutes 2012, section 352.01, subdivision 17b, is amended to read:

4.2 Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical  
4.3 or psychological," for a correctional employee, means an occupational disability that is  
4.4 the direct result of an injury incurred during, or a disease arising out of, the performance  
4.5 of normal duties or the performance of less frequent duties either of which are present  
4.6 inherent dangers specific to the correctional employee.

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

4.8 Sec. 10. Minnesota Statutes 2012, section 352.03, subdivision 8, is amended to read:

4.9 Subd. 8. **Medical adviser.** ~~The state commissioner of health or other executive~~  
4.10 director may contract with an accredited independent organization specializing in  
4.11 disability determinations, licensed physician physicians, or physicians on the staff of the  
4.12 commissioner of health as designated by the commissioner may designate shall, to be the  
4.13 medical adviser of to the director system.

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

4.15 Sec. 11. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision  
4.16 to read:

4.17 Subd. 3a. **Contribution rate revision; general state employees retirement plan**  
4.18 (a) Notwithstanding the contribution rates stated in plan law, the employee and employer  
4.19 contribution rates for the general state employees retirement plan must be adjusted:

4.20 (1) if the regular actuarial valuation under section 356.215 of the plan indicates that  
4.21 there is a contribution sufficiency greater than one percent of covered payroll and that the  
4.22 sufficiency has existed for at least two consecutive years, the employee and employer  
4.23 contribution rates must be decreased as determined under paragraph (b) to a level such  
4.24 that the sufficiency is no greater than one percent of covered payroll based on the most  
4.25 recent actuarial valuation; or

4.26 (2) if the regular actuarial valuation under section 352.215 of the plan indicates that  
4.27 there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll  
4.28 and that the deficiency has existed for at least two consecutive years, the employee and  
4.29 employer contribution rates must be increased as determined under paragraph (c) to a level  
4.30 such that no deficiency exists based on the most recent actuarial valuation.

4.31 (b) If the actuarially required contribution of the plan is less than the total support  
4.32 provided by the combined employee and employer contribution rates by more than one  
4.33 percent of covered payroll, the plan employee and employer contribution rates must be

5.1 decreased incrementally over one or more years by no more than 0.25 percent of pay  
5.2 each for employee and employer contribution rates to a level such that there remains a  
5.3 contribution sufficiency of at least one percent of covered payroll. No contribution rate  
5.4 decrease may be made until at least two years have elapsed since any adjustment under  
5.5 this paragraph has been fully implemented.

5.6 (c) If the actuarially required contribution exceeds the total support provided by the  
5.7 employee and employer contribution rates, the employee and employer contribution rates  
5.8 must be increased equally to eliminate that contribution deficiency. If the contribution  
5.9 deficiency is:

5.10 (1) less than two percent, the incremental increase may be up to 0.25 percent each  
5.11 for the employee and employer contribution rates;

5.12 (2) greater than 1.99 percent and less than 4.01 percent, the incremental increase  
5.13 may be up to 0.5 percent each for the employee and employer contribution rates; or

5.14 (3) greater than four percent, the incremental increase may be up to 0.75 percent  
5.15 each for the employee and employer contribution.

5.16 (d) Any recommended adjustment to the contribution rates must be reported to  
5.17 the chair and the executive director of the Legislative Commission on Pensions and  
5.18 Retirement by January 15 following receipt of the most recent annual actuarial valuation  
5.19 prepared under section 356.215. The report must include draft legislation to revise the  
5.20 employee and employer contributions stated in plan law. If the Legislative Commission  
5.21 on Pensions and Retirement does not recommend against the rate change or does not  
5.22 recommend a modification in the rate change, the recommended adjustment becomes  
5.23 effective on the first day of the first full payroll period in the fiscal year following receipt  
5.24 of the most recent actuarial valuation that gave rise to the adjustment.

5.25 (e) A contribution sufficiency of up to one percent of covered payroll must be held  
5.26 in reserve to be used to offset any future actuarially required contributions that are more  
5.27 than the total combined employee and employer contributions.

5.28 (f) Before any reduction in contributions to eliminate a sufficiency in excess of one  
5.29 percent of covered pay may be recommended, the executive director must review any  
5.30 need for a change in actuarial assumptions, as recommended by the actuary retained under  
5.31 section 356.214 in the most recent experience study of the general employees retirement  
5.32 plan prepared under section 356.215 and the standards for actuarial work promulgated by  
5.33 the Legislative Commission on Pensions and Retirement that may result in an increase  
5.34 in the actuarially required contribution and must report to the Legislative Commission  
5.35 on Pensions and Retirement any recommendation by the board to use the sufficiency  
5.36 exceeding one percent of covered payroll to offset the impact of an actuarial assumption

6.1 change recommended by the actuary retained under section 356.214, subdivision 1, and  
6.2 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

6.3 (g) No contribution sufficiency in excess of one percent of covered pay may be  
6.4 proposed to be used to increase benefits, and no benefit increase may be proposed that  
6.5 would initiate an automatic adjustment to increase contributions under this subdivision.  
6.6 Any proposed benefit improvement must include a recommendation, prepared by the  
6.7 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary  
6.8 retained by the Legislative Commission on Pensions and Retirement as provided under  
6.9 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

6.11 Sec. 12. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision  
6.12 to read:

6.13 Subd. 3b. **Contribution rate revision; correctional state employees retirement**  
6.14 **plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional  
6.15 state employees retirement plan under this chapter and to the State Patrol retirement plan  
6.16 established under chapter 352B, except as stated in this subdivision.

6.17 (b) Any limitations on the amount of contribution rate changes stated in subdivision  
6.18 3a apply only to the amount of the employee contribution revision. The employer  
6.19 contribution for the correctional state employees retirement plan or the State Patrol  
6.20 retirement plan, whichever is applicable, must be adjusted so that the employer  
6.21 contribution is equal to 60 percent of the sum of employee plus employer contributions.

6.22 (c) For the State Patrol retirement plan, a contribution sufficiency of up to two  
6.23 percent of covered payroll, rather than one percent, may be held in reserves without taking  
6.24 action to reduce employee and employer contributions.

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

6.26 Sec. 13. Minnesota Statutes 2012, section 352.113, subdivision 4, is amended to read:

6.27 Subd. 4. **Medical or psychological examinations; authorization for payment of**  
6.28 **benefit.** (a) Any physician, psychologist, chiropractor, or physician assistant providing  
6.29 any service specified in this section must be licensed.

6.30 (b) An applicant shall provide ~~medical, chiropractic, or psychological~~ a detailed  
6.31 report signed by a physician, and at least one additional report signed by a physician,  
6.32 chiropractor, psychologist, or physician assistant with evidence to support an application  
6.33 for total and permanent disability.

7.1 ~~(b) The director shall have the employee examined by at least one additional~~  
7.2 ~~licensed chiropractor, physician, or psychologist designated by the medical adviser. The~~  
7.3 ~~chiropractors, physicians, or psychologists shall make written reports to the director~~  
7.4 ~~concerning the employee's disability including must include an expert opinions as to~~  
7.5 ~~opinion regarding whether the employee is permanently and totally disabled within~~  
7.6 ~~the meaning of section 352.01, subdivision 17, and that the disability arose before the~~  
7.7 ~~employee was placed on any paid or unpaid leave of absence or terminated public service.~~

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

7.17 (d) Any claim to disability must be supported by a report from the employer  
7.18 indicating that there is no available work that the employee can perform with the disabling  
7.19 condition and that all reasonable accommodations have been considered. Upon request of  
7.20 the executive director, an employer shall provide evidence of the steps the employer has  
7.21 taken to attempt to provide reasonable accommodations and continued employment to  
7.22 the claimant.

7.23 ~~(e)~~ (e) The director shall also obtain written certification from the employer  
7.24 stating whether the employment has ceased or whether the employee is on sick leave of  
7.25 absence because of a disability that will prevent further service to the employer and ~~as a~~  
7.26 ~~consequence~~ that the employee is not entitled to compensation from the employer.

7.27 ~~(f)~~ (f) The medical adviser shall consider the reports of the physicians, physician  
7.28 assistants, psychologists, and chiropractors and any other evidence supplied by the  
7.29 employee or other interested parties. If the medical adviser finds the employee totally and  
7.30 permanently disabled, the adviser shall make appropriate recommendation to the director  
7.31 in writing together with the date from which the employee has been totally disabled. The  
7.32 director shall then determine if the disability occurred within 18 months of filing the  
7.33 application, while still in the employment of the state, and the propriety of authorizing  
7.34 payment of a disability benefit as provided in this section.

7.35 ~~(g)~~ (g) A terminated employee may apply for a disability benefit within 18 months of  
7.36 termination as long as the disability occurred while in the employment of the state. The

8.1 fact that an employee is placed on leave of absence without compensation because of  
8.2 disability does not bar that employee from receiving a disability benefit.

8.3 (f) (h) Unless the payment of a disability benefit has terminated because the  
8.4 employee is no longer totally disabled, or because the employee has reached normal  
8.5 retirement age as provided in this section, the disability benefit must cease with the last  
8.6 payment received by the disabled employee or which had accrued during the lifetime of the  
8.7 employee unless there is a spouse surviving. In that event, the surviving spouse is entitled  
8.8 to the disability benefit for the calendar month in which the disabled employee died.

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

8.10 Sec. 14. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision  
8.11 to read:

8.12 Subd. 4b. **Independent medical examination or vocational rehabilitation**  
8.13 **counseling.** Any individual applying for or receiving disability benefits shall submit  
8.14 to an independent medical examination or an assessment by a certified rehabilitation  
8.15 counselor if requested by the executive director or designee. The examination must be  
8.16 paid for by the system.

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

8.18 Sec. 15. Minnesota Statutes 2012, section 352.113, subdivision 6, is amended to read:

8.19 Subd. 6. **Regular medical or psychological examinations.** At least once each  
8.20 year during the first five years following the allowance of a disability benefit to any  
8.21 employee, and at least once in every three-year period thereafter, the director may require  
8.22 any disabled employee to ~~undergo a~~ provide medical, chiropractic, or psychological  
8.23 ~~examination~~ evidence to support the continuation of the total and permanent disability.  
8.24 ~~The examination must be made at the place of residence of the employee, or at any place~~  
8.25 ~~mutually agreed upon,~~ evidence must be in a form and manner prescribed by the executive  
8.26 director for review by an expert or experts designated by the medical adviser and engaged  
8.27 by the director. ~~If any examination indicates~~ the medical information provided to the  
8.28 medical adviser indicates that the employee is no longer permanently and totally disabled,  
8.29 or is engaged in or can engage in a gainful occupation, payments of the disability benefit  
8.30 by the fund must be discontinued. The payments must be discontinued as soon as the  
8.31 employee is reinstated to the payroll following a sick leave of absence, but in no case may  
8.32 payment be made for more than 60 days after the medical adviser finds that the employee  
8.33 is no longer permanently and totally disabled.



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

9.2 Sec. 16. Minnesota Statutes 2012, section 352.113, subdivision 8, is amended to read:

9.3 Subd. 8. **Refusal of examination.** If a ~~disabled employee~~ person applying for a  
9.4 disability benefit refuses to submit to ~~an expert~~ a medical or psychological examination,  
9.5 the disability application shall be rejected. If a disability benefit recipient refuses to submit  
9.6 to a medical or psychological examination as required, payments by the fund must be  
9.7 discontinued and the director shall revoke all rights of the employee in any disability benefit.

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

9.9 Sec. 17. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision  
9.10 to read:

9.11 Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report  
9.12 all earnings from reemployment and income from workers' compensation to the system  
9.13 annually by May 15 in a format prescribed by the executive director. If the form is not  
9.14 submitted by June 15, benefits must be suspended effective July 1. If the form deemed  
9.15 acceptable by the executive director is received after the June 15 deadline, benefits shall  
9.16 be reinstated retroactive to July 1.

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

9.18 Sec. 18. Minnesota Statutes 2012, section 352.22, subdivision 3, is amended to read:

9.19 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of  
9.20 allowable service if employed before July 1, 2010, or who has at least five years of  
9.21 allowable service if employed after June 30, 2010, when termination occurs may elect  
9.22 to leave the accumulated contributions in the fund and thereby be entitled to a deferred  
9.23 retirement annuity. The annuity must be computed under the law in effect when state  
9.24 service terminated, on the basis of the allowable service credited to the person before  
9.25 the termination of service.

9.26 (b) An employee on layoff or on leave of absence without pay, except a leave of  
9.27 absence for health reasons, and who does not return to state service must have an annuity,  
9.28 deferred annuity, or other benefit to which the employee may become entitled computed  
9.29 under the law in effect on the employee's last working day.

9.30 (c) No application for a deferred annuity may be made more than 60 days before  
9.31 the time the former employee reaches the required age for entitlement to the payment of  
9.32 the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date

10.1 the application is filed in the office of the system, but not (1) before the date on which  
10.2 the employee reaches the required age for entitlement to the annuity nor (2) before the  
10.3 day following the termination of state service in a position which is not covered by the  
10.4 retirement system.

10.5 (d) Application for the accumulated contributions left on deposit with the fund may  
10.6 be made at any time following the date of the termination of service.

10.7 (e) Deferred annuities must be augmented as provided in section 352.72, subdivision  
10.8 2.

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

10.10 Sec. 19. Minnesota Statutes 2012, section 352.955, subdivision 1, is amended to read:

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

10.15 (b) An eligible employee is a person who is covered by ~~Laws 2007, chapter 134,~~  
10.16 ~~article 3, section 6, or who became eligible for retirement coverage by the correctional~~  
10.17 ~~state employees retirement plan of the Minnesota State Retirement System under Laws~~  
10.18 ~~2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing~~  
10.19 the recommendations under section 352.91, subdivision 4a.

10.20 (c) Eligible prior correctional employment is employment covered correctional  
10.21 service defined in Laws 2007, chapter 134, article 3, section 6, or is employment by the  
10.22 Department of Corrections or by the Department of Human Services that preceded the  
10.23 effective date of the retirement coverage transfer under Laws 2006, chapter 271, article  
10.24 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations  
10.25 under section 352.91, subdivision 4a by the general state employees retirement plan of  
10.26 the Minnesota State Retirement System, is continuous service, and is certified by the  
10.27 commissioner of corrections and the commissioner of human services, whichever applies,  
10.28 and by the commissioner of management and budget to the executive director of the  
10.29 Minnesota State Retirement System as service that would qualify for correctional state  
10.30 employees retirement plan coverage under section 352.91, if the service was had been  
10.31 rendered after the date of coverage transfer.

10.32 (d) The election to transfer past service credit under this section must be made in  
10.33 writing by the applicable person on a form prescribed by the executive director of the  
10.34 Minnesota State Retirement System and must be filed with the executive director of the  
10.35 Minnesota State Retirement System on or before ~~(1) January 1, 2008, or the one year~~

11.1 anniversary of the coverage transfer, ~~whichever is later~~, or (2) the date of the eligible  
11.2 employee's termination of state employment, whichever is earlier.

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

11.4 Sec. 20. Minnesota Statutes 2012, section 352.955, subdivision 3, is amended to read:

11.5 Subd. 3. **Payment of additional equivalent contributions; ~~post-June 30, 2007,~~**  
11.6 **~~coverage transfers.~~** (a) An eligible employee who is transferred to plan coverage ~~after~~  
11.7 ~~June 30, 2007,~~ and who elects to transfer past service credit under this section must pay  
11.8 an additional member contribution for that prior service period. The additional member  
11.9 contribution is the amount computed under paragraph (b), plus the greater of the amount  
11.10 computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability  
11.11 attributable to the past service credit transfer.

11.12 (b) The executive director shall compute, for the most recent 12 months of service  
11.13 credit eligible for transfer, or for the entire period eligible for transfer if less than 12  
11.14 months, the difference between the employee contribution rate or rates for the general state  
11.15 employees retirement plan and the employee contribution rate or rates for the correctional  
11.16 state employees retirement plan applied to the eligible employee's salary during that  
11.17 transfer period, plus compound interest at a monthly rate of 0.71 percent.

11.18 (c) The executive director shall compute, for any service credit being transferred  
11.19 on behalf of the eligible employee and not included under paragraph (b), the difference  
11.20 between the employee contribution rate or rates for the general state employees retirement  
11.21 plan and the employee contribution rate or rates for the correctional state employees  
11.22 retirement plan applied to the eligible employee's salary during that transfer period, plus  
11.23 compound interest at a monthly rate of 0.71 percent.

11.24 (d) The executive director shall compute an amount using the process specified in  
11.25 paragraph (b), but based on differences in employer contribution rates between the general  
11.26 state employees retirement plan and the correctional state employees retirement plan  
11.27 rather than employee contribution rates.

11.28 (e) The executive director shall compute an amount using the process specified in  
11.29 paragraph (c), but based on differences in employer contribution rates between the general  
11.30 state employees retirement plan and the correctional state employees retirement plan  
11.31 rather than employee contribution rates.

11.32 (f) The additional equivalent member contribution under this subdivision must be  
11.33 paid in a lump sum. Payment must accompany the election to transfer the prior service  
11.34 credit. No transfer election or additional equivalent member contribution payment may be  
11.35 made by a person or accepted by the executive director after the one year anniversary date

12.1 of the effective date of the retirement coverage transfer, or the date on which the eligible  
12.2 employee terminates state employment, whichever is earlier.

12.3 (g) If an eligible employee elects to transfer past service credit under this section  
12.4 and pays the additional equivalent member contribution amount under paragraph (a), the  
12.5 applicable department shall pay an additional equivalent employer contribution amount.  
12.6 The additional employer contribution is the amount computed under paragraph (d), plus  
12.7 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded  
12.8 actuarial accrued liability attributable to the past service credit transfer.

12.9 (h) The unfunded actuarial accrued liability attributable to the past service credit  
12.10 transfer is the present value of the benefit obtained by the transfer of the service credit  
12.11 to the correctional state employees retirement plan reduced by the amount of the asset  
12.12 transfer under subdivision 4, by the amount of the member contribution equivalent  
12.13 payment computed under paragraph (b), and by the amount of the employer contribution  
12.14 equivalent payment computed under paragraph (d).

12.15 (i) The additional equivalent employer contribution under this subdivision must be  
12.16 paid in a lump sum and must be paid within 30 days of the date on which the executive  
12.17 director of the Minnesota State Retirement System certifies to the applicable department  
12.18 that the employee paid the additional equivalent member contribution.

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

12.20 Sec. 21. Minnesota Statutes 2012, section 352B.011, subdivision 13, is amended to read:

12.21 Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former  
12.22 member's legally married spouse ~~who resided with the member or former member at the~~  
12.23 ~~time of death and was married to the member or former member, for a period of at least~~  
12.24 ~~one year, during or before the time of membership.~~

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

12.26 Sec. 22. Minnesota Statutes 2012, section 352B.10, is amended by adding a  
12.27 subdivision to read:

12.28 Subd. 7. **Disabilitant earnings reports.** Disability benefit recipients must report  
12.29 all earnings from reemployment and income from workers' compensation to the system  
12.30 annually by May 15 in a format prescribed by the executive director. If the form is not  
12.31 submitted by June 15, benefits must be suspended effective July 1. If the form deemed  
12.32 acceptable by the executive director is received after the June 15 deadline, benefits shall  
12.33 be reinstated retroactive to July 1.

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

13.2 Sec. 23. Minnesota Statutes 2012, section 352D.04, subdivision 2, is amended to read:

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

13.5 (b) The employee contribution is an amount equal to the percent of salary specified  
13.6 in section 352.04, subdivision 2, or 352.045, subdivision 3 3a.

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

13.8 (d) For members of the legislature, the contributions under this subdivision also must  
13.9 be made on per diem payments received during a regular or special legislative session, but  
13.10 may not be made on per diem payments received outside of a regular or special legislative  
13.11 session, on the additional compensation attributable to a leadership position under section  
13.12 3.099, subdivision 3, living expense payments under section 3.101, or special session  
13.13 living expense payments under section 3.103.

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

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

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

13.20 Sec. 24. Minnesota Statutes 2012, section 356.20, subdivision 4, is amended to read:

13.21 Subd. 4. **Contents of financial report.** (a) The financial report required by  
13.22 this section must contain financial statements and disclosures that indicate the financial  
13.23 operations and position of the retirement plan and fund. The report must conform with  
13.24 generally accepted governmental accounting principles, applied on a consistent basis. The  
13.25 report must be audited.

13.26 (b) The report must include, ~~as part of its exhibits or its footnotes, an actuarial~~  
13.27 ~~disclosure item based on a statement that~~ the actuarial valuation calculations prepared  
13.28 by the actuary retained under section 356.214 or by the actuary retained by the  
13.29 retirement fund or plan, whichever applies, ~~according to~~ comply with applicable actuarial  
13.30 requirements enumerated in section 356.215, and specified in the most recent standards  
13.31 for actuarial work adopted by the Legislative Commission on Pensions and Retirement.  
13.32 The actuarial value of assets, the actuarial accrued liabilities, ~~including accrued reserves,~~  
13.33 and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The  
13.34 ~~disclosure item~~ report must contain a ~~declaration~~ certification by the actuary retained

14.1 under section 356.214 or the actuary retained by the fund or plan, whichever applies,  
14.2 specifying that ~~the required reserves for any retirement, disability, or survivor~~ normal  
14.3 cost and the actuarial accrued liabilities for all benefits provided under a benefit formula  
14.4 are computed in accordance with the entry age actuarial cost method and in accordance  
14.5 with the most recent applicable standards for actuarial work adopted by the Legislative  
14.6 Commission on Pensions and Retirement.

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

- 14.10 (1) personnel expenses;
- 14.11 (2) communication-related expenses;
- 14.12 (3) office building and maintenance expenses;
- 14.13 (4) professional services fees; and
- 14.14 (5) other expenses.

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

- 14.18 (1) internal investment-related expenses; and
- 14.19 (2) external investment-related expenses.

14.20 (e) Any additional statements or exhibits or more detailed or subdivided itemization  
14.21 of a disclosure item that will enable the management of the plan to portray a true  
14.22 interpretation of the plan's financial condition must be included in the additional  
14.23 statements or exhibits.

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

14.25 Sec. 25. Minnesota Statutes 2012, section 356.214, subdivision 1, is amended to read:

14.26 Subdivision 1. **Actuary retention.** (a) The governing board or managing or  
14.27 administrative official of each public pension plan and retirement fund or plan enumerated  
14.28 in paragraph (b) shall contract with an established actuarial consulting firm to conduct  
14.29 annual actuarial valuations and related services. The principal from the actuarial  
14.30 consulting firm on the contract must be an approved actuary under section 356.215,  
14.31 subdivision 1, paragraph (c).

14.32 (b) Actuarial services must include the preparation of actuarial valuations and  
14.33 related actuarial work for the following retirement plans:

- 14.34 (1) the teachers retirement plan, Teachers Retirement Association;
- 14.35 (2) the general state employees retirement plan, Minnesota State Retirement System;

- 15.1 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 15.2 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 15.3 (5) the judges retirement plan, Minnesota State Retirement System;
- 15.4 (6) the general employees retirement plan, Public Employees Retirement
- 15.5 Association, including the MERF division;
- 15.6 (7) the public employees police and fire plan, Public Employees Retirement
- 15.7 Association;
- 15.8 (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
- 15.9 Association;
- 15.10 (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
- 15.11 Association;
- 15.12 (10) the legislators retirement plan, Minnesota State Retirement System; and
- 15.13 ~~(11) the elective state officers retirement plan, Minnesota State Retirement System;~~
- 15.14 ~~and~~
- 15.15 ~~(12)~~ (11) the local government correctional service retirement plan, Public
- 15.16 Employees Retirement Association.
- 15.17 (c) The actuarial valuation for the legislators retirement plan must include a separate
- 15.18 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage
- 15.19 under section 3A.17.
- 15.20 ~~(e)~~ (d) The contracts must require completion of the annual actuarial valuation
- 15.21 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
- 15.22 as specified in section 356.215, and in conformity with the standards for actuarial work
- 15.23 adopted by the Legislative Commission on Pensions and Retirement.
- 15.24 The contracts must require completion of annual experience data collection and
- 15.25 processing and a quadrennial published experience study for the plans listed in paragraph
- 15.26 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by
- 15.27 the commission. The experience data collection, processing, and analysis must evaluate
- 15.28 the following:
- 15.29 (1) individual salary progression;
- 15.30 (2) the rate of return on investments based on the current asset value;
- 15.31 (3) payroll growth;
- 15.32 (4) mortality;
- 15.33 (5) retirement age;
- 15.34 (6) withdrawal; and
- 15.35 (7) disablement.

16.1           (d) (e) The actuary shall annually prepare a report to the governing or managing  
16.2 board or administrative official and the legislature, summarizing the results of the actuarial  
16.3 valuation calculations. The actuary shall include with the report any recommendations  
16.4 concerning the appropriateness of the support rates to achieve proper funding of  
16.5 the retirement plans by the required funding dates. The actuary shall, as part of the  
16.6 quadrennial experience study, include recommendations on the appropriateness of the  
16.7 actuarial valuation assumptions required for evaluation in the study.

16.8           (e) (f) If the actuarial gain and loss analysis in the actuarial valuation calculations  
16.9 indicates a persistent pattern of sizable gains or losses, the governing or managing board  
16.10 or administrative official shall direct the actuary to prepare a special experience study for  
16.11 a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), (10), (11), or (12), in the  
16.12 manner provided for in the standards for actuarial work adopted by the commission.

16.13           **EFFECTIVE DATE.** This section is effective July 1, 2013.

16.14           Sec. 26. Minnesota Statutes 2012, section 356.215, subdivision 1, is amended to read:

16.15           Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to  
16.16 356.23, each of the terms in the following paragraphs has the meaning given.

16.17           (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained  
16.18 under section 356.214 if so required under section 3.85, or otherwise, by an approved  
16.19 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit  
16.20 plan, according to the entry age actuarial cost method and based upon stated assumptions  
16.21 including, but not limited to rates of interest, mortality, salary increase, disability,  
16.22 withdrawal, and retirement and to determine the payment necessary to amortize over a  
16.23 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial  
16.24 valuation of the benefit plan.

16.25           (c) "Approved actuary" means a person who is regularly engaged in the business of  
16.26 providing actuarial services and who is a fellow in the Society of Actuaries.

16.27           (d) "Entry age actuarial cost method" means an actuarial cost method under which  
16.28 the actuarial present value of the projected benefits of each individual currently covered  
16.29 by the benefit plan and included in the actuarial valuation is allocated on a level basis over  
16.30 the service of the individual, if the benefit plan is governed by section 69.773, or over the  
16.31 earnings of the individual, if the benefit plan is governed by any other law, between the  
16.32 entry age and the assumed exit age, with the portion of the actuarial present value which is  
16.33 allocated to the valuation year to be the normal cost and the portion of the actuarial present  
16.34 value not provided for at the valuation date by the actuarial present value of future normal  
16.35 costs to be the actuarial accrued liability, with aggregation in the calculation process to be



17.1 the sum of the calculated result for each covered individual and with recognition given to  
17.2 any different benefit formulas which may apply to various periods of service.

17.3 (e) "Experience study" means a report providing experience data and an actuarial  
17.4 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are  
17.5 based.

17.6 (f) "Actuarial value of assets" means:

17.7 ~~(1) For the July 1, 2012, actuarial valuation, the market value of all assets as of~~  
17.8 ~~June 30, 2012, reduced by:~~

17.9 ~~(i) 20 percent of the difference between the actual net change in the market value of~~  
17.10 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~  
17.11 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~  
17.12 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~  
17.13 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~  
17.14 ~~assumption used in the actuarial valuation for July 1, 2008;~~

17.15 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~  
17.16 ~~total assets between June 30, 2010, and June 30, 2009, and the computed increase in the~~  
17.17 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~  
17.18 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~  
17.19 ~~in the actuarial valuation for July 1, 2009;~~

17.20 ~~(iii) 60 percent of the difference between the actual net change in the market value~~  
17.21 ~~of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the~~  
17.22 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~  
17.23 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~  
17.24 ~~in the actuarial valuation for July 1, 2010;~~

17.25 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~  
17.26 ~~total assets between June 30, 2012, and June 30, 2011, and the computed increase in the~~  
17.27 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~  
17.28 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~  
17.29 ~~in the actuarial valuation for July 1, 2011; and~~

17.30 ~~(v) if applicable, 20 percent of the difference between the actual net change in the~~  
17.31 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~  
17.32 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~  
17.33 ~~year period if the assets had increased at 8.5 percent annually.~~

17.34 ~~(2) For the July 1, 2013, and following actuarial valuations, (1) The market value of~~  
17.35 ~~all assets as of the preceding June 30, reduced by:~~

18.1 (i) 20 percent of the difference between the actual net change in the market value  
18.2 of total assets between the June 30 that occurred three years earlier and the June 30 that  
18.3 occurred four years earlier and the computed increase in the market value of total assets  
18.4 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
18.5 annual percentage preretirement interest rate assumption used in the actuarial valuation  
18.6 for the July 1 that occurred four years earlier;

18.7 (ii) 40 percent of the difference between the actual net change in the market value  
18.8 of total assets between the June 30 that occurred two years earlier and the June 30 that  
18.9 occurred three years earlier and the computed increase in the market value of total assets  
18.10 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
18.11 annual percentage preretirement interest rate assumption used in the actuarial valuation  
18.12 for the July 1 that occurred three years earlier;

18.13 (iii) 60 percent of the difference between the actual net change in the market value  
18.14 of total assets between the June 30 that occurred one year earlier and the June 30 that  
18.15 occurred two years earlier and the computed increase in the market value of total assets  
18.16 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
18.17 annual percentage preretirement interest rate assumption used in the actuarial valuation  
18.18 for the July 1 that occurred two years earlier; and

18.19 (iv) 80 percent of the difference between the actual net change in the market value  
18.20 of total assets between the most recent June 30 and the June 30 that occurred one year  
18.21 earlier and the computed increase in the market value of total assets over that fiscal year  
18.22 period if the assets had earned a rate of return on assets equal to the annual percentage  
18.23 preretirement interest rate assumption used in the actuarial valuation for the July 1 that  
18.24 occurred one year earlier.

18.25 (g) "Unfunded actuarial accrued liability" means the total current and expected  
18.26 future benefit obligations, reduced by the sum of the actuarial value of assets and the  
18.27 present value of future normal costs.

18.28 (h) "Pension benefit obligation" means the actuarial present value of credited  
18.29 projected benefits, determined as the actuarial present value of benefits estimated to be  
18.30 payable in the future as a result of employee service attributing an equal benefit amount,  
18.31 including the effect of projected salary increases and any step rate benefit accrual rate  
18.32 differences, to each year of credited and expected future employee service.

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

18.34 Sec. 27. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

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

19.4 (1) select and ultimate interest rate assumption

19.5		ultimate	ultimate
19.6		preretirement	postretirement
19.7		interest rate	interest rate
19.8	plan	assumption	assumption
19.9	general state employees retirement plan	8.5%	6.0%
19.10	correctional state employees retirement plan	8.5	6.0
19.11	State Patrol retirement plan	8.5	6.0
19.12	legislators retirement plan, and for the	0.0	<del>-2.0 until June 30,</del>
19.13	<u>constitutional officers calculation of total plan</u>		<del>2040, and -2.5 after</del>
19.14	<u>liabilities</u>		<del>June 30, 2040</del> 0.0
19.15	<del>elective state officers retirement plan</del>	<del>0.0</del>	<del>-2.0 until June 30,</del>
19.16			<del>2040, and -2.5 after</del>
19.17			<del>June 30, 2040</del>
19.18	judges retirement plan	8.5	6.0
19.19	general public employees retirement plan	8.5	6.0
19.20	public employees police and fire retirement plan	8.5	6.0
19.21	local government correctional service	8.5	6.0
19.22	retirement plan		
19.23	teachers retirement plan	8.5	6.0
19.24	Duluth teachers retirement plan	8.5	8.5
19.25	St. Paul teachers retirement plan	8.5	8.5

19.26 Except for the legislators retirement plan and the ~~elective state~~ constitutional officers  
 19.27 ~~retirement plan~~ calculation of total plan liabilities, the select preretirement interest rate  
 19.28 assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent.

19.29 Except for the legislators retirement plan and the ~~elective state~~ constitutional officers  
 19.30 ~~retirement plan~~ calculation of total plan liabilities, the select postretirement interest rate  
 19.31 assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent,  
 19.32 except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan,  
 19.33 each with a select postretirement interest rate assumption for the period after June 30,  
 19.34 2012, through June 30, 2017, of 8.0 percent.

19.35 (2) single rate preretirement and postretirement interest rate assumption

19.36		interest rate
19.37	plan	assumption
19.38	Bloomington Fire Department Relief Association	6.0
19.39	local monthly benefit volunteer firefighters relief	5.0
19.40	associations	

20.1 (b) The actuarial valuation must use the applicable following single rate future salary  
 20.2 increase assumption, the applicable following modified single rate future salary increase  
 20.3 assumption, or the applicable following graded rate future salary increase assumption:

20.4 (1) single rate future salary increase assumption

20.5	plan	future salary increase assumption
20.6	legislators retirement plan	5.0%
20.7	judges retirement plan	3.0
20.8	Bloomington Fire Department Relief	4.0
20.9	Association	

20.10 (2) age-related future salary increase age-related select and ultimate future salary  
 20.11 increase assumption or graded rate future salary increase assumption

20.12	plan	future salary increase assumption
20.13	local government correctional service retirement plan	assumption C
20.14	Duluth teachers retirement plan	assumption A
20.15	St. Paul teachers retirement plan	assumption B

20.16 For plans other than the Duluth teachers  
 20.17 retirement plan, the select calculation  
 20.18 is: during the designated select period, a  
 20.19 designated percentage rate is multiplied by  
 20.20 the result of the designated integer minus T,  
 20.21 where T is the number of completed years  
 20.22 of service, and is added to the applicable  
 20.23 future salary increase assumption. The  
 20.24 designated select period is ten years and the  
 20.25 designated integer is ten for all retirement  
 20.26 plans covered by this clause. The designated  
 20.27 percentage rate is 0.3 percent for the St. Paul  
 20.28 Teachers Retirement Fund Association. The  
 20.29 select calculation for the Duluth Teachers  
 20.30 Retirement Fund Association is 8.00 percent  
 20.31 per year for service years one through seven,  
 20.32 7.25 percent per year for service years seven  
 20.33 and eight, and 6.50 percent per year for  
 20.34 service years eight and nine.

20.35 The ultimate future salary increase assumption is:

20.36	age	A	B	C
20.37	16	8.00%	6.90%	9.00%

21.1	17	8.00	6.90	9.00
21.2	18	8.00	6.90	9.00
21.3	19	8.00	6.90	9.00
21.4	20	6.90	6.90	9.00
21.5	21	6.90	6.90	8.75
21.6	22	6.90	6.90	8.50
21.7	23	6.85	6.85	8.25
21.8	24	6.80	6.80	8.00
21.9	25	6.75	6.75	7.75
21.10	26	6.70	6.70	7.50
21.11	27	6.65	6.65	7.25
21.12	28	6.60	6.60	7.00
21.13	29	6.55	6.55	6.75
21.14	30	6.50	6.50	6.75
21.15	31	6.45	6.45	6.50
21.16	32	6.40	6.40	6.50
21.17	33	6.35	6.35	6.50
21.18	34	6.30	6.30	6.25
21.19	35	6.25	6.25	6.25
21.20	36	6.20	6.20	6.00
21.21	37	6.15	6.15	6.00
21.22	38	6.10	6.10	6.00
21.23	39	6.05	6.05	5.75
21.24	40	6.00	6.00	5.75
21.25	41	5.90	5.95	5.75
21.26	42	5.80	5.90	5.50
21.27	43	5.70	5.85	5.25
21.28	44	5.60	5.80	5.25
21.29	45	5.50	5.75	5.00
21.30	46	5.40	5.70	5.00
21.31	47	5.30	5.65	5.00
21.32	48	5.20	5.60	5.00
21.33	49	5.10	5.55	5.00
21.34	50	5.00	5.50	5.00
21.35	51	4.90	5.45	5.00
21.36	52	4.80	5.40	5.00
21.37	53	4.70	5.35	5.00
21.38	54	4.60	5.30	5.00
21.39	55	4.50	5.25	4.75
21.40	56	4.40	5.20	4.75
21.41	57	4.30	5.15	4.50
21.42	58	4.20	5.10	4.25
21.43	59	4.10	5.05	4.25

22.1	60	4.00	5.00	4.25
22.2	61	3.90	5.00	4.25
22.3	62	3.80	5.00	4.25
22.4	63	3.70	5.00	4.25
22.5	64	3.60	5.00	4.25
22.6	65	3.50	5.00	4.00
22.7	66	3.50	5.00	4.00
22.8	67	3.50	5.00	4.00
22.9	68	3.50	5.00	4.00
22.10	69	3.50	5.00	4.00
22.11	70	3.50	5.00	4.00

22.12 (3) service-related ultimate future salary increase assumption

22.13	general state employees retirement plan of the	assumption A
22.14	Minnesota State Retirement System	
22.15	general employees retirement plan of the Public	assumption B
22.16	Employees Retirement Association	
22.17	Teachers Retirement Association	assumption C
22.18	public employees police and fire retirement plan	assumption D
22.19	State Patrol retirement plan	assumption E
22.20	correctional state employees retirement plan of the	assumption F
22.21	Minnesota State Retirement System	

22.22	service						
22.23	length	A	B	C	D	E	F
22.24	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
22.25	2	8.10	8.90	9.00	11.00	7.50	5.85
22.26	3	6.90	7.46	8.00	9.00	7.00	5.70
22.27	4	6.20	6.58	7.50	8.00	6.75	5.55
22.28	5	5.70	5.97	7.25	6.50	6.50	5.40
22.29	6	5.30	5.52	7.00	6.10	6.25	5.25
22.30	7	5.00	5.16	6.85	5.80	6.00	5.10
22.31	8	4.70	4.87	6.70	5.60	5.85	4.95
22.32	9	4.50	4.63	6.55	5.40	5.70	4.80
22.33	10	4.40	4.42	6.40	5.30	5.55	4.65
22.34	11	4.20	4.24	6.25	5.20	5.40	4.55
22.35	12	4.10	4.08	6.00	5.10	5.25	4.45
22.36	13	4.00	3.94	5.75	5.00	5.10	4.35
22.37	14	3.80	3.82	5.50	4.90	4.95	4.25
22.38	15	3.70	3.70	5.25	4.80	4.80	4.15
22.39	16	3.60	3.60	5.00	4.80	4.65	4.05
22.40	17	3.50	3.51	4.75	4.80	4.50	3.95
22.41	18	3.50	3.50	4.50	4.80	4.35	3.85
22.42	19	3.50	3.50	4.25	4.80	4.20	3.75
22.43	20	3.50	3.50	4.00	4.80	4.05	3.75

23.1	21	3.50	3.50	3.90	4.70	4.00	3.75
23.2	22	3.50	3.50	3.80	4.60	4.00	3.75
23.3	23	3.50	3.50	3.70	4.50	4.00	3.75
23.4	24	3.50	3.50	3.60	4.50	4.00	3.75
23.5	25	3.50	3.50	3.50	4.50	4.00	3.75
23.6	26	3.50	3.50	3.50	4.50	4.00	3.75
23.7	27	3.50	3.50	3.50	4.50	4.00	3.75
23.8	28	3.50	3.50	3.50	4.50	4.00	3.75
23.9	29	3.50	3.50	3.50	4.50	4.00	3.75
23.10	30 or	3.50	3.50	3.50	4.50	4.00	3.75
23.11	more						

23.12 (c) The actuarial valuation must use the applicable following payroll growth  
 23.13 assumption for calculating the amortization requirement for the unfunded actuarial  
 23.14 accrued liability where the amortization retirement is calculated as a level percentage  
 23.15 of an increasing payroll:

23.16	plan	payroll growth assumption
23.17	general state employees retirement plan of the	3.75%
23.18	Minnesota State Retirement System	
23.19	correctional state employees retirement plan	3.75
23.20	State Patrol retirement plan	3.75
23.21	judges retirement plan	3.00
23.22	general employees retirement plan of the Public	3.75
23.23	Employees Retirement Association	
23.24	public employees police and fire retirement plan	3.75
23.25	local government correctional service retirement plan	3.75
23.26	teachers retirement plan	3.75
23.27	Duluth teachers retirement plan	4.50
23.28	St. Paul teachers retirement plan	5.00

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

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

23.36 **EFFECTIVE DATE.** This section is effective July 1, 2013.

23.37 Sec. 28. Minnesota Statutes 2012, section 356.30, subdivision 3, is amended to read:

23.38 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

- 24.1 (1) the general state employees retirement plan of the Minnesota State Retirement  
 24.2 System, established under chapter 352;
- 24.3 (2) the correctional state employees retirement plan of the Minnesota State  
 24.4 Retirement System, established under chapter 352;
- 24.5 (3) the unclassified employees retirement program, established under chapter 352D;
- 24.6 (4) the State Patrol retirement plan, established under chapter 352B;
- 24.7 (5) the legislators retirement plan, established under chapter 3A, including  
 24.8 constitutional officers as specified in that chapter;
- 24.9 ~~(6) the elective state officers retirement plan, established under chapter 352C;~~
- 24.10 ~~(7)~~ (6) the general employees retirement plan of the Public Employees Retirement  
 24.11 Association, established under chapter 353, including the MERF division of the Public  
 24.12 Employees Retirement Association;
- 24.13 ~~(8)~~ (7) the public employees police and fire retirement plan of the Public Employees  
 24.14 Retirement Association, established under chapter 353;
- 24.15 ~~(9)~~ (8) the local government correctional service retirement plan of the Public  
 24.16 Employees Retirement Association, established under chapter 353E;
- 24.17 ~~(10)~~ (9) the Teachers Retirement Association, established under chapter 354;
- 24.18 ~~(11)~~ (10) the St. Paul Teachers Retirement Fund Association, established under  
 24.19 chapter 354A;
- 24.20 ~~(12)~~ (11) the Duluth Teachers Retirement Fund Association, established under  
 24.21 chapter 354A; and
- 24.22 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

24.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.

24.24 Sec. 29. Minnesota Statutes 2012, section 356.401, subdivision 3, is amended to read:

24.25 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
 24.26 following retirement plans:

- 24.27 (1) the legislators retirement plan, established by chapter 3A, including constitutional  
 24.28 officers as specified in that chapter;
- 24.29 (2) the general state employees retirement plan of the Minnesota State Retirement  
 24.30 System, established by chapter 352;
- 24.31 (3) the correctional state employees retirement plan of the Minnesota State  
 24.32 Retirement System, established by chapter 352;
- 24.33 (4) the State Patrol retirement plan, established by chapter 352B;
- 24.34 ~~(5) the elective state officers retirement plan, established by chapter 352C;~~



25.1           (6) (5) the unclassified state employees retirement program, established by chapter  
25.2 352D;

25.3           (7) (6) the general employees retirement plan of the Public Employees Retirement  
25.4 Association, established by chapter 353, including the MERF division of the Public  
25.5 Employees Retirement Association;

25.6           (8) (7) the public employees police and fire plan of the Public Employees Retirement  
25.7 Association, established by chapter 353;

25.8           (9) (8) the public employees defined contribution plan, established by chapter 353D;

25.9           (10) (9) the local government correctional service retirement plan of the Public  
25.10 Employees Retirement Association, established by chapter 353E;

25.11           (11) (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,  
25.12 established by chapter 353G;

25.13           (12) (11) the Teachers Retirement Association, established by chapter 354;

25.14           (13) (12) the Duluth Teachers Retirement Fund Association, established by chapter  
25.15 354A;

25.16           (14) (13) the St. Paul Teachers Retirement Fund Association, established by chapter  
25.17 354A;

25.18           (15) (14) the individual retirement account plan, established by chapter 354B;

25.19           (16) (15) the higher education supplemental retirement plan, established by chapter  
25.20 354C; and

25.21           (17) (16) the judges retirement fund, established by chapter 490.

25.22           **EFFECTIVE DATE.** This section is effective July 1, 2013.

25.23           Sec. 30. Minnesota Statutes 2012, section 356.415, subdivision 1a, is amended to read:

25.24           Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**

25.25 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability

25.26 benefit, or survivor benefit recipients of the legislators retirement ~~plan~~ plans, including

25.27 constitutional officers as specified in chapter 3A, the general state employees retirement

25.28 plan, the correctional state employees retirement plan, ~~the elected state officers retirement~~

25.29 ~~plan~~, the unclassified state employees retirement program, and the judges retirement plan

25.30 are entitled to a postretirement adjustment annually on January 1, as follows:

25.31           (1) a postretirement increase of two percent must be applied each year, effective

25.32 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient

25.33 who has been receiving an annuity or a benefit for at least 18 full months before the

25.34 January 1 increase; and

26.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or  
26.2 a benefit for at least six full months, an annual postretirement increase of 1/12 of two  
26.3 percent for each month that the person has been receiving an annuity or benefit must be  
26.4 applied, effective January 1, following the calendar year in which the person has been  
26.5 retired for at least six months, but has been retired for less than 18 months.

26.6 (b) The increases provided by this subdivision commence on January 1, 2011.  
26.7 Increases under this subdivision for the general state employees retirement plan, the  
26.8 correctional state employees retirement plan, or the judges retirement plan terminate  
26.9 on December 31 of the calendar year in which the actuarial valuation prepared by the  
26.10 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work  
26.11 promulgated by the Legislative Commission on Pensions and Retirement indicates that the  
26.12 market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial  
26.13 accrued liability of the retirement plan and increases under subdivision 1 recommence  
26.14 after that date. Increases under this subdivision for the legislators retirement plan or the  
26.15 elected state officers retirement plan terminate on December 31 of the calendar year in  
26.16 which the actuarial valuation prepared by the approved actuary under sections 356.214 and  
26.17 356.215 and the standards for actuarial work promulgated by the Legislative Commission  
26.18 on Pensions and Retirement indicates that the market value of assets of the general state  
26.19 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability  
26.20 of the retirement plan and increases under subdivision 1 recommence after that date.

26.21 (c) An increase in annuity or benefit payments under this subdivision must be made  
26.22 automatically unless written notice is filed by the annuitant or benefit recipient with the  
26.23 executive director of the applicable covered retirement plan requesting that the increase  
26.24 not be made.

26.25 **EFFECTIVE DATE.** This section is effective July 1, 2013.

26.26 Sec. 31. Minnesota Statutes 2012, section 356.415, subdivision 2, is amended to read:

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

26.29 (1) the legislators retirement plan established under chapter 3A, including  
26.30 constitutional officers as specified in that chapter;

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

26.33 (3) the general state employees retirement plan of the Minnesota State Retirement  
26.34 System established under chapter 352;

26.35 (4) the State Patrol retirement plan established under chapter 352B;

- 27.1 ~~(5) the elective state officers retirement plan established under chapter 352C;~~  
 27.2 ~~(6)~~ (5) the general employees retirement plan of the Public Employees Retirement  
 27.3 Association established under chapter 353, including the MERF division of the Public  
 27.4 Employees Retirement Association;  
 27.5 ~~(7)~~ (6) the public employees police and fire retirement plan of the Public Employees  
 27.6 Retirement Association established under chapter 353;  
 27.7 ~~(8)~~ (7) the local government correctional employees retirement plan of the Public  
 27.8 Employees Retirement Association established under chapter 353E;  
 27.9 ~~(9)~~ (8) the teachers retirement plan established under chapter 354; and  
 27.10 ~~(10)~~ (9) the judges retirement plan established under chapter 490.

27.11 **EFFECTIVE DATE.** This section is effective July 1, 2013.

27.12 Sec. 32. **APPLICATION AND INTENT.**

27.13 This article merges the remaining provisions of the elective state officers retirement  
 27.14 plan into the legislators retirement plan chapter to achieve administrative savings,  
 27.15 including reduced cost for actuarial calculations. Nothing in this article should be  
 27.16 interpreted as modifying benefits or benefit eligibility compared to law in effect  
 27.17 immediately before the effective date of this section.

27.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

27.19 Sec. 33. **REPEALER.**

- 27.20 (a) Minnesota Statutes 2012, sections 3A.02, subdivision 3; 352C.001; 352C.091,  
 27.21 subdivision 1; and 352C.10, are repealed.  
 27.22 (b) Minnesota Statutes 2012, section 352.955, subdivision 2, is repealed.

27.23 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2013. Paragraph (b) is  
 27.24 effective the day following final enactment.

27.25 **ARTICLE 2**

27.26 **PERA ADMINISTRATIVE PROVISIONS**

27.27 Section 1. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

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

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

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

28.6 (3) election officers or election judges;

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

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

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

28.15 (7) employees who by virtue of their employment in one governmental subdivision  
28.16 are required by law to be a member of and to contribute to any of the plans or funds  
28.17 administered by the Minnesota State Retirement System, the Teachers Retirement  
28.18 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers  
28.19 Retirement Fund Association, or any police or firefighters relief association governed by  
28.20 section 69.77 that has not consolidated with the Public Employees Retirement Association,  
28.21 or any local police or firefighters consolidation account who have not elected the type of  
28.22 benefit coverage provided by the public employees police and fire fund under sections  
28.23 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,  
28.24 who have not elected public employees police and fire plan benefit coverage. This clause  
28.25 must not be construed to prevent a person from being a member of and contributing to  
28.26 the Public Employees Retirement Association and also belonging to and contributing to  
28.27 another public pension plan or fund for other service occurring during the same period  
28.28 of time. A person who meets the definition of "public employee" in subdivision 2 by  
28.29 virtue of other service occurring during the same period of time becomes a member of the  
28.30 association unless contributions are made to another public retirement fund on the salary  
28.31 based on the other service or to the Teachers Retirement Association by a teacher as  
28.32 defined in section 354.05, subdivision 2;

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

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

29.3 (9) employees of a governmental subdivision who have not reached the age of  
29.4 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
29.5 basis at an accredited school, college, or university in an undergraduate, graduate, or  
29.6 professional-technical program, or a public or charter high school;

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

29.9 (11) students who are serving for up to five years in an internship or residency program  
29.10 sponsored by a governmental subdivision, including an accredited educational institution;

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

29.13 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,  
29.14 foreign citizens who are employed by a governmental subdivision under a work permit, or  
29.15 an H-1b visa initially issued or extended for a combined period less than three years of  
29.16 employment. Upon extension of the employment beyond the three-year period, the foreign  
29.17 citizens must be reported for membership beginning the first of the month thereafter  
29.18 provided the monthly earnings threshold as provided under subdivision 2a is met;

29.19 (14) public hospital employees who elected not to participate as members of the  
29.20 association before 1972 and who did not elect to participate from July 1, 1988, to October  
29.21 1, 1988;

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

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

30.1 (17) pipefitters and associated trades personnel employed by Independent School  
30.2 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
30.3 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
30.4 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
30.5 241, article 2, section 12;

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

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

30.22 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
30.23 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
30.24 who either were first employed after May 1, 2001, or if first employed before May 2,  
30.25 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
30.26 10, section 6;

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

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

31.1 (23) independent contractors and the employees of independent contractors;

31.2 (24) reemployed annuitants of the association during the course of that  
31.3 reemployment; and

31.4 (25) persons appointed to serve on a board or commission of a governmental  
31.5 subdivision or an instrumentality thereof.

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

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

31.10 Sec. 2. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

31.23 (5) a period of authorized personal, parental, or medical leave of absence without  
31.24 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
31.25 that does not exceed one year, and for which a member obtained service credit for each  
31.26 month in the leave period by payment under section 353.0161 to the fund made in place of  
31.27 salary deductions. An employee must return to public service and render a minimum of  
31.28 three months of allowable service in order to be eligible to make payment under section  
31.29 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
31.30 employee must be granted allowable service credit for the purchased period;

31.31 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
31.32 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
31.33 as certified to the association by the employer. A participating member obtains service  
31.34 credit by making employee contributions in an amount or amounts based on the member's  
31.35 average salary, excluding overtime pay, that would have been paid if the leave had not been

32.1 taken. The employer shall pay the employer and additional employer contributions on  
32.2 behalf of the participating member. The employee and the employer are responsible to pay  
32.3 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,  
32.4 from the end of the normal cycle until full payment is made. An employer shall also make  
32.5 the employer and additional employer contributions, plus 8.5 percent interest, compounded  
32.6 annually, on behalf of an employee who makes employee contributions but terminates  
32.7 public service. The employee contributions must be made within one year after the end of  
32.8 the annual normal working cycle or within 30 days after termination of public service,  
32.9 whichever is sooner. The executive director shall prescribe the manner and forms to be  
32.10 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
32.11 payment, the member must be granted allowable service credit for the purchased period;

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

32.18 (8) a period during which a member is absent from employment by a governmental  
32.19 subdivision by reason of service in the uniformed services, as defined in United States  
32.20 Code, title 38, section 4303(13), if the member returns to public service with the same  
32.21 governmental subdivision upon discharge from service in the uniformed service within the  
32.22 time frames required under United States Code, title 38, section 4312(e), provided that  
32.23 the member did not separate from uniformed service with a dishonorable or bad conduct  
32.24 discharge or under other than honorable conditions. The service must be credited if the  
32.25 member pays into the fund equivalent employee contributions based upon the contribution  
32.26 rate or rates in effect at the time that the uniformed service was performed multiplied  
32.27 by the full and fractional years being purchased and applied to the annual salary rate.  
32.28 The annual salary rate is the average annual salary, ~~excluding overtime pay~~, during the  
32.29 purchase period that the member would have received if the member had continued to  
32.30 be employed in covered employment rather than to provide uniformed service, or, if  
32.31 the determination of that rate is not reasonably certain, the annual salary rate is the  
32.32 member's average salary rate, ~~excluding overtime pay~~, during the 12-month period of  
32.33 covered employment rendered immediately preceding the period of the uniformed service.  
32.34 Payment of the member equivalent contributions must be made during a period that begins  
32.35 with the date on which the individual returns to public employment and that is three times  
32.36 the length of the military leave period, or within five years of the date of discharge from



33.1 the military service, whichever is less. If the determined payment period is less than  
33.2 one year, the contributions required under this clause to receive service credit may be  
33.3 made within one year of the discharge date. Payment may not be accepted following 30  
33.4 days after termination of public service under subdivision 11a. If the member equivalent  
33.5 contributions provided for in this clause are not paid in full, the member's allowable  
33.6 service credit must be prorated by multiplying the full and fractional number of years of  
33.7 uniformed service eligible for purchase by the ratio obtained by dividing the total member  
33.8 contributions received by the total member contributions otherwise required under this  
33.9 clause. The equivalent employer contribution, and, if applicable, the equivalent additional  
33.10 employer contribution must be paid by the governmental subdivision employing the  
33.11 member if the member makes the equivalent employee contributions. The employer  
33.12 payments must be made from funds available to the employing unit, using the employer  
33.13 and additional employer contribution rate or rates in effect at the time that the uniformed  
33.14 service was performed, applied to the same annual salary rate or rates used to compute the  
33.15 equivalent member contribution. The governmental subdivision involved may appropriate  
33.16 money for those payments. The amount of service credit obtainable under this section may  
33.17 not exceed five years unless a longer purchase period is required under United States Code,  
33.18 title 38, section 4312. The employing unit shall pay interest on all equivalent member and  
33.19 employer contribution amounts payable under this clause. Interest must be computed at a  
33.20 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the  
33.21 break in service to the end of the month in which the payment is received. Upon payment,  
33.22 the employee must be granted allowable service credit for the purchased period; or

33.23 (9) a period specified under section 353.0162.

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

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

34.1 and on bylaw provisions governing the relief association on the date of the initiation  
34.2 of the consolidation procedure.

34.3 (d) No member may receive more than 12 months of allowable service credit in a  
34.4 year either for vesting purposes or for benefit calculation purposes. For an active member  
34.5 who was an active member of the former Minneapolis Firefighters Relief Association  
34.6 on December 29, 2011, "allowable service" is the period of service credited by the  
34.7 Minneapolis Firefighters Relief Association as reflected in the transferred records of the  
34.8 association up to December 30, 2011, and the period of service credited under paragraph  
34.9 (a), clause (1), after December 30, 2011. For an active member who was an active member  
34.10 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable  
34.11 service" is the period of service credited by the Minneapolis Police Relief Association as  
34.12 reflected in the transferred records of the association up to December 30, 2011, and the  
34.13 period of service credited under paragraph (a), clause (1), after December 30, 2011.

34.14 (e) MS 2002 [Expired]

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

34.16 Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 17a, is amended to read:

34.17 Subd. 17a. **Average salary.** (a) "Average salary," ~~for purposes of calculating a~~  
34.18 ~~retirement annuity under section 353.29, subdivision 3~~ unless otherwise specified, means  
34.19 an amount equivalent to the average of the highest salary of the member, police officer,  
34.20 or firefighter, whichever applies, upon which employee contributions were paid for any  
34.21 five successive years of allowable service, based on dates of salary periods as listed on  
34.22 salary deduction reports. Average salary must be based upon all allowable service if  
34.23 this service is less than five years.

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

34.27 (c) "Average salary," for purposes of calculating benefits for a surviving spouse or  
34.28 dependent children under section 353.657, subdivision 2 or 3, means the average of the  
34.29 full-time monthly base salary rate in effect during the last six months of allowable service.  
34.30 If the employment during the last six months of allowable service was part-time, the  
34.31 average salary must be prorated based on the actual number of hours worked.

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

34.33 Sec. 4. Minnesota Statutes 2012, section 353.01, subdivision 29, is amended to read:

35.1 Subd. 29. **Designated beneficiary.** "Designated beneficiary" means the person or,  
35.2 organization, trust, or estate designated by a member, former member, ~~disabilitant, or~~  
35.3 ~~retired member in writing, signed and filed with the association before the death of the~~  
35.4 ~~member, former member, disabilitant, or retired member,~~ or a person legally authorized  
35.5 to act on behalf of the member or former member to receive a refund of the balance of  
35.6 the member's or former member's accumulated deductions after death. A beneficiary  
35.7 designation is valid if it is made in the form prescribed by the executive director and  
35.8 is received by the association on or before the date of death of the member or former  
35.9 member. If a beneficiary designation is deemed to be invalid for any reason, any remaining  
35.10 balance of the member's or former member's accumulated deductions are subject to the  
35.11 provisions of section 353.32, subdivisions 4 and 5.

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

35.13 Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 7, is amended to read:

35.14 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except  
35.15 as provided in paragraph (b), erroneous employee deductions and erroneous employer  
35.16 contributions and additional employer contributions to the general employees retirement  
35.17 plan of the Public Employees Retirement Association or to the public employees police  
35.18 and fire retirement plan for a person who otherwise does not qualify for membership  
35.19 under this chapter, are considered:

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

35.25 (2) invalid, if the initial erroneous employee deduction began on or after January 1,  
35.26 1990. Upon determination of the error, the association shall refund all erroneous employee  
35.27 deductions and all erroneous employer contributions as specified in paragraph (e). No  
35.28 person may claim a right to continued or past membership in the association based on  
35.29 erroneous deductions which began on or after January 1, 1990.

35.30 (b) Erroneous deductions taken from the salary of a person who did not qualify  
35.31 for membership in the general employees retirement plan of the Public Employees  
35.32 Retirement Association or in the public employees police and fire retirement plan by  
35.33 virtue of concurrent employment before July 1, 1978, which required contributions to  
35.34 another retirement fund or relief association established for the benefit of officers and  
35.35 employees of a governmental subdivision, are invalid. Upon discovery of the error,

36.1 allowable service credit for all invalid service if forfeited and, upon termination of public  
36.2 service, the association shall refund all erroneous employee deductions to the person, with  
36.3 interest as determined under section 353.34, subdivision 2, and all erroneous employer  
36.4 contributions without interest to the employer. This paragraph has both retroactive and  
36.5 prospective application.

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

36.11 (d) If there is evidence of fraud or other misconduct on the part of the employee or  
36.12 the employer, the board of trustees may authorize adjustments to the account of a member  
36.13 or former member to correct erroneous employee deductions and employer contributions  
36.14 on invalid salary and the recovery of any overpayments for a period longer than provided  
36.15 for under paragraph (c).

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

36.20 (1) for a member, provide a refund in the amount of the invalid employee deductions  
36.21 with interest on the invalid employee deductions at the rate specified under section 353.34,  
36.22 subdivision 2, from the received date of each invalid salary transaction through the date  
36.23 the credit or refund is made;

36.24 (2) for a former member who:

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

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

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

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

37.6 (g) If the ~~accrual date of any~~ association discovers that a retirement annuity, survivor  
37.7 benefit, or disability benefit is ~~within the limitation period specified in paragraph (e), and~~  
37.8 ~~an overpayment has resulted~~ has been incorrectly calculated by using invalid service or  
37.9 salary, or due to any erroneous calculation procedure, the association must recalculate  
37.10 the annuity or benefit payable and recover any begin payment of the corrected annuity or  
37.11 benefit effective the first of the month following discovery of the error. Any overpayment  
37.12 resulting from the incorrect calculation must be recovered as provided under subdivision  
37.13 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated  
37.14 after the accrual date, except adjustments required under section 353.656, subdivision 4,  
37.15 falls within the current fiscal year and the two immediate previous fiscal years.

37.16 (h) Notwithstanding the provisions of this subdivision, the association may apply  
37.17 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans  
37.18 Compliance Resolution System and not issue a refund of erroneous employee deductions  
37.19 and employer contributions or not recover a small overpayment of benefits if the cost to  
37.20 correct the error would exceed the amount of the member refund or overpayment.

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

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

37.25 Sec. 6. Minnesota Statutes 2012, section 353.34, subdivision 1, is amended to read:

37.26 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to  
37.27 either a refund of accumulated employee deductions under subdivision 2, or to a deferred  
37.28 annuity under subdivision 3. Application for a refund may not be made before the date of  
37.29 termination of public service. ~~Except as specified in paragraph (b),~~ A refund must be paid  
37.30 within 120 days following receipt of the application unless the applicant has again become  
37.31 a public employee required to be covered by the association.

37.32 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,  
37.33 a refund is not payable before termination of service under section 353.01, subdivision 11a.

37.34 (c) An individual who terminates public service covered by the Public Employees  
37.35 Retirement Association general employees retirement plan, the MERF division, the Public

38.1 Employees Retirement Association police and fire retirement plan, or the public employees  
38.2 local government correctional service retirement plan, and who is employed by a different  
38.3 employer and who becomes an active member covered by one of the other two plans, may  
38.4 receive a refund of employee contributions plus annual compound interest from the plan  
38.5 from which the member terminated service at the applicable rate specified in subdivision 2.

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

38.7 Sec. 7. Minnesota Statutes 2012, section 353.34, subdivision 2, is amended to read:

38.8 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person  
38.9 who ceases to be a public employee is entitled to receive a refund in an amount equal to  
38.10 accumulated deductions with annual compound interest to the first day of the month  
38.11 in which the refund is processed.

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

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

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

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

38.23 Sec. 8. Minnesota Statutes 2012, section 353.50, subdivision 3, is amended to read:

38.24 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service  
38.25 credit and salary credit of the members of the Minneapolis Employees Retirement Fund  
38.26 as specified in the records of the Minneapolis Employees Retirement Fund through June  
38.27 30, 2010, are transferred to the MERF division of the Public Employees Retirement  
38.28 Association and are credited by the MERF division. ~~Annuities or benefits of persons~~  
38.29 ~~who are active members of the former Minneapolis Employees Retirement Fund on~~  
38.30 ~~June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;~~  
38.31 ~~422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;~~  
38.32 ~~422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic~~  
38.33 ~~postretirement adjustments after December 31, 2010, under section 356.415.~~

39.1 (b) The liability for the payment of annuities and benefits of the Minneapolis  
 39.2 Employees Retirement Fund retirees and benefit recipients as specified in the records of  
 39.3 the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the  
 39.4 MERF division of the Public Employees Retirement Association on June 30, 2010.

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

39.6 Sec. 9. Minnesota Statutes 2012, section 353.50, subdivision 6, is amended to read:

39.7 Subd. 6. **Benefits.** (a) **Retired, disabled, deferred, and inactive member benefits.**

39.8 The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive  
 39.9 Minneapolis Employees Retirement Fund members with that status as of June 30, 2010,  
 39.10 ~~with the exception of post-December 31, 2010, postretirement adjustments, which~~  
 39.11 ~~are governed by paragraph (b);~~ as calculated under Minnesota Statutes 2008, sections  
 39.12 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156;  
 39.13 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force ~~after the~~  
 39.14 ~~administrative consolidation under Laws 2010, chapter 359, article 11.~~

39.15 (b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who  
 39.16 ~~were active members of the former Minneapolis Employees Retirement Fund on June~~  
 39.17 ~~30, 2010, upon satisfying eligibility requirements stated in the applicable sections of~~  
 39.18 ~~Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits~~  
 39.19 ~~specified in those sections. Eligibility for a formula retirement annuity includes the~~  
 39.20 ~~requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the~~  
 39.21 ~~terminating member has attained retirement age, which is age 60 if the person has at least~~  
 39.22 ~~ten years of service credit, or any age if the person has 30 or more years of service credit.~~

39.23 (b) (c) **Postretirement adjustments.** After December 31, 2010, annuities and  
 39.24 benefits from the MERF division are eligible for annual automatic postretirement  
 39.25 adjustments solely under section 356.415.

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

39.27 Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2, is amended to read:

39.28 Subd. 2. **Benefit amount.** (a) The spouse of a deceased member is entitled to  
 39.29 receive a monthly benefit for life equal to the following percentage of the member's  
 39.30 average ~~full-time monthly salary rate~~, as defined in section 353.01, subdivision 17a,  
 39.31 ~~paragraph (c),~~ as a member of the police and fire plan ~~in effect over the last six months of~~  
 39.32 ~~allowable service preceding the month in which death occurred:~~

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

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

40.6 (b) ~~If the member was a part-time employee in the position for which the employee~~  
40.7 ~~qualified for participation in the police and fire plan, the monthly survivor benefit is based~~  
40.8 ~~on the salary rate in effect for that member's part-time service during the last six months~~  
40.9 ~~of allowable service. If the member's status changed from full time to part time for due~~  
40.10 ~~to health reasons during the last year 12 months of employment, notwithstanding the~~  
40.11 ~~definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average~~  
40.12 ~~salary used to compute the monthly survivor benefit is~~ must be based on the full-time  
40.13 salary rate of the position held as a member of the police and fire plan in effect over the  
40.14 last six months of allowable service preceding the month in which the death occurred.

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

40.16 Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

40.17 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member  
40.18 who has attained the age of at least 50 years and either who is vested under section  
40.19 353.01, subdivision 47, or who has credit for at least 30 years of allowable service,  
40.20 regardless of age attained, dies before the annuity or disability benefit becomes payable,  
40.21 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may  
40.22 elect to receive a death while eligible survivor benefit.

40.23 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision  
40.24 20, a former spouse of the member, if any, is entitled to a portion of the death while  
40.25 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree  
40.26 filed with the association. If there is no surviving spouse or child or children, a former  
40.27 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision  
40.28 1, if provided for in a marriage dissolution decree but not a death while eligible survivor  
40.29 benefit despite the terms of a marriage dissolution decree filed with the association.

40.30 (c) The benefit may be elected instead of a refund with interest under section 353.32,  
40.31 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and  
40.32 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity  
40.33 which the member could have qualified for on the date of death, computed as provided in  
40.34 sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.



41.1 (d) The surviving spouse may apply for the annuity at any time after the date  
41.2 on which the deceased employee would have attained the required age for retirement  
41.3 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,  
41.4 subdivision 2, apply to a deferred annuity payable under this subdivision.

41.5 (e) No payment accrues beyond the end of the month in which entitlement to  
41.6 such annuity has terminated. An amount equal to the excess, if any, of the accumulated  
41.7 contributions which were credited to the account of the deceased employee over and  
41.8 above the total of the annuities paid and payable to the surviving spouse must be paid to  
41.9 the deceased member's last designated beneficiary or, if none, to the legal representative of  
41.10 the estate of such deceased member.

41.11 (f) Any member may request in writing, with the signed consent of the spouse, that  
41.12 this subdivision not apply and that payment be made only to the designated beneficiary, as  
41.13 otherwise provided by this chapter.

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

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

41.19 Sec. 12. Minnesota Statutes 2012, section 353.657, subdivision 3, is amended to read:

41.20 Subd. 3. **Dependent children.** (a) A dependent child, as defined in section 353.01,  
41.21 subdivision 15, is entitled to receive a monthly benefit equal to ten percent of the member's  
41.22 average ~~full-time monthly salary rate~~, as defined in section 353.01, subdivision 17a,  
41.23 paragraph (c), as a member of the police and fire plan ~~in effect over the last six months of~~  
41.24 ~~allowable service preceding the month in which death occurred.~~

41.25 (b) If the member's status changed from full-time to part-time due to health reasons  
41.26 during the last 12 months of employment, notwithstanding the definition of average salary  
41.27 in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the  
41.28 monthly dependent child benefit must be based on the full-time salary rate of the position  
41.29 held as a member of the police and fire plan in effect over the last six months of allowable  
41.30 service preceding the month in which the death occurred.

41.31 (c) Payments for the benefit of a dependent child must be made to the surviving  
41.32 parent, or to the legal guardian of the child or to any adult person with whom the child  
41.33 may at the time be living, provided only that the parent or other person to whom any  
41.34 amount is to be paid advises the board in writing that the amount will be held or used in  
41.35 trust for the benefit of the child.

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

42.2 Sec. 13. Minnesota Statutes 2012, section 353F.02, subdivision 3, is amended to read:

42.3 Subd. 3. **Effective date of privatization.** "Effective date of privatization" means  
 42.4 the date that the operation of ~~the~~ a medical facility or other public employing unit is  
 42.5 assumed by another employer or the date that ~~the~~ a medical facility or other public  
 42.6 employing unit is purchased by another employer and active membership in the Public  
 42.7 Employees Retirement Association consequently terminates.

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

42.9 Sec. 14. Minnesota Statutes 2012, section 353F.02, subdivision 4, is amended to read:

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

- 42.11 (1) Bridges Medical Services;
- 42.12 (2) Cedarview Care Center in Steele County;
- 42.13 (3) the City of Cannon Falls Hospital;
- 42.14 (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- 42.15 (5) Cornerstone Nursing and Rehab Center in Clearwater County ~~Memorial Hospital~~  
 42.16 ~~doing business as Clearwater Health Services in Bagley~~;
- 42.17 (6) the Dassel Lakeside Community Home;
- 42.18 (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- 42.19 (8) the Fair Oaks Lodge, Wadena;
- 42.20 (9) the Glencoe Area Health Center;
- 42.21 (10) Hutchinson Area Health Care;
- 42.22 (11) Lake County Sunrise Home;
- 42.23 ~~(11)~~ (12) the Lakefield Nursing Home;
- 42.24 ~~(12)~~ (13) the Lakeview Nursing Home in Gaylord;
- 42.25 ~~(13)~~ (14) the Luverne Public Hospital;
- 42.26 ~~(14)~~ (15) the Oakland Park Nursing Home;
- 42.27 ~~(15)~~ (16) the RenVilla Nursing Home;
- 42.28 ~~(16)~~ (17) the Rice Memorial Hospital in Willmar, with respect to the Department  
 42.29 of Radiology and the Department of Radiation/Oncology;
- 42.30 ~~(17)~~ (18) the St. Peter Community Health Care Center;
- 42.31 ~~(18)~~ (19) the Traverse Care Center in Traverse County;
- 42.32 ~~(19)~~ (20) the Waconia-Ridgeview Medical Center;
- 42.33 ~~(20)~~ (21) the Weiner Memorial Medical Center, Inc.;
- 42.34 ~~(21)~~ (22) the Wheaton Community Hospital; and

43.1 ~~(22)~~ (23) the Worthington Regional Hospital.

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

43.3 Sec. 15. Minnesota Statutes 2012, section 353F.02, is amended by adding a subdivision  
43.4 to read:

43.5 Subd. 4a. **Privatized former public employer.** "Privatized former public employer"  
43.6 means a medical facility or other employing unit formerly included in the definition of  
43.7 governmental subdivision under section 353.01, subdivision 6, that is privatized and  
43.8 whose employees are certified for participation under this chapter.

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

43.10 Sec. 16. Minnesota Statutes 2012, section 353F.02, subdivision 6, is amended to read:

43.11 Subd. 6. ~~Terminated medical facility or other~~ **Privatized former public**  
43.12 **employing unit employee.** "~~Terminated medical facility or other~~ (a) "Privatized former  
43.13 public employing unit employee" means a person who:

43.14 (1) was employed by the privatized former public employer on the day before the  
43.15 effective date by the ~~medical facility or other public employing unit~~ of privatization; or

43.16 (2) terminated employment with the ~~medical facility or other~~ privatized former  
43.17 public employing unit employer on the day before the effective date; and

43.18 (3) was a participant in the general employees retirement plan of the Public  
43.19 Employees Retirement Association at the time of termination of employment with the  
43.20 ~~medical facility or other~~ privatized former public employing unit employer.

43.21 (b) "Privatized former public employee" does not mean a person who, on the day  
43.22 before the effective date of privatization, was simultaneously employed with the privatized  
43.23 former public employer and by a governmental subdivision under section 353.01,  
43.24 subdivision 6, and who, after the effective date of privatization, continues to accrue  
43.25 service credit under section 353.01, subdivision 16, through simultaneous employment  
43.26 with a governmental subdivision.

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

43.28 Sec. 17. Minnesota Statutes 2012, section 353F.025, subdivision 1, is amended to read:

43.29 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a  
43.30 governmental subdivision may submit a resolution from the governing body to the  
43.31 executive director of the Public Employees Retirement Association which supports  
43.32 providing coverage under this chapter for employees of that governmental subdivision

44.1 who are privatized, and which states that the governing body will pay for actuarial  
44.2 calculations, as further specified in paragraph (c).

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

44.9 (c) Following receipt of a resolution and a determination by the executive director  
44.10 that the new employer is not a governmental subdivision, the executive director shall  
44.11 direct the consulting actuary retained under section 356.214 to determine whether the  
44.12 general employees retirement plan of the Public Employees Retirement Association, if  
44.13 coverage under this chapter is provided, is expected to receive a net gain or a net loss if  
44.14 privatization occurs. A net gain is expected if the actuarial liability of the special benefit  
44.15 coverage provided under this chapter, if extended to the applicable employees under the  
44.16 privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss is  
44.17 expected if the actuarial accrued liability of the special benefit coverage provided under  
44.18 this chapter, if extended to the applicable employees under the privatization, is more than  
44.19 the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations  
44.20 used to make this determination must be within one year of the effective date, ~~as defined~~  
44.21 ~~in section 353F.02, subdivision 3 of privatization.~~

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

44.23 Sec. 18. Minnesota Statutes 2012, section 353F.025, subdivision 2, is amended to read:

44.24 Subd. 2. **Recommendation to legislature Reporting privatizations.** (a) If the  
44.25 actuarial calculations under subdivision 1, paragraph (c), indicate ~~that privatization can~~  
44.26 be approved because a net gain to the general employees retirement plan of the Public  
44.27 Employees Retirement Association is expected due to the privatization, or if paragraph (e)  
44.28 (b) applies, the executive director shall, following acceptance of the actuarial calculations  
44.29 by the board of trustees, forward a recommendation notice and supporting documentation,  
44.30 including a copy of the actuary's report and findings, to the chair of the ~~Legislative~~  
44.31 ~~Commission on Pensions and Retirement, the chair of the Governmental Operations,~~  
44.32 ~~Reform, Technology and Elections Committee of the house of representatives, the chair~~  
44.33 ~~of the State and Local Government Operations and Oversight Committee of the senate,~~  
44.34 and the executive director of the Legislative Commission on Pensions and Retirement  
44.35 and the chairs and the ranking minority members of the committees with jurisdiction over

45.1 governmental operations in the house of representatives and senate. The recommendation  
45.2 must be in the form of an addition to the definition of "medical facility" under section  
45.3 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02,  
45.4 subdivision 5, whichever is applicable. The recommendation must be forwarded to the  
45.5 legislature before January 15 for the recommendation to be considered in that year's  
45.6 legislative session. The recommendation may be included as part of public pension  
45.7 administrative legislation under section 356B.05.

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

45.13 (e) (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the  
45.14 executive director shall ~~forward a recommendation~~ recommend to the board of trustees  
45.15 that the privatization be included as an addition under paragraph (a) approved if the chief  
45.16 clerical officer of the applicable governmental subdivision submits a resolution from  
45.17 the governing body specifying that a lump sum payment will be made to the executive  
45.18 ~~director~~ Public Employees Retirement Association equal to the net loss, plus interest.  
45.19 The interest must be computed using the applicable ultimate preretirement interest rate  
45.20 assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the  
45.21 date of the actuarial valuation from which the actuarial accrued liability data was used to  
45.22 determine the net loss in the actuarial study under subdivision 1, to the date of payment,  
45.23 with annual compounding. Payment must be made on or after the effective date defined  
45.24 under section 353F.02 of privatization.

45.25 (c) The Public Employees Retirement Association must maintain a list that includes  
45.26 the names of all privatized former public employers in the association's comprehensive  
45.27 annual financial report and on the association's Web site. Annually by March 1, the  
45.28 association must submit to the executive director of the Legislative Commission on  
45.29 Pensions and Retirement the names of any privatized former public employers approved  
45.30 since the publication of the previous fiscal year's comprehensive annual financial report.

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

45.32 Sec. 19. Minnesota Statutes 2012, section 353F.03, is amended to read:

45.33 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

46.1 Notwithstanding any provision of chapter 353 to the contrary, a ~~terminated medical~~  
46.2 ~~facility or other privatized former public employing unit~~ employee is eligible to receive a  
46.3 retirement annuity under section 353.29 of the edition of Minnesota Statutes published  
46.4 in the year before the year in which the privatization occurred, without regard to the  
46.5 requirement specified in section 353.01, subdivision 47.

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

46.7 Sec. 20. Minnesota Statutes 2012, section 353F.04, is amended to read:

46.8 **353F.04 AUGMENTATION INTEREST RATES FOR ~~TERMINATED~~**  
46.9 **~~MEDICAL OR OTHER~~ PRIVATIZED FORMER PUBLIC EMPLOYING UNIT**  
46.10 **~~FACILITY EMPLOYEES.~~**

46.11 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a  
46.12 ~~terminated medical facility or other privatized former public employing unit~~ employee is  
46.13 subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota  
46.14 Statutes published in the year in which the privatization occurred, except that the rate of  
46.15 augmentation is as specified in this subdivision.

46.16 (b) This paragraph applies if the ~~legislation adding the medical facility or other~~  
46.17 ~~employing unit to section 353F.02, subdivision 4 or 5, as applicable, effective date of~~  
46.18 ~~privatization was enacted before July 26, 2005, and became effective before January 1,~~  
46.19 ~~2008, for the Hutchinson Area Health Care on or before January 1, 2007, for all other~~  
46.20 ~~medical facilities and all other employing units~~ and also applies to Hutchinson Area Health  
46.21 Care with a privatization effective date of January 1, 2008. For a ~~terminated medical~~  
46.22 ~~facility or other privatized former public employing unit~~ employee, the augmentation  
46.23 rate is 5.5 percent compounded annually until January 1 following the year in which the  
46.24 person attains age 55. From that date to the effective date of retirement, the augmentation  
46.25 rate is 7.5 percent compounded annually.

46.26 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is  
46.27 before January 1, 2011, the augmentation rate is four percent compounded annually until  
46.28 January 1, following the year in which the person attains age 55. From that date to the  
46.29 effective date of retirement, the augmentation rate is six percent compounded annually.

46.30 (d) If the effective date of the privatization is after December 31, 2010, the applicable  
46.31 augmentation rate depends on the result of computations specified in section 353F.025,  
46.32 subdivision 1. If those computations indicate no loss or a net gain to the fund of the  
46.33 general employees retirement plan of the Public Employees Retirement Association, the  
46.34 augmentation rate is 2.0 percent compounded annually until the effective date of retirement.

47.1 If the computations under that subdivision indicate a net loss to the fund if a 2.0 percent  
 47.2 augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is used, then the  
 47.3 augmentation rate is 1.0 percent compounded annually until the effective date of retirement.

47.4 ~~(e) The term "effective date of the privatization" as used in this subdivision means~~  
 47.5 ~~the "effective date" as defined in section 353F.02, subdivision 3.~~

47.6 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision  
 47.7 1 do not apply if ~~the terminated medical facility or other~~ to a privatized former public  
 47.8 employing unit employee:

47.9 (1) beginning the first of the month in which the privatized former public employee  
 47.10 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if  
 47.11 the employee continues to be covered and accrues at least six months of credited service; or

47.12 (2) beginning the first of the month after a privatized former public employee  
 47.13 terminates service with the successor entity; or

47.14 ~~(2) (3) if the person~~ begins receipt of a retirement annuity while employed by  
 47.15 the employer which assumed operations of or purchased the medical facility or other  
 47.16 privatized former public employing unit or purchased the medical facility or other public  
 47.17 employing unit employer.

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

47.19 Sec. 21. Minnesota Statutes 2012, section 353F.05, is amended to read:

47.20 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE**  
 47.21 **FOR EARLY RETIREMENT PURPOSES.**

47.22 (a) For the purpose of determining eligibility for early retirement benefits provided  
 47.23 under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in  
 47.24 the year before the year in which the privatization occurred, and notwithstanding any  
 47.25 provision of chapter 353, to the contrary, the years of allowable service for a ~~terminated~~  
 47.26 ~~medical facility or other~~ privatized former public employing unit employee who transfers  
 47.27 employment on the effective date of privatization and does not apply for a refund of  
 47.28 contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes  
 47.29 published in the year before the year in which the privatization occurred, or any similar  
 47.30 provision, includes service with the successor employer to the ~~medical facility or other~~  
 47.31 privatized former public employing unit employer following the effective date. The  
 47.32 successor employer shall provide any reports that the executive director of the Public  
 47.33 Employees Retirement Association may reasonably request to permit calculation of  
 47.34 benefits.

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

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

48.7 Sec. 22. Minnesota Statutes 2012, section 353F.051, subdivision 1, is amended to read:

48.8 Subdivision 1. **Eligibility.** A ~~terminated medical facility or other~~ privatized former  
48.9 public employing unit employee who is totally and permanently disabled under Minnesota  
48.10 Statutes 1998, section 353.01, subdivision 19, and who had a medically documented  
48.11 preexisting condition of the disability before the termination of coverage, may apply for  
48.12 a disability benefit.

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

48.14 Sec. 23. Minnesota Statutes 2012, section 353F.052, is amended to read:

48.15 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**  
48.16 **PROVISION.**

48.17 Notwithstanding any provisions of law to the contrary, subdivisions within section  
48.18 353.32 of the edition of Minnesota Statutes published in the year before the year in which  
48.19 a privatization occurred, applicable to the surviving spouse or dependent children of a  
48.20 former member as defined in section 353.01, subdivision 7a, apply to the survivors of a  
48.21 ~~terminated medical facility or other~~ privatized former public employing unit employee.

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

48.23 Sec. 24. **[353F.057] TERMINATION FROM SERVICE REQUIREMENT.**

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

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

48.30 Sec. 25. Minnesota Statutes 2012, section 353F.06, is amended to read:



49.1 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**  
49.2 **LIMITATIONS.**

49.3 If a privatized former public employee satisfies the separation from service  
49.4 requirement in section 353F.057 and thereafter resumes employment with the privatized  
49.5 former public employer or any successor entity or a governmental subdivision under  
49.6 section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section  
49.7 353.37 apply to any service by a terminated medical facility or other public employing  
49.8 unit employee as an employee of the successor employer to the medical facility.

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

49.10 Sec. 26. Minnesota Statutes 2012, section 353F.07, is amended to read:

49.11 **353F.07 EFFECT ON REFUND.**

49.12 Notwithstanding any provision of chapter 353 to the contrary, ~~terminated medical~~  
49.13 ~~facility or other~~ privatized former public employing unit employees may receive a refund  
49.14 of employee accumulated contributions plus interest as provided in section 353.34,  
49.15 subdivision 2, at any time after the transfer of employment to the successor employer of  
49.16 the ~~terminated medical facility or other~~ privatized former public employing unit employer.  
49.17 If a ~~terminated medical facility or other~~ privatized former public employing unit employee  
49.18 has received a refund from a pension plan listed in section 356.30, subdivision 3, the  
49.19 person may not repay that refund unless the person again becomes a member of one of  
49.20 those listed plans and complies with section 356.30, subdivision 2.

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

49.22 Sec. 27. Minnesota Statutes 2012, section 353F.08, is amended to read:

49.23 **353F.08 COUNSELING SERVICES.**

49.24 The ~~medical facility or other~~ privatized former public employing unit employer and  
49.25 the executive director of the Public Employees Retirement Association shall provide  
49.26 ~~terminated medical facility or other~~ privatized former public employing unit employees  
49.27 with counseling on their benefits available under the general employees retirement plan  
49.28 of the Public Employees Retirement Association during ~~the 90 days following a period~~  
49.29 mutually agreed upon before or after the effective date of privatization.

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

49.31 Sec. 28. Minnesota Statutes 2012, section 356.635, subdivision 1, is amended to read:

50.1 Subdivision 1. **Retirement benefit commencement.** (a) The retirement benefit of a  
 50.2 member who has terminated employment must begin no later than the later of April 1 of  
 50.3 the calendar year following the calendar year that the member attains the federal minimum  
 50.4 distribution age under section 401(a)(9) of the Internal Revenue Code or April 1 of the  
 50.5 calendar year following the calendar year in which the member terminated employment.

50.6 (b) The consent requirements of section 411(a)(11) of the Internal Revenue Code  
 50.7 do not apply to the extent that a distribution is required to satisfy the requirements of  
 50.8 section 401(a)(9).

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

50.10 Sec. 29. **REPEALER.**

50.11 Minnesota Statutes 2012, sections 353F.02, subdivisions 4 and 5; and 353F.025,  
 50.12 subdivision 3, are repealed.

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

### 50.14 **ARTICLE 3**

#### 50.15 **REVISIONS AND REPEALS OF FORMER LOCAL POLICE AND PAID** 50.16 **FIREFIGHTER RELIEF ASSOCIATION LAWS**

50.17 Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

50.18 Subdivision 1. **Audit and examinations.** All powers and duties conferred and  
 50.19 imposed upon the state auditor with respect to state, county, and first-class city officers,  
 50.20 institutions, and property are hereby extended to the various fire ~~and police~~ relief  
 50.21 associations in the state. The state auditor shall annually audit the special and general  
 50.22 funds of the relief association or, at the request of the board of trustees or the municipality,  
 50.23 the state auditor may contract for an annual audit by a certified public accountant. The  
 50.24 state auditor may determine that an annual audit is not necessary, in which case the state  
 50.25 auditor shall develop a plan for examination of unaudited relief associations, and shall  
 50.26 prescribe suitable systems of accounts and budgeting, and forms, books, and instructions  
 50.27 concerning the same.

50.28 Copies of the written report of the state auditor on the financial condition and  
 50.29 accounts of the relief association ~~shall~~ must be filed with the board of trustees of the  
 50.30 relief association and the governing body of the municipality associated with the relief  
 50.31 association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard  
 50.32 to relief association funds, copies thereof ~~shall~~ must be filed with the city attorney or county  
 50.33 attorney in the city or county in which the relief association is located, and these officials of  
 50.34 the law shall institute proceedings, civil or criminal, as the law and public interest require.

51.1 Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

51.2 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with  
51.3 the commissioner of revenue a financial compliance report certifying for each relief  
51.4 association:

51.5 (1) the completion of the annual financial report required ~~pursuant to~~ under section  
51.6 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under  
51.7 subdivision 1; and

51.8 (2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77~~  
51.9 ~~or 69.773~~ or sections 31 to 43.

51.10 Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

51.11 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

51.12 Whenever a public accountant in the course of auditing the books and affairs of a  
51.13 political subdivision or a local public pension plan governed by ~~section 69.77~~, sections  
51.14 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 43, discovers evidence  
51.15 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or  
51.16 employee in the conduct of duties and affairs, the public accountant shall promptly make  
51.17 a report of such discovery to the state auditor and the county attorney of the county in  
51.18 which the governmental unit is situated and the public accountant shall also furnish a  
51.19 copy of the report of audit upon completion to said officers. The county attorney shall  
51.20 act on such report in the same manner as required by law for reports made to the county  
51.21 attorney by the state auditor.

51.22 Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

51.23 Subdivision 1. **In executive branch, local government.** All meetings, including  
51.24 executive sessions, must be open to the public

51.25 (a) of a state

51.26 (1) agency,

51.27 (2) board,

51.28 (3) commission, or

51.29 (4) department,

51.30 when required or permitted by law to transact public business in a meeting;

51.31 (b) of the governing body of a

51.32 (1) school district however organized,

51.33 (2) unorganized territory,

51.34 (3) county,

- 52.1 (4) statutory or home rule charter city,  
 52.2 (5) town, or  
 52.3 (6) other public body;  
 52.4 (c) of any  
 52.5 (1) committee,  
 52.6 (2) subcommittee,  
 52.7 (3) board,  
 52.8 (4) department, or  
 52.9 (5) commission,  
 52.10 of a public body; and  
 52.11 (d) of the governing body or a committee of:  
 52.12 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or  
 52.13 (2) a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775,  
 52.14 or chapter 354A, or sections 31 to 43.

52.15 Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

52.16 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that  
 52.17 a different meaning is intended, the following words and terms, for the purposes of this  
 52.18 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- 52.19 (a) "Commissioner" means the commissioner of revenue.  
 52.20 (b) "Municipality" means:  
 52.21 (1) a home rule charter or statutory city;  
 52.22 (2) an organized town;  
 52.23 (3) a park district subject to chapter 398;  
 52.24 (4) the University of Minnesota;  
 52.25 (5) for purposes of the fire state aid program only, an American Indian tribal  
 52.26 government entity located within a federally recognized American Indian reservation;  
 52.27 (6) for purposes of the police state aid program only, an American Indian tribal  
 52.28 government with a tribal police department which exercises state arrest powers under  
 52.29 section 626.90, 626.91, 626.92, or 626.93;  
 52.30 (7) for purposes of the police state aid program only, the Metropolitan Airports  
 52.31 Commission; and  
 52.32 (8) for purposes of the police state aid program only, the Department of Natural  
 52.33 Resources and the Department of Public Safety with respect to peace officers covered  
 52.34 under chapter 352B.

53.1 (c) "Minnesota Firetown Premium Report" means a form prescribed by the  
53.2 commissioner containing space for reporting by insurers of fire, lightning, sprinkler  
53.3 leakage and extended coverage premiums received upon risks located or to be performed  
53.4 in this state less return premiums and dividends.

53.5 (d) "Firetown" means the area serviced by any municipality having a qualified fire  
53.6 department or a qualified incorporated fire department having a subsidiary volunteer  
53.7 firefighters' relief association.

53.8 (e) "Market value" means latest available market value of all property in a taxing  
53.9 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem  
53.10 taxation obtained from information which appears on abstracts filed with the commissioner  
53.11 of revenue or equalized by the State Board of Equalization.

53.12 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the  
53.13 commissioner for reporting by each fire and casualty insurer of all premiums received  
53.14 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,  
53.15 during the preceding calendar year, with reference to insurance written for insuring against  
53.16 the perils contained in auto insurance coverages as reported in the Minnesota business  
53.17 schedule of the annual financial statement which each insurer is required to file with  
53.18 the commissioner in accordance with the governing laws or rules less return premiums  
53.19 and dividends.

53.20 (g) "Peace officer" means any person:

53.21 (1) whose primary source of income derived from wages is from direct employment  
53.22 by a municipality or county as a law enforcement officer on a full-time basis of not less  
53.23 than 30 hours per week;

53.24 (2) who has been employed for a minimum of six months prior to December 31  
53.25 preceding the date of the current year's certification under subdivision 2, clause (b);

53.26 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

53.27 (4) who is licensed by the Peace Officers Standards and Training Board and is  
53.28 authorized to arrest with a warrant; and

53.29 (5) who is a member of the State Patrol retirement plan or the public employees  
53.30 police and fire fund.

53.31 (h) "Full-time equivalent number of peace officers providing contract service" means  
53.32 the integral or fractional number of peace officers which would be necessary to provide  
53.33 the contract service if all peace officers providing service were employed on a full-time  
53.34 basis as defined by the employing unit and the municipality receiving the contract service.

53.35 (i) "Retirement benefits other than a service pension" means any disbursement  
53.36 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

- 54.1 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:
- 54.2 (1) for the police state aid program ~~and police relief association financial reports:~~
- 54.3 (i) the person who was elected or appointed to the specified position or, in the
- 54.4 absence of the person, another person who is designated by the applicable governing body;
- 54.5 (ii) in a park district, the secretary of the board of park district commissioners;
- 54.6 (iii) in the case of the University of Minnesota, the official designated by the Board
- 54.7 of Regents;
- 54.8 (iv) for the Metropolitan Airports Commission, the person designated by the
- 54.9 commission;
- 54.10 (v) for the Department of Natural Resources or the Department of Public Safety, the
- 54.11 respective commissioner;
- 54.12 (vi) for a tribal police department which exercises state arrest powers under section
- 54.13 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
- 54.14 Indian tribal government; and
- 54.15 (2) for the fire state aid program and fire relief association financial reports, the
- 54.16 person who was elected or appointed to the specified position, or, for governmental
- 54.17 entities other than counties, if the governing body of the governmental entity designates
- 54.18 the position to perform the function, the chief financial official of the governmental entity
- 54.19 or the chief administrative official of the governmental entity.
- 54.20 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
- 54.21 retirement plan established by chapter 353G.

54.22 Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

54.23 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage

54.24 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in

54.25 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction

54.26 with the financial report required pursuant to section 69.051, the clerk of each municipality

54.27 having a duly organized fire department as provided in subdivision 4, or the secretary of

54.28 each independent nonprofit firefighting corporation having a subsidiary incorporated

54.29 firefighters' relief association, whichever is applicable, and the fire chief, shall jointly

54.30 certify the existence of the municipal fire department or of the independent nonprofit

54.31 firefighting corporation, whichever is applicable, which meets the minimum qualification

54.32 requirements set forth in this subdivision, and the fire personnel and equipment of the

54.33 municipal fire department or the independent nonprofit firefighting corporation as of the

54.34 preceding December 31.

55.1 (b) Where retirement coverage is provided by the voluntary statewide lump-sum  
 55.2 volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or  
 55.3 before March 15, annually, the executive director of the Public Employees Retirement  
 55.4 Association shall certify the existence of that coverage for each municipality and the  
 55.5 municipal clerk or independent nonprofit firefighting corporation secretary, whichever  
 55.6 applies, and the applicable fire chief shall certify the fire personnel and fire department  
 55.7 equipment as of the preceding December 31.

55.8 ~~(e) Certification must be made to the commissioner on a form prescribed by the~~  
 55.9 ~~commissioner and shall include any other facts the commissioner may require. The~~  
 55.10 ~~certification must be made to the commissioner in duplicate. Each copy of the certificate~~  
 55.11 ~~must be duly executed and is deemed to be an original. The commissioner shall forward~~  
 55.12 ~~one copy to the auditor of the county wherein the fire department is located and shall~~  
 55.13 ~~retain one copy.~~

55.14 ~~(d) On or before March 15 annually the clerk of each municipality having a duly~~  
 55.15 ~~organized police department and having a duly incorporated relief association shall certify~~  
 55.16 ~~that fact to the county auditor of the county where the police department is located and to~~  
 55.17 ~~the commissioner on a form prescribed by the commissioner together with the other facts~~  
 55.18 ~~the commissioner or auditor may require.~~

55.19 ~~(e)~~ (c) Except as provided in subdivision 2b, on or before March 15 annually, in  
 55.20 order to qualify to receive police state aid, the clerk of each municipality and the auditor of  
 55.21 each county employing one or more peace officers as defined in subdivision 1, clause (g),  
 55.22 shall certify the number of such peace officers to the commissioner on forms prescribed by  
 55.23 the commissioner. Credit for officers employed less than a full year must be apportioned.  
 55.24 Each full month of employment of a qualifying officer during the calendar year entitles the  
 55.25 employing municipality or county to credit for 1/12 of the payment for employment of a  
 55.26 peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment  
 55.27 of a peace officer commences when the peace officer is entered on the payroll of the  
 55.28 respective municipal police department or county sheriff's department. No peace officer  
 55.29 may be included in the certification of the number of peace officers by more than one  
 55.30 ~~municipality or county~~ employing unit for the same month.

55.31 (d) A certification made under this subdivision must be filed with the commissioner,  
 55.32 must be made on a form prescribed by the commissioner, and must include any other facts  
 55.33 that the commissioner requires.

55.34 Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

56.1 Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by  
 56.2 this section is not filed with the commissioner by the due date prescribed by this section,  
 56.3 the commissioner shall notify the county, the municipality, or the nonprofit firefighting  
 56.4 corporation that a portion or all of its current year aid will be forfeited if the certification  
 56.5 is not received within ten days.

56.6 (b) The amount of aid forfeited is equal to the amount of state police aid or state fire  
 56.7 aid determined for the county, the municipality, or the nonprofit firefighting corporation  
 56.8 for the current year, multiplied by five percent for each week or fraction of a week that  
 56.9 this certification is late. The penalty ~~will~~ must be computed beginning ten days after the  
 56.10 postmark date of the commissioner's notification as required under this subdivision. All  
 56.11 forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the  
 56.12 certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

56.13 Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

56.14 Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state  
 56.15 qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and  
 56.16 if it meets the specific requirements of paragraph (c).

56.17 (b) Minimum qualifications for fire state aid include the following:

56.18 (1) having for more than one year an organized fire department and officially  
 56.19 established by the governing body of the municipality or an independent nonprofit  
 56.20 firefighting corporation created under the nonprofit corporation act of this state and  
 56.21 operating exclusively for firefighting purposes and providing retirement and relief benefits  
 56.22 to its members; ~~and~~

56.23 (2) having a separate subsidiary incorporated firefighter's relief and pension  
 56.24 association providing retirement and relief benefits, or participating in the voluntary  
 56.25 statewide lump-sum volunteer firefighter retirement plan, ~~may qualify to receive state aid~~  
 56.26 ~~if it meets the following~~ or, if a paid fire department, having retirement coverage by the  
 56.27 public employees police and fire retirement plan.

56.28 (c) Minimum requirements for fire state aid also include the following or their  
 56.29 equivalent as determined by the state fire marshal by July 1, 1972:

56.30 (a) (1) having ten paid or volunteer firefighters including a fire chief and assistant  
 56.31 fire chief; ~~and;~~

56.32 (b) (2) having regular scheduled meetings and frequent drills including instructions  
 56.33 in firefighting tactics and in the use, care, and operation of all fire apparatus and  
 56.34 equipment; ~~and;~~



57.1            ~~(e)~~ (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or  
 57.2 larger water tank, 300 feet of one inch or larger fire hose in two lines with combination  
 57.3 spray and straight stream nozzles, five-gallon hand pumps–tank extinguisher or equivalent,  
 57.4 dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,  
 57.5 axes, lanterns, fire coats, helmets, and boots,~~and~~;

57.6            ~~(d)~~ (4) having apparatus suitably housed in a building of good construction with  
 57.7 facilities for care of hose and equipment,~~and~~;

57.8            ~~(e)~~ (5) having a reliable and adequate method of receiving fire alarms by telephone  
 57.9 or with electric siren and suitable means of sounding an alarm,~~and~~;

57.10           ~~(f)~~ (6) if response is to be provided outside the corporate limits of the municipality  
 57.11 wherein the fire department is located, ~~the municipality has~~ having another piece of  
 57.12 motorized apparatus to make the response;~~;~~ and

57.13            ~~(g)~~ (7) meeting other requirements that the commissioner establishes by rule.

57.14            Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

57.15            Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to**  
 57.16 **Police Premium Report.** The commissioner shall, at the time of mailing tax forms,  
 57.17 send blank copies of the Minnesota Firetown Premium Report and when applicable the  
 57.18 Minnesota Aid to Police Premium Report to each insurer, including township and farmers  
 57.19 mutual insurance companies licensed to write insurance as described in section 69.011,  
 57.20 subdivision 1, clauses (c) and (f) in this state. These reports ~~shall~~ must contain space  
 57.21 for the insurers name, address, gross premiums less return premiums, dividends, net  
 57.22 premiums, certification and other facts that the commissioner may require.

57.23            Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

57.24            Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers  
 57.25 mutual insurers where applicable, shall return to the commissioner the reports described in  
 57.26 subdivision 1 certified by its secretary and president or chief financial officer.

57.27            (b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate  
 57.28 statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and  
 57.29 extended coverage insurance of all domestic mutual insurers and the total premiums for  
 57.30 all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all  
 57.31 other insurers, less return premiums and dividends received by them on that business  
 57.32 written or done during the preceding calendar year upon property located within the state  
 57.33 or brought into the state for temporary use. The fire and extended coverage portion of  
 57.34 multiperil and multiple peril package premiums and all other combination premiums ~~shall~~

58.1 must be determined by applying percentages determined by the commissioner or by rating  
58.2 bureaus recognized by the commissioner.

58.3 (c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and  
58.4 accurate statement of the total premiums, less return premiums and dividends, on all direct  
58.5 business received by such insurer in this state, or by its agents for it, in cash or otherwise,  
58.6 during the preceding calendar year, with reference to insurance written for perils described  
58.7 in section 69.011, subdivision 1, clause (f).

58.8 Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

58.9 Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of**  
58.10 **report.** (a) When it appears to the commissioner that any insurer has made an incomplete or  
58.11 inaccurate report, the commissioner shall return the report and demand that a complete and  
58.12 accurate report be filed. If the insurer fails to file a report on or before March 1, annually,  
58.13 the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent~~, or fraction  
58.14 thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a  
58.15 corrected report within 30 days after demand, the insurer is liable for the penalties provided  
58.16 in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

58.17 (b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report  
58.18 ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as  
58.19 determined by the commissioner, and additionally the commissioner of commerce may  
58.20 revoke the insurer's certificate of authority.

58.21 (c) Any person whose duty it is to make the report who fails or refuses to make it  
58.22 within 30 days after notification by the commissioner shall be fined an amount of not  
58.23 more than \$1,000.

58.24 (d) Failure of the insurer to receive a reporting form ~~shall~~ does not excuse the insurer  
58.25 from filing the report.

58.26 Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

58.27 Subd. 4. **Determination of qualified state aid recipients; certification to**  
58.28 **commissioner of management and budget.** (a) The commissioner shall determine  
58.29 which municipalities and independent nonprofit firefighting corporations are qualified to  
58.30 receive fire state aid directly or are qualified to receive the benefit of fire state aid paid  
58.31 to the voluntary statewide lump-sum volunteer firefighter retirement plan and which  
58.32 municipalities and counties are qualified to receive police state aid.

58.33 (b) The commissioner shall determine qualification for state aid upon receipt of:

59.1 (1) the fire department personnel and equipment certification or the police department  
59.2 and qualified peace officers certificate, whichever applies, required under section 69.011;

59.3 (2) the financial compliance report required under section 6.495, subdivision 3, if  
59.4 applicable; and

59.5 (3) any other relevant information which comes to the attention of the commissioner.

59.6 (c) Upon completion of the determination, on or before October 1, the commissioner  
59.7 shall calculate the amount of:

59.8 (1) the police state aid which each county or municipality is to receive under  
59.9 subdivisions 5, 6, 7a, and 10; and

59.10 (2) the fire state aid which each municipality or nonprofit firefighting corporation  
59.11 is to receive under subdivisions 5 and 7.

59.12 (d) The commissioner shall certify to the commissioner of management and budget  
59.13 the name of each county or municipality, and the amount of state aid which each county or  
59.14 municipality is to receive, in the case of police state aid. The commissioner shall certify to  
59.15 the commissioner of management and budget the name of each municipality or independent  
59.16 nonprofit firefighting corporation and the amount of state aid which each municipality  
59.17 or independent nonprofit firefighting corporation is to receive directly or the amount of  
59.18 state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is  
59.19 qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

59.20 Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

59.21 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for  
59.22 apportionment, before the addition of the minimum fire state aid allocation amount under  
59.23 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state  
59.24 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to  
59.25 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount  
59.26 must be reduced by the amount required to pay the state auditor's costs and expenses of  
59.27 the audits or exams of the firefighters relief associations.

59.28 The total amount for apportionment in respect to fire state aid must not be less than  
59.29 two percent of the premiums reported to the commissioner by insurers on the Minnesota  
59.30 Firetown Premium Report after subtracting the following amounts:

59.31 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
59.32 exams of the firefighters relief associations; and

59.33 (2) one percent of the premiums reported by town and farmers' mutual insurance  
59.34 companies and mutual property and casualty companies with total assets of \$5,000,000 or  
59.35 less.

60.1 (b) The total amount for apportionment as police state aid is equal to 104 percent  
60.2 of the amount of premium taxes paid to the state on the premiums reported to the  
60.3 commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by~~  
60.4 ~~the amount required to pay the costs and expenses of the state auditor for audits or exams~~  
60.5 ~~of police relief associations.~~ The total amount for apportionment in respect to the police  
60.6 state aid program must not be less than two percent of the amount of premiums reported  
60.7 to the commissioner by insurers on the Minnesota Aid to Police Premium Report after  
60.8 ~~subtracting the amount required to pay the state auditor's cost and expenses of the audits~~  
60.9 ~~or exams of the police relief associations.~~

60.10 (c) The commissioner shall calculate the percentage of increase or decrease reflected  
60.11 in the apportionment over or under the previous year's available state aid using the same  
60.12 premiums as a basis for comparison.

60.13 (d) In addition to the amount for apportionment of police state aid under paragraph  
60.14 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to  
60.15 pay this increase is annually appropriated from the general fund.

60.16 Sec. 14. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

60.17 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

60.18 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
60.19 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
60.20 and/or firefighters relief association qualified under section 69.011, subdivision 4.

60.21 (b) The commissioner shall calculate an initial fire state aid allocation amount for each  
60.22 municipality or fire department under paragraph (c) and, if applicable, a minimum fire state  
60.23 aid allocation amount for each municipality or fire department under paragraph (d). The  
60.24 municipality or fire department must ~~receive~~ be apportioned the larger fire state aid amount.

60.25 (c) The initial fire state aid allocation amount is the amount available for  
60.26 apportionment as fire state aid under subdivision 5, without the inclusion of any additional  
60.27 funding amount to support a minimum fire state aid amount under section 423A.02,  
60.28 subdivision 3, allocated one-half in proportion to the population as shown in the last  
60.29 official statewide federal census for each fire town and one-half in proportion to the market  
60.30 value of each fire town, including (1) the market value of tax-exempt property and (2) the  
60.31 market value of natural resources lands receiving in lieu payments under sections 477A.11  
60.32 to 477A.14, but excluding the market value of minerals. In the case of incorporated or  
60.33 municipal fire departments furnishing fire protection to other cities, towns, or townships  
60.34 as evidenced by valid fire service contracts filed with the commissioner, the distribution  
60.35 must be adjusted proportionately to take into consideration the crossover fire protection

61.1 service. Necessary adjustments must be made to subsequent apportionments. In the case  
61.2 of municipalities or independent fire departments qualifying for the aid, the commissioner  
61.3 shall calculate the state aid for the municipality or relief association on the basis of the  
61.4 population and the market value of the area furnished fire protection service by the fire  
61.5 department as evidenced by duly executed and valid fire service agreements filed with the  
61.6 commissioner. If one or more fire departments are furnishing contracted fire service to a  
61.7 city, town, or township, only the population and market value of the area served by each  
61.8 fire department may be considered in calculating the state aid and the fire departments  
61.9 furnishing service shall enter into an agreement apportioning among themselves the  
61.10 percent of the population and the percent of the market value of each shared service area.  
61.11 The agreement must be in writing and must be filed with the commissioner.

61.12 (d) The minimum fire state aid allocation amount is the amount in addition to the  
61.13 initial fire state allocation amount that is derived from any additional funding amount  
61.14 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
61.15 allocated to municipalities with volunteer firefighters relief associations or covered by the  
61.16 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
61.17 of active volunteer firefighters who are members of the relief association as reported  
61.18 in the annual financial reporting for the calendar year 1993 to the Office of the State  
61.19 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
61.20 fire departments with volunteer firefighters relief associations receive in total at least a  
61.21 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of  
61.22 30 firefighters. If a relief association is established after calendar year 1993 and before  
61.23 calendar year 2000, the number of active volunteer firefighters who are members of the  
61.24 relief association as reported in the annual financial reporting for calendar year 1998  
61.25 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
61.26 shall be used in this determination. If a relief association is established after calendar  
61.27 year 1999, the number of active volunteer firefighters who are members of the relief  
61.28 association as reported in the first annual financial reporting submitted to the Office of  
61.29 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
61.30 determination. If a relief association is terminated as a result of providing retirement  
61.31 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
61.32 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
61.33 of the municipality covered by the statewide plan as certified by the executive director of  
61.34 the Public Employees Retirement Association to the commissioner and the state auditor,  
61.35 but not to exceed 30 active firefighters, must be used in this determination.

62.1 (e) Unless the firefighters of the applicable fire department are members of the  
62.2 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
62.3 be paid to the treasurer of the municipality where the fire department is located and the  
62.4 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
62.5 the aid to the relief association if the relief association has filed a financial report with the  
62.6 treasurer of the municipality and has met all other statutory provisions pertaining to the  
62.7 aid apportionment. If the firefighters of the applicable fire department are members of  
62.8 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
62.9 must be paid to the executive director of the Public Employees Retirement Association  
62.10 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

62.11 (f) The commissioner may make rules to permit the administration of the provisions  
62.12 of this section.

62.13 (g) Any adjustments needed to correct prior misallocations must be made to  
62.14 subsequent fire state aid apportionments.

62.15 Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

62.16 Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided  
62.17 for under subdivision 10, the commissioner shall apportion the police state aid to each  
62.18 municipality ~~and~~ to the each county, to the Department of Natural Resources, and to the  
62.19 Department of Public Safety in the following manner:

62.20 (1) for all municipalities maintaining police departments, counties, the Department  
62.21 of Natural Resources, and the Department of Public Safety, the police state aid must be  
62.22 distributed in proportion to the relationship that the total number of peace officers, as  
62.23 determined under section 69.011, subdivision 1, ~~clause paragraph~~ paragraph (g), and subdivision  
62.24 2, ~~clause paragraph~~ paragraph (b), employed by that employing unit for 12 calendar months and  
62.25 the proportional or fractional number who were employed less than 12 months bears  
62.26 to the total number of peace officers employed by all municipalities ~~and~~ counties, the  
62.27 Department of Natural Resources, and the Department of Public Safety, subject to any  
62.28 reduction under subdivision 10;

62.29 (2) for each municipality which contracts with the county for police service, a  
62.30 proportionate amount of the state aid distributed to the county based on the full-time  
62.31 equivalent number of peace officers providing contract service to that municipality must  
62.32 be credited against the municipality's contract obligation; and

62.33 (3) for each municipality which contracts with another municipality for police  
62.34 service, a proportionate amount of the state aid distributed to the municipality providing  
62.35 contract service based on the full-time equivalent number of peace officers providing

63.1 contract service to that municipality on a full-time equivalent basis must be credited  
63.2 against the contract obligation of the municipality receiving contract service.

63.3 (b) Any necessary additional adjustments must be made to subsequent police state  
63.4 aid apportionments.

63.5 Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

63.6 Subd. 8. **Population and market value.** (a) In computations relating to fire state aid  
63.7 requiring the use of population figures, only official statewide federal census figures ~~are~~  
63.8 ~~to~~ may be used. Increases or decreases in population disclosed by reason of any special  
63.9 census must not be taken into consideration.

63.10 (b) In calculations relating to fire state aid requiring the use of market value property  
63.11 figures, only the latest available market value property figures may be used.

63.12 Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

63.13 Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief  
63.14 association, a police relief association, the Department of Natural Resources, the  
63.15 Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter  
63.16 retirement plan, feels itself to be aggrieved, it may request the commissioner to review  
63.17 and adjust the apportionment of funds within the county in the case of police state aid, or  
63.18 within the state in the case of fire state aid.

63.19 (b) The decision of the commissioner is subject to appeal, review, and adjustment  
63.20 by the district court in the county in which the applicable municipality, fire department,  
63.21 or police department is located or by the Ramsey County District Court with respect to  
63.22 the Department of Natural Resources, the Department of Public Safety, or the voluntary  
63.23 statewide lump-sum volunteer firefighter retirement plan.

63.24 Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

63.25 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of  
63.26 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph  
63.27 (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

63.28 (b) "Excess police state aid" is:

63.29 (1) for counties and for municipalities in which police retirement coverage is  
63.30 provided wholly by the public employees police and fire fund and all police officers are  
63.31 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the  
63.32 employer's total prior calendar year obligation as defined in paragraph (c), as certified by  
63.33 the executive director of the Public Employees Retirement Association;

64.1           (2) for municipalities in which police retirement coverage is provided in part by the  
64.2 public employees police and fire fund governed by sections 353.63 to 353.657 and in  
64.3 part by a local police consolidation account governed by chapter 353A, and established  
64.4 before March 2, 1999, for which the municipality declined merger under section 353.665,  
64.5 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's  
64.6 total prior calendar year obligation as defined in paragraph (c), plus the amount of the  
64.7 employer's total prior calendar year obligation under section 353A.09, subdivision 5,  
64.8 paragraphs (a) and (b), as certified by the executive director of the Public Employees  
64.9 Retirement Association;

64.10           (3) for municipalities in which police retirement coverage is provided by the public  
64.11 employees police and fire plan governed by sections 353.63 to 353.657, in which police  
64.12 retirement coverage was provided by a police consolidation account under chapter  
64.13 353A before July 1, 1999, and for which the municipality has an additional municipal  
64.14 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of  
64.15 the employer's total prior calendar year obligation as defined in paragraph (c), plus the  
64.16 amount of any additional municipal contribution under section 353.665, subdivision 8,  
64.17 paragraph (b), until the year 2010, as certified by the executive director of the Public  
64.18 Employees Retirement Association;

64.19           (4) (2) for municipalities in which police retirement coverage is provided in part by  
64.20 the public employees police and fire fund governed by sections 353.63 to 353.657 and in  
64.21 part by a local police relief association governed by sections 69.77 and 423A.01 the cities  
64.22 of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar  
64.23 year obligation as defined in paragraph (c), as certified by the executive director of the  
64.24 public employees retirement association, plus the amount of the financial requirements of  
64.25 the relief association certified to the applicable municipality during the prior calendar year  
64.26 under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions  
64.27 deducted from the covered salary of the relief association during the prior calendar year  
64.28 under section 69.77, subdivision 3, as certified by the chief administrative officer of the  
64.29 applicable municipality any additional municipal contribution under section 353.668,  
64.30 subdivision 6, or 353.669, subdivision 6;

64.31           (5) (3) for the Metropolitan Airports Commission, the amount in excess of the  
64.32 commission's total prior calendar year obligation as defined in paragraph (c), as certified  
64.33 by the executive director of the Public Employees Retirement Association; and

64.34           (6) (4) for the Department of Natural Resources and for the Department of Public  
64.35 Safety, the amount in excess of the employer's total prior calendar year obligation under  
64.36 section 352B.02, subdivision 1c, for plan members who are peace officers under section



65.1 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota  
65.2 State Retirement System.

65.3 (c) The employer's total prior calendar year obligation with respect to the public  
65.4 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar  
65.5 year obligation under section 353.65, subdivision 3, for police officers as defined in  
65.6 section 353.64, subdivision 2, and the actual total prior calendar year obligation under  
65.7 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision  
65.8 3, but not to exceed for those firefighters the applicable following amounts employer  
65.9 calendar year amount:

65.10	Municipality	Maximum Amount
65.11	Albert Lea	\$54,157.01
65.12	Anoka	10,399.31
65.13	Apple Valley	5,442.44
65.14	Austin	49,864.73
65.15	Bemidji	27,671.38
65.16	Brooklyn Center	6,605.92
65.17	Brooklyn Park	24,002.26
65.18	Burnsville	15,956.00
65.19	Cloquet	4,260.49
65.20	Coon Rapids	39,920.00
65.21	Cottage Grove	8,588.48
65.22	Crystal	5,855.00
65.23	East Grand Forks	51,009.88
65.24	Edina	32,251.00
65.25	Elk River	5,216.55
65.26	Ely	13,584.16
65.27	Eveleth	16,288.27
65.28	Fergus Falls	6,742.00
65.29	Fridley	33,420.64
65.30	Golden Valley	11,744.61
65.31	Hastings	16,561.00
65.32	Hopkins	4,324.23
65.33	International Falls	14,400.69
65.34	Lakeville	782.35
65.35	Lino Lakes	5,324.00
65.36	Little Falls	7,889.41
65.37	Maple Grove	6,707.54
65.38	Maplewood	8,476.69
65.39	Minnnetonka	10,403.00
65.40	Montevideo	1,307.66
65.41	Moorhead	68,069.26
65.42	New Hope	6,739.72

66.1	North St. Paul	4,241.14
66.2	Northfield	770.63
66.3	Owatonna	37,292.67
66.4	Plymouth	6,754.71
66.5	Red Wing	3,504.01
66.6	Richfield	53,757.96
66.7	Rosemount	1,712.55
66.8	Roseville	9,854.51
66.9	St. Anthony	33,055.00
66.10	St. Louis Park	53,643.11
66.11	Thief River Falls	28,365.04
66.12	Virginia	31,164.46
66.13	Waseca	11,135.17
66.14	West St. Paul	15,707.20
66.15	White Bear Lake	6,521.04
66.16	Woodbury	3,613.00
66.17	any other municipality	0.00

66.18 (d) The total amount of excess police state aid must be deposited in the excess  
66.19 police state-aid account in the general fund, administered and distributed as provided  
66.20 in subdivision 11.

66.21 Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

66.22 Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid  
66.23 holding account is established in the general fund. The excess police state-aid holding  
66.24 account must be administered by the commissioner.

66.25 (b) Excess police state aid determined according to subdivision 10, must be  
66.26 deposited annually in the excess police state-aid holding account.

66.27 (c) From the balance in the excess police state-aid holding account, \$900,000 must  
66.28 be canceled annually to the general fund.

66.29 ~~(d) If a police officer stress reduction program is created by law and money is~~  
66.30 ~~appropriated for that program, an amount equal to that appropriation must be transferred~~  
66.31 ~~to the administrator of that program from the balance in the excess police state-aid holding~~  
66.32 ~~account.~~

66.33 ~~(e)~~ (d) On October 1 of each year, one-half of the balance of the excess police  
66.34 state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~  
66.35 paragraph (c) ~~and (d)~~ is appropriated for additional amortization aid under section  
66.36 423A.02, subdivision 1b.

66.37 ~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account,  
66.38 after the deductions under paragraphs (c); and (d); ~~and (e)~~, cancels to the general fund.

67.1 Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

67.2 Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management  
67.3 and budget shall issue to the Public Employees Retirement Association on behalf of  
67.4 a municipality or independent nonprofit firefighting corporation that is a member of the  
67.5 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G<sub>2</sub>  
67.6 to the Department of Natural Resources, to the Department of Public Safety, or to the  
67.7 county, municipality, or independent nonprofit firefighting corporation certified to the  
67.8 commissioner of management and budget by the commissioner a warrant for an amount  
67.9 equal to the amount of fire state aid or police state aid, whichever applies, certified for the  
67.10 applicable state aid recipient by the commissioner under section 69.021.

67.11 (b) Fire state aid and police state aid is payable on October 1 annually. The amount  
67.12 of state aid due and not paid by October 1 accrues interest payable to the state aid recipient  
67.13 at the rate of one percent for each month or part of a month that the amount remains  
67.14 unpaid after October 1.

67.15 Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

67.16 Subd. 3. **Appropriations.** There is hereby appropriated annually from the state  
67.17 general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the  
67.18 police state aid payments and the fire state aid payments specified in this section and  
67.19 section 69.021.

67.20 Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

67.21 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
67.22 firefighting corporation is covered by the voluntary statewide lump-sum volunteer  
67.23 firefighter retirement plan under chapter 353G, the executive director shall credit the fire  
67.24 state aid against future municipal contribution requirements under section 353G.08 and  
67.25 shall notify the municipality or independent nonprofit firefighting corporation of the fire  
67.26 state aid so credited at least annually. If the municipality or the independent nonprofit  
67.27 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer  
67.28 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,  
67.29 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief  
67.30 association if there is one organized and the association has filed a financial report with the  
67.31 municipality. If the relief association has not filed a financial report with the municipality,  
67.32 the municipal treasurer shall delay transmission of the fire state aid to the relief association  
67.33 until the complete financial report is filed. If the municipality or independent nonprofit  
67.34 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer

68.1 firefighter retirement plan, if there is no relief association organized, or if the association  
68.2 has dissolved or has been removed as trustees of state aid, then the treasurer of the  
68.3 municipality shall deposit the money in the municipal treasury and the money may be  
68.4 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the  
68.5 payment of the employer contribution requirement with respect to firefighters covered by  
68.6 the public employees police and fire retirement plan under section 353.65, subdivision 3.

68.7 ~~(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the~~  
68.8 ~~police state aid in the following manner:~~

68.9 ~~(1) For a municipality in which a local police relief association exists and all peace~~  
68.10 ~~officers are members of the association, the total state aid must be transmitted to the~~  
68.11 ~~treasurer of the relief association within 30 days of the date of receipt, and the treasurer~~  
68.12 ~~of the relief association shall immediately deposit the total state aid in the special fund~~  
68.13 ~~of the relief association;~~

68.14 ~~(2) (b) For a municipality in which police retirement coverage is provided by the~~  
68.15 ~~public employees police and fire fund and all peace officers are members of the fund,~~  
68.16 ~~including municipalities covered by section 353.665, the total state aid must be applied~~  
68.17 ~~toward the municipality's employer contribution to the public employees police and~~  
68.18 ~~fire fund under sections 353.65, subdivision 3, and ~~353.665~~ 353.668, subdivision 8 6,~~  
68.19 ~~paragraph (b) or 353.669, subdivision 6, if applicable; or.~~

68.20 ~~(3) For a municipality other than a city of the first class with a population of more~~  
68.21 ~~than 300,000 in which both a police relief association exists and police retirement~~  
68.22 ~~coverage is provided in part by the public employees police and fire fund, the municipality~~  
68.23 ~~may elect at its option to transmit the total state aid to the treasurer of the relief association~~  
68.24 ~~as provided in clause (1), to use the total state aid to apply toward the municipality's~~  
68.25 ~~employer contribution to the public employees police and fire fund subject to all the~~  
68.26 ~~provisions set forth in clause (2), or to allot the total state aid proportionately to be~~  
68.27 ~~transmitted to the police relief association as provided in this subdivision and to apply~~  
68.28 ~~toward the municipality's employer contribution to the public employees police and fire~~  
68.29 ~~fund subject to the provisions of clause (2) on the basis of the respective number of active~~  
68.30 ~~full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).~~

68.31 ~~For a city of the first class with a population of more than 300,000, in addition, the~~  
68.32 ~~city may elect to allot the appropriate portion of the total police state aid to apply toward~~  
68.33 ~~the employer contribution of the city to the public employees police and fire fund based~~  
68.34 ~~on the covered salary of police officers covered by the fund each payroll period and to~~  
68.35 ~~transmit the balance to the police relief association; or~~

69.1 ~~(4) For a municipality in which police retirement coverage is provided in part by~~  
69.2 ~~the public employees police and fire fund and in part by a local police consolidation~~  
69.3 ~~account governed by chapter 353A and established before March 2, 1999, for which the~~  
69.4 ~~municipality declined merger under section 353.665, subdivision 1, or established after~~  
69.5 ~~March 1, 1999, the total police state aid must be applied towards the municipality's total~~  
69.6 ~~employer contribution to the public employees police and fire fund and to the local police~~  
69.7 ~~consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.~~

69.8 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
69.9 apply the total state aid toward the county's employer contribution to the public employees  
69.10 police and fire fund under section 353.65, subdivision 3.

69.11 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
69.12 police state aid for the Metropolitan Airports Commission, shall apply the total police  
69.13 state aid toward the commission's employer contribution for police officers to the public  
69.14 employees police and fire plan under section 353.65, subdivision 3.

69.15 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
69.16 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
69.17 management and budget for transfer to the funds and accounts from which the salaries of  
69.18 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner  
69.19 of revenue shall certify to the commissioners of public safety, natural resources, and  
69.20 management and budget the amounts to be transferred from the appropriation for police  
69.21 state aid. The commissioners of public safety and natural resources shall certify to the  
69.22 commissioner of management and budget the amounts to be credited to each of the funds  
69.23 and accounts from which the peace officers employed by their respective departments are  
69.24 paid. Each commissioner shall allocate the police state aid first for employer contributions  
69.25 for employees funded from the general fund and then for employer contributions for  
69.26 employees funded from other funds. For peace officers whose salaries are paid from the  
69.27 general fund, the amounts transferred from the appropriation for police state aid must  
69.28 be canceled to the general fund.

69.29 Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

69.30 **69.041 SHORTFALL FROM GENERAL FUND.**

69.31 (a) If the annual funding requirements of fire or police relief associations or  
69.32 consolidation accounts under sections ~~69.77~~, 69.771 to 69.775, or 353A.09, or sections  
69.33 31 to 43, exceed all applicable revenue sources of a given year, including the insurance  
69.34 premium taxes funding the applicable fire or police state aid as set under section 297I.05,

70.1 subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid  
70.2 from the general fund to the extent appropriated by the legislature.

70.3 (b) Nothing in this section may be deemed to relieve any municipality from its  
70.4 obligation to a relief association or consolidation account under law.

70.5 Sec. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

70.6 Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried~~  
70.7 ~~firefighters~~ the Bloomington Fire Department Relief Association, police relief association,  
70.8 and each volunteer firefighters relief association as defined in section 424A.001,  
70.9 subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior  
70.10 year or in any previous year, according to the applicable actuarial valuation or according  
70.11 to the financial report if no valuation is required, shall prepare a financial report covering  
70.12 the special and general funds of the relief association for the preceding fiscal year, file the  
70.13 financial report, and submit financial statements.

70.14 (b) The financial report must contain financial statements and disclosures which  
70.15 present the true financial condition of the relief association and the results of relief  
70.16 association operations in conformity with generally accepted accounting principles and in  
70.17 compliance with the regulatory, financing and funding provisions of this chapter and any  
70.18 other applicable laws. The financial report must be countersigned by:

70.19 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
70.20 association is located if the relief association is a firefighters relief association which is  
70.21 directly associated with a municipal fire department ~~or is a police relief association~~; or

70.22 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population  
70.23 which contracts with the independent nonprofit firefighting corporation if the volunteer  
70.24 firefighter relief association is a subsidiary of an independent nonprofit firefighting  
70.25 corporation and by the secretary of the independent nonprofit firefighting corporation; or

70.26 (3) by the chief financial official of the county in which the volunteer firefighter  
70.27 relief association is located or primarily located if the relief association is associated with  
70.28 a fire department that is not located in or associated with an organized municipality.

70.29 (c) The financial report must be retained in its office for public inspection and must  
70.30 be filed with the governing body of the government subdivision in which the associated  
70.31 fire department is located after the close of the fiscal year. One copy of the financial report  
70.32 must be furnished to the state auditor after the close of the fiscal year.

70.33 (d) Audited financial statements must be attested to by a certified public accountant  
70.34 or by the state auditor and must be filed with the state auditor within 180 days after the

71.1 close of the fiscal year. The state auditor may accept this report in lieu of the report  
71.2 required in paragraph (c).

71.3 Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

71.4 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief  
71.5 association, as defined in section 424A.001, subdivision 4, that is not required to file a  
71.6 financial report and audit under subdivision 1 must prepare a detailed statement of the  
71.7 financial affairs for the preceding fiscal year of the relief association's special and general  
71.8 funds in the style and form prescribed by the state auditor. The detailed statement must  
71.9 show:

71.10 (1) the sources and amounts of all money received;

71.11 (2) all disbursements, accounts payable and accounts receivable;

71.12 (3) the amount of money remaining in the treasury;

71.13 (4) total assets, including a listing of all investments;

71.14 (5) the accrued liabilities; and

71.15 (6) all other items necessary to show accurately the revenues and expenditures and  
71.16 financial position of the relief association.

71.17 (b) The detailed financial statement required under paragraph (a) must be certified  
71.18 by an independent public accountant or auditor or by the auditor or accountant who  
71.19 regularly examines or audits the financial transactions of the municipality. In addition to  
71.20 certifying the financial condition of the special and general funds of the relief association,  
71.21 the accountant or auditor conducting the examination shall give an opinion as to the  
71.22 condition of the special and general funds of the relief association, and shall comment  
71.23 upon any exceptions to the report. The independent accountant or auditor must have at  
71.24 least five years of public accounting, auditing, or similar experience, and must not be an  
71.25 active, inactive, or retired member of the relief association or the fire or police department.

71.26 (c) The detailed statement required under paragraph (a) must be countersigned by:

71.27 (1) the municipal clerk or clerk-treasurer of the municipality; or

71.28 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest  
71.29 municipality in population which contracts with the independent nonprofit firefighting  
71.30 corporation if the relief association is a subsidiary of an independent nonprofit firefighting  
71.31 corporation and by the secretary of the independent nonprofit firefighting corporation; or

71.32 (3) by the chief financial official of the county in which the volunteer firefighter  
71.33 relief association is located or primarily located if the relief association is associated with  
71.34 a fire department that is not located in or associated with an organized municipality.

72.1 (d) The volunteer firefighters' relief association board must file the detailed statement  
 72.2 required under paragraph (a) in the relief association office for public inspection and  
 72.3 present it to the ~~city council~~ governing body of the municipality within 45 days after the  
 72.4 close of the fiscal year, and must submit a copy of the detailed statement to the state  
 72.5 auditor within 90 days of the close of the fiscal year.

72.6 Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

72.7 Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief  
 72.8 association of hardship or an inability to conform, extend the deadline for reports under  
 72.9 subdivisions 1 or 1a, but not beyond November 30th following the due date. If the  
 72.10 reports are not received by November 30th, the municipality or relief association ~~will~~  
 72.11 ~~forfeit~~ forfeits its current year state aid, and<sub>2</sub> until the state auditor receives the required  
 72.12 information, the relief association or municipality ~~will be~~ is ineligible to receive any  
 72.13 future state aid. A municipality or ~~police or~~ firefighters' relief association ~~shall~~ does not  
 72.14 qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under  
 72.15 this chapter if the financial reporting requirement or the applicable requirements of this  
 72.16 chapter or any other statute or special law have not been complied with or are not fulfilled.

72.17 Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

72.18 Subd. 2. **Treasurers bond.** ~~No (a) The treasurer of a~~ the Bloomington Fire  
 72.19 Department Relief Association governed by section 69.77 shall may not enter upon duties  
 72.20 without having given the association a bond in a reasonable amount acceptable to the  
 72.21 municipality for the faithful discharge of duties according to law.

72.22 (b) No treasurer of a relief association governed by sections 69.771 to 69.776 ~~shall~~  
 72.23 may enter upon the duties of the office until the treasurer has given the association a good  
 72.24 and sufficient bond in an amount equal to at least ten percent of the assets of the relief  
 72.25 association; however, the amount of the bond need not exceed \$500,000.

72.26 Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

72.27 Subd. 3. **Report by certain municipalities.** (a) The chief administrative officer  
 72.28 of each municipality which has an organized fire department but which does not have a  
 72.29 firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and  
 72.30 which is not exempted under paragraph (b) shall annually prepare a detailed financial  
 72.31 report of the receipts and disbursements by the municipality for fire protection service  
 72.32 during the preceding calendar year; on a form prescribed by the state auditor. The financial  
 72.33 report must contain any information which the state auditor deems necessary to disclose



73.1 the sources of receipts and the purpose of disbursements for fire protection service.  
 73.2 The financial report must be signed by the municipal clerk or clerk-treasurer of the  
 73.3 municipality. The financial report must be filed by the municipal clerk or clerk-treasurer  
 73.4 with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify  
 73.5 initially to receive, ~~or be~~ and is not entitled subsequently to retain, state aid under this  
 73.6 chapter if the financial reporting requirement or the applicable requirements of this chapter  
 73.7 or any other statute or special law have not been complied with or are not fulfilled.

73.8 (b) Each municipality that has an organized fire department and provides retirement  
 73.9 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter  
 73.10 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and  
 73.11 retained in the statewide lump-sum volunteer firefighter retirement fund without filing  
 73.12 a detailed financial report if the executive director of the Public Employees Retirement  
 73.13 Association certifies compliance by the municipality with the requirements of sections  
 73.14 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief  
 73.15 with the requirements of section 353G.07.

73.16 Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

73.17 Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor,<sub>2</sub>  
 73.18 in performing an audit or examination,<sub>2</sub> shall notify the Legislative Commission on  
 73.19 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or  
 73.20 nonfeasance in office by relief association officials or municipal officials.

73.21 (b) The commissioner shall notify the Legislative Commission on Pensions and  
 73.22 Retirement if the state auditor has not filed the required financial compliance reports  
 73.23 by July 1.

73.24 Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

73.25 **69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE**  
 73.26 **COMPANIES.**

73.27 For purposes of the first class city fire insurance premium tax surcharge aid program  
 73.28 under section 297I.10, the commissioner shall enclose in the annual statement blank that is  
 73.29 sent to all fire insurance companies doing business in this state a blank form containing  
 73.30 the names of all cities of the first class and require these companies, at the time of making  
 73.31 their annual statements to the commissioner, to state on these blanks the amount of  
 73.32 premiums received by them upon properties insured within the corporate limits of the  
 73.33 cities named thereon during the year ending December 31st last past. Thereafter, before  
 73.34 July first each year, the commissioner shall certify to the commissioner of management

74.1 and budget the information thus obtained, together with the amount of the tax for the  
 74.2 benefit of the pension plans covering firefighters in cities of the first class paid in such  
 74.3 year by these companies upon these insurance premiums.

74.4 Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

74.5 Subdivision 1. **Conditioned employer support for a the Bloomington Fire**  
 74.6 **Department Relief Association.** (a) Notwithstanding any law to the contrary, only  
 74.7 if the ~~municipality~~ city of Bloomington and the Bloomington Fire Department Relief  
 74.8 Association comply with the provisions of this section, a ~~municipality~~ the city of  
 74.9 Bloomington may contribute public funds, including any applicable police or fire state  
 74.10 aid, or levy property taxes for the support of a ~~police or firefighters'~~ the Bloomington  
 74.11 Fire Department Relief Association, ~~enumerated in subdivision 1a, however organized,~~  
 74.12 ~~which provides retirement coverage or pays a service pension to a retired police officer or~~  
 74.13 ~~firefighter or a retirement benefit to a surviving dependent of either an active or retired~~  
 74.14 ~~police officer or firefighter, and~~ for the operation and maintenance of the relief association.

74.15 (b) The commissioner shall not include in the apportionment of ~~police or fire state~~  
 74.16 ~~aid to the county auditor under section 69.021, subdivision 6, any municipality in which~~  
 74.17 ~~there exists a local police or salaried firefighters' relief association as enumerated in~~  
 74.18 ~~subdivision 1a which~~ the city of Bloomington if the Bloomington Fire Department Relief  
 74.19 Association does not comply with the provisions of this section or the provisions of any  
 74.20 applicable special law relating to the funding or financing of the association and ~~that~~  
 74.21 ~~municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled  
 74.22 subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason  
 74.23 for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington,  
 74.24 if otherwise qualified, is entitled to again receive fire state aid for the year occurring  
 74.25 immediately subsequent to the year in which the disqualification is remedied.

74.26 (c) The state auditor and the commissioner shall determine if a ~~municipality with a~~  
 74.27 ~~local police or salaried firefighters' relief association fails~~ the city of Bloomington and the  
 74.28 Bloomington Fire Department Relief Association ~~fail~~ fail to comply with the provisions of  
 74.29 this section or the funding or financing provisions of any applicable special law.

74.30 Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

74.31 Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not  
 74.32 apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision~~  
 74.33 ~~1a~~ if the requirements of subdivisions 3 to 10 are met.

75.1 Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 3, is amended to read:

75.2 Subd. 3. **Minimum member contribution.** (a) Each active full-time member of  
75.3 the Bloomington Fire Department Relief Association must pay into the special fund of  
75.4 the association during a year of covered service, a contribution for retirement coverage,  
75.5 including survivorship benefits, of not less than eight percent of the maximum rate of  
75.6 salary upon which retirement coverage is credited and service pension and retirement  
75.7 benefit amounts are determined. The member contributions must be made by payroll  
75.8 deduction from the salary of the member by the ~~municipality~~ city of Bloomington, and  
75.9 must be transmitted by the ~~municipality~~ city of Bloomington to the relief association as  
75.10 soon as practical. The relief association shall deposit the member contribution to the credit  
75.11 of the special fund of the relief association.

75.12 (b) The member contribution requirement specified in this subdivision does not  
75.13 apply to any members who are volunteer firefighters or who are not employed full time  
75.14 as firefighters.

75.15 Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

75.16 Subd. 4. **Relief association financial requirements; minimum municipal**  
75.17 **obligation.** (a) The officers of the Bloomington Fire Department Relief Association  
75.18 shall determine the financial requirements of the relief association and the minimum  
75.19 obligation of the ~~municipality~~ city of Bloomington for the following calendar year in  
75.20 accordance with the requirements of this subdivision. The financial requirements of the  
75.21 relief association and the minimum obligation of the ~~municipality~~ city of Bloomington  
75.22 must be determined on or before the submission date established by the ~~municipality~~  
75.23 city of Bloomington under subdivision 5.

75.24 (b) The financial requirements of the relief association for the following calendar  
75.25 year must be based on the most recent actuarial valuation or survey of the special fund of  
75.26 the association if more than one fund is maintained by the association, or of the association,  
75.27 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions  
75.28 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared  
75.29 by the actuary of the relief association as part of obtaining a modification of the benefit  
75.30 plan of the relief association and the modification is implemented, the actuarial estimate  
75.31 must be used in calculating the subsequent financial requirements of the relief association.

75.32 (c) If the relief association has an unfunded actuarial accrued liability as reported in  
75.33 the most recent actuarial valuation or survey, the total of the amounts calculated under  
75.34 clauses (1), (2), and (3), constitute the financial requirements of the relief association for  
75.35 the following year. If the relief association does not have an unfunded actuarial accrued

76.1 liability as reported in the most recent actuarial valuation or survey, the amount calculated  
76.2 under clauses (1) and (2) constitute the financial requirements of the relief association for  
76.3 the following year. The financial requirement elements are:

76.4 (1) the normal level cost requirement for the following year, expressed as a dollar  
76.5 amount, which must be determined by applying the normal level cost of the relief  
76.6 association as reported in the actuarial valuation or survey and expressed as a percentage  
76.7 of covered payroll to the estimated covered payroll of the active membership of the relief  
76.8 association, including any projected change in the active membership, for the following  
76.9 year;

76.10 (2) ~~for the Bloomington Fire Department Relief Association~~, to the dollar amount  
76.11 of normal cost determined under clause (1) must be added an amount equal to the dollar  
76.12 amount of the administrative expenses of the special fund of the association if more  
76.13 than one fund is maintained by the association, or of the association if only one fund is  
76.14 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative  
76.15 expenses are those authorized under section 69.80; and

76.16 (3) to the dollar amount of normal cost and expenses determined under clauses  
76.17 (1) and (2) must be added an amount equal to the level annual dollar amount which  
76.18 is sufficient to amortize the unfunded actuarial accrued liability as determined from  
76.19 the actuarial valuation or survey of the fund, using an interest assumption set at the  
76.20 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization  
76.21 date as specified in paragraph (d).

76.22 ~~(d) The Bloomington Fire Department Relief Association~~ special fund amortization  
76.23 date is determined under section 356.216, clause (2). The amortization date specified in  
76.24 this paragraph supersedes any amortization date specified in any applicable special law.

76.25 (d) If the actuarial value of the assets of the special fund of the relief association  
76.26 exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the  
76.27 special fund of the relief association, the financial requirements of the relief association are  
76.28 the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the  
76.29 amount by which the actuarial value of the assets of the special fund of the relief association  
76.30 exceeds the actuarial accrued liability of the special fund of the relief association.

76.31 (e) The minimum obligation of the municipality is an amount equal to the financial  
76.32 requirements of the relief association reduced by the estimated amount of member  
76.33 contributions from covered salary anticipated for the following calendar year and the  
76.34 estimated ~~amounts~~ amount anticipated for the following calendar year from the ~~applicable~~  
76.35 fire state aid program established under sections 69.011 to 69.051 receivable by the relief  
76.36 association after any allocation made under section 69.031, subdivision 5, paragraph (b),

77.1 ~~clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police~~  
77.2 ~~and salaried firefighters' relief association amortization aid program established under~~  
77.3 ~~section 423A.02, subdivision 1, from the supplementary amortization state-aid program~~  
77.4 ~~established under section 423A.02, subdivision 1a, and from the additional amortization~~  
77.5 ~~state aid under section 423A.02, subdivision 1b.~~

77.6 Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

77.7 Subd. 5. **Determination submission.** The officers of the relief association shall  
77.8 submit the determination of the financial requirements of the relief association and of the  
77.9 minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council  
77.10 on or before the date established by the ~~municipality~~ city of Bloomington, which may  
77.11 not be earlier than August 1 and may not be later than September 1 of each year. The  
77.12 ~~governing body of the municipality~~ Bloomington City Council must ascertain whether or  
77.13 not the determinations were prepared in accordance with law.

77.14 Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

77.15 Subd. 6. **Municipal payment.** (a) The ~~municipality~~ city of Bloomington shall  
77.16 provide for and shall pay, each year, at least the amount of the minimum obligation of the  
77.17 ~~municipality~~ city of Bloomington to the Bloomington Fire Department Relief Association.

77.18 (b) If there is any deficiency in the municipal payment to meet the minimum  
77.19 obligation of the ~~municipality~~ city of Bloomington as of the end of any calendar year, the  
77.20 amount of the deficiency must be added to the minimum obligation of the ~~municipality~~ city  
77.21 of Bloomington for the following year calculated under subdivision 4 and must include  
77.22 interest at the compound rate of six percent per annum from the date that the ~~municipality~~  
77.23 city of Bloomington was required to make payment under this subdivision until the date  
77.24 that the ~~municipality~~ city of Bloomington actually makes the required payment.

77.25 Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

77.26 Subd. 7. **Budget inclusion.** (a) The ~~municipality~~ city of Bloomington shall provide  
77.27 in the annual municipal budget for at least the minimum obligation of the municipality  
77.28 calculated under subdivision 4.

77.29 (b) The ~~municipality~~ city of Bloomington may levy taxes for the payment of the  
77.30 minimum obligation of the ~~municipality~~ city of Bloomington without any limitation as to  
77.31 rate or amount and irrespective of limitations imposed by other provisions of law upon the  
77.32 rate or amount of taxation when the balance of the special fund or any fund of the relief  
77.33 association has attained a specified minimum asset level. In addition, any taxes levied

78.1 under this section may not cause the amount or rate of other taxes levied in that year or to  
78.2 be levied in a subsequent year by the ~~municipality~~ city of Bloomington which are subject  
78.3 to a limitation as to rate or amount to be reduced.

78.4 (c) If the ~~municipality~~ city of Bloomington does not include the full amount of  
78.5 the minimum obligation of the ~~municipality~~ city of Bloomington in the levy that the  
78.6 ~~municipality~~ city of Bloomington certified to the Hennepin County auditor in any year, the  
78.7 officers of the relief association shall certify the amount of any deficiency to the Hennepin  
78.8 County auditor. Upon verifying the existence of any deficiency in the levy certified by  
78.9 the ~~municipality~~ city of Bloomington, the Hennepin County auditor shall spread a levy  
78.10 over the taxable property of the ~~municipality~~ city of Bloomington in the amount of the  
78.11 deficiency certified to by the officers of the relief association.

78.12 Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

78.13 Subd. 8. **Accelerated amortization.** Any sums of money paid by the ~~municipality~~  
78.14 city of Bloomington to the relief association in excess of the minimum obligation of the  
78.15 ~~municipality~~ city of Bloomington in any year must be used to amortize any unfunded  
78.16 actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

78.17 Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

78.18 Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special~~  
78.19 ~~fund~~ funds of the association must be invested in securities that are authorized investments  
78.20 under section 356A.06, subdivision 6 or 7, whichever applies.

78.21 (b) The governing board of the Bloomington Fire Department Relief Association  
78.22 may select and appoint a qualified private firm to measure management performance and  
78.23 return on investment, and the firm must use the formula or formulas developed by the  
78.24 State Board of Investment under section 11A.04, clause (11). The governing board of the  
78.25 Bloomington Fire Department Relief Association may certify general fund assets of the  
78.26 relief association for investment by the State Board of Investment in fixed income pools  
78.27 or in a separately managed account at the discretion of the State Board of Investment  
78.28 as provided in section 11A.14.

78.29 ~~(c) The governing board of the association may certify general fund assets of the~~  
78.30 ~~relief association for investment by the State Board of Investment in fixed income pools~~  
78.31 ~~or in a separately managed account at the discretion of the State Board of Investment~~  
78.32 ~~as provided in section 11A.14.~~

78.33 Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

79.1 Subd. 10. **Actuarial valuation required.** The governing board of the Bloomington  
79.2 Fire Department Relief Association shall obtain an actuarial valuation showing the  
79.3 condition of the special fund of the relief association under sections 356.215 and 356.216  
79.4 and ~~any~~ the applicable standards for actuarial work established by the Legislative  
79.5 Commission on Pensions and Retirement. The actuarial valuation must be made as of  
79.6 December 31 of every year. A copy of the actuarial valuation must be filed with the  
79.7 Director of the Legislative Reference Library, the ~~governing body of the municipality in~~  
79.8 ~~which the association is organized~~ Bloomington City Council, the executive director of  
79.9 the Legislative Commission on Pensions and Retirement, and the state auditor, not later  
79.10 than July 1 of the following year.

79.11 Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

79.12 Subd. 11. **Municipal approval of benefit changes required.** Any amendment to  
79.13 the bylaws or articles of incorporation of a the Bloomington Fire Department Relief  
79.14 Association which increases or otherwise affects the retirement coverage provided by or  
79.15 the service pensions or retirement benefits payable from ~~any police or firefighters'~~ the  
79.16 relief association ~~enumerated in subdivision 1a~~ is not effective until it is ratified by the  
79.17 ~~municipality in which the relief association is located~~ city of Bloomington. The officers  
79.18 of the relief association shall not seek municipal ratification before obtaining either an  
79.19 updated actuarial valuation including the proposed amendment or an estimate of the  
79.20 expected actuarial impact of the proposed amendment prepared by the actuary of the relief  
79.21 association and submitting that actuarial valuation or estimate to the Bloomington city  
79.22 ~~clerk of the municipality~~.

79.23 Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

79.24 Subd. 12. **Application of other laws to contribution rate.** In the absence of any  
79.25 specific provision to the contrary, no general or special law previously enacted may be  
79.26 construed as reducing the levy amount ~~or rate of contribution to a police or firefighter~~ the  
79.27 Bloomington Fire Department Relief Association to which subdivision 1a applies, by a  
79.28 ~~municipality or member of the association~~ the city of Bloomington, which is required as a  
79.29 condition for the use of public funds or the levy of taxes for the support of the association.  
79.30 ~~Each~~ The Bloomington Fire Department Relief Association, the ~~municipality in which~~  
79.31 ~~it is organized~~ city of Bloomington, and the officers of each, are authorized to do all  
79.32 things required by this section as a condition for the use of public funds or the levy of  
79.33 taxes for the support of the association.

80.1 Sec. 43. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

80.2 Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~  
80.3 Bloomington Fire Department Relief Associations Association Guidelines Act of 1969."

80.4 Sec. 44. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

80.5 Subdivision 1. **Covered relief associations.** The applicable provisions of sections  
80.6 69.771 to 69.776 apply to any firefighters' relief association other than a the Bloomington  
80.7 Fire Department Relief Association ~~enumerated in section 69.77, subdivision 1a,~~ which  
80.8 is organized under any laws of this state, which is composed of volunteer firefighters or  
80.9 is composed partially of volunteer firefighters and partially of salaried firefighters with  
80.10 retirement coverage provided by the public employees police and fire fund and which, in  
80.11 either case, operates subject to the service pension minimum requirements for entitlement  
80.12 and maximums contained in section 424A.02, or subject to a special law modifying those  
80.13 requirements or maximums.

80.14 Sec. 45. Minnesota Statutes 2012, section 69.80, is amended to read:

80.15 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

80.16 (a) Notwithstanding any provision of law to the contrary, the payment of the  
80.17 following necessary, reasonable and direct expenses of maintaining, protecting and  
80.18 administering the special fund, when provided for in the bylaws of the association and  
80.19 approved by the board of trustees, constitutes authorized administrative expenses of a  
80.20 ~~police, salaried firefighters', or~~ volunteer firefighters' relief association organized under  
80.21 any law of this state or the Bloomington Fire Department Relief Association:

80.22 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,  
80.23 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative  
80.24 personnel;

80.25 (2) salaries of the officers of the association, or their designees, and salaries of the  
80.26 members of the board of trustees of the association if the salary amounts are approved by  
80.27 the governing body of the entity that is responsible for meeting any minimum obligation  
80.28 under section ~~69.77, 69.772,~~ or 69.773, sections 31 to 43, and the itemized expenses  
80.29 of relief association officers and board members that are incurred as a result of fulfilling  
80.30 their responsibilities as administrators of the special fund;

80.31 (3) tuition, registration fees, organizational dues, and other authorized expenses  
80.32 of the officers or members of the board of trustees incurred in attending educational  
80.33 conferences, seminars, or classes relating to the administration of the relief association;



81.1 (4) audit, actuarial, medical, legal, and investment and performance evaluation  
81.2 expenses;

81.3 (5) filing and application fees payable by the relief association to federal or other  
81.4 governmental entities;

81.5 (6) reimbursement to the officers and members of the board of trustees, or their  
81.6 designees, for reasonable and necessary expenses actually paid and incurred in the  
81.7 performance of their duties as officers or members of the board; and

81.8 (7) premiums on fiduciary liability insurance and official bonds for the officers,  
81.9 members of the board of trustees, and employees of the relief association.

81.10 (b) Any other expenses of the relief association must be paid from the general fund  
81.11 of the association, if one exists. If a relief association has only one fund, that fund is the  
81.12 special fund for purposes of this section. If a relief association has a special fund and  
81.13 a general fund, and any expense of the relief association that is directly related to the  
81.14 purposes for which both funds were established, the payment of that expense must be  
81.15 apportioned between the two funds on the basis of the benefits derived by each fund.

81.16 Sec. 46. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

81.17 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes  
81.18 levied by a local governmental unit for the following purposes or in the following manner:

81.19 (1) to pay the costs of the principal and interest on bonded indebtedness or to  
81.20 reimburse for the amount of liquor store revenues used to pay the principal and interest  
81.21 due on municipal liquor store bonds in the year preceding the year for which the levy  
81.22 limit is calculated;

81.23 (2) to pay the costs of principal and interest on certificates of indebtedness issued for  
81.24 any corporate purpose except for the following:

81.25 (i) tax anticipation or aid anticipation certificates of indebtedness;

81.26 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

81.27 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of  
81.28 extraordinary expenditures that result from a public emergency; or

81.29 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an  
81.30 insufficiency in other revenue sources, provided that nothing in this subdivision limits the  
81.31 special levy authorized under section 475.755;

81.32 (3) to provide for the bonded indebtedness portion of payments made to another  
81.33 political subdivision of the state of Minnesota;

82.1 (4) to fund payments made to the Minnesota State Armory Building Commission  
82.2 under section 193.145, subdivision 2, to retire the principal and interest on armory  
82.3 construction bonds;

82.4 (5) property taxes approved by voters which are levied against the referendum  
82.5 market value as provided under section 275.61;

82.6 (6) to fund matching requirements needed to qualify for federal or state grants or  
82.7 programs to the extent that either (i) the matching requirement exceeds the matching  
82.8 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not  
82.9 exist prior to 2002;

82.10 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
82.11 repairing the effects of natural disaster including the occurrence or threat of widespread  
82.12 or severe damage, injury, or loss of life or property resulting from natural causes, in  
82.13 accordance with standards formulated by the Emergency Services Division of the state  
82.14 Department of Public Safety, as allowed by the commissioner of revenue under section  
82.15 275.74, subdivision 2;

82.16 (8) pay amounts required to correct an error in the levy certified to the county  
82.17 auditor by a city or county in a levy year, but only to the extent that when added to the  
82.18 preceding year's levy it is not in excess of an applicable statutory, special law or charter  
82.19 limitation, or the limitation imposed on the governmental subdivision by sections 275.70  
82.20 to 275.74 in the preceding levy year;

82.21 (9) to pay an abatement under section 469.1815;

82.22 (10) to pay any costs attributable to increases in the employer contribution rates under  
82.23 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

82.24 (11) to pay the operating or maintenance costs of a county jail as authorized in section  
82.25 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,  
82.26 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue  
82.27 that the amount has been included in the county budget as a direct result of a rule, minimum  
82.28 requirement, minimum standard, or directive of the Department of Corrections, or to pay  
82.29 the operating or maintenance costs of a regional jail as authorized in section 641.262. For  
82.30 purposes of this clause, a district court order is not a rule, minimum requirement, minimum  
82.31 standard, or directive of the Department of Corrections. If the county utilizes this special  
82.32 levy, except to pay operating or maintenance costs of a new regional jail facility under  
82.33 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount  
82.34 levied by the county in the previous levy year for the purposes specified under this clause  
82.35 and included in the county's previous year's levy limitation computed under section  
82.36 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,

83.1 when determining the county's current year levy limitation. The county shall provide the  
83.2 necessary information to the commissioner of revenue for making this determination;

83.3 (12) to pay for operation of a lake improvement district, as authorized under section  
83.4 103B.555. If the county utilizes this special levy, any amount levied by the county in the  
83.5 previous levy year for the purposes specified under this clause and included in the county's  
83.6 previous year's levy limitation computed under section 275.71 shall be deducted from  
83.7 the levy limit base under section 275.71, subdivision 2, when determining the county's  
83.8 current year levy limitation. The county shall provide the necessary information to the  
83.9 commissioner of revenue for making this determination;

83.10 (13) to repay a state or federal loan used to fund the direct or indirect required  
83.11 spending by the local government due to a state or federal transportation project or other  
83.12 state or federal capital project. This authority may only be used if the project is not a  
83.13 local government initiative;

83.14 (14) to pay for court administration costs as required under section 273.1398,  
83.15 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the  
83.16 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be  
83.17 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes  
83.18 levied to pay for these costs in the year in which the court financing is transferred to the  
83.19 state, the amount under this clause is limited to the amount of aid the county is certified to  
83.20 receive under section 273.1398, subdivision 4a;

83.21 (15) to fund a ~~police or~~ firefighters relief association as required under ~~section~~  
83.22 ~~69.77~~ sections 31 to 43 to the extent that the required amount exceeds the amount levied  
83.23 for this purpose in 2001;

83.24 (16) for purposes of a storm sewer improvement district under section 444.20;

83.25 (17) to pay for the maintenance and support of a city or county society for the  
83.26 prevention of cruelty to animals under section 343.11, but not to exceed in any year  
83.27 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most  
83.28 recent federal census, whichever is greater. If the city or county uses this special levy, any  
83.29 amount levied by the city or county in the previous levy year for the purposes specified  
83.30 in this clause and included in the city's or county's previous year's levy limit computed  
83.31 under section 275.71, must be deducted from the levy limit base under section 275.71,  
83.32 subdivision 2, in determining the city's or county's current year levy limit;

83.33 (18) for counties, to pay for the increase in their share of health and human service  
83.34 costs caused by reductions in federal health and human services grants effective after  
83.35 September 30, 2007;

84.1 (19) for a city, for the costs reasonably and necessarily incurred for securing,  
84.2 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
84.3 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
84.4 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
84.5 the city or in a zip code area of the city that is at least 50 percent higher than the average  
84.6 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,  
84.7 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the  
84.8 number of foreclosures, as indicated by sheriff sales records, divided by the number of  
84.9 households in the city in 2007;

84.10 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and  
84.11 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified  
84.12 to the Federal Highway Administration;

84.13 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire  
84.14 personnel. If a local governmental unit did not use this special levy in the previous year its  
84.15 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
84.16 levied for the purposes specified in this clause in the previous year;

84.17 (22) an amount equal to any reductions in the certified aids or credit reimbursements  
84.18 payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment  
84.19 under section 16A.152 or reductions under another provision of law. The amount of the  
84.20 levy allowed under this clause for each year is limited to the amount unallotted or reduced  
84.21 from the aids and credit reimbursements certified for payment in the year following the  
84.22 calendar year in which the tax levy is certified unless the unallotment or reduction amount  
84.23 is not known by September 1 of the levy certification year, and the local government has  
84.24 not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in  
84.25 which case that unallotment or reduction amount may be levied in the following year;

84.26 (23) to pay for the difference between one-half of the costs of confining sex offenders  
84.27 undergoing the civil commitment process and any state payments for this purpose pursuant  
84.28 to section 253B.185, subdivision 5;

84.29 (24) for a county to pay the costs of the first year of maintaining and operating a new  
84.30 facility or new expansion, either of which contains courts, corrections, dispatch, criminal  
84.31 investigation labs, or other public safety facilities and for which all or a portion of the  
84.32 funding for the site acquisition, building design, site preparation, construction, and related  
84.33 equipment was issued or authorized prior to the imposition of levy limits in 2008. The  
84.34 levy limit base shall then be increased by an amount equal to the new facility's first full  
84.35 year's operating costs as described in this clause; and

85.1 (25) for the estimated amount of reduction to market value credit reimbursements  
85.2 under section 273.1384 for credits payable in the year in which the levy is payable.

85.3 Sec. 47. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

85.4 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct  
85.5 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross  
85.6 premiums, less return premiums, on all direct business received by any licensed foreign or  
85.7 domestic fire insurance company on property in a city of the first class, or by its agents for  
85.8 it, in cash or otherwise.

85.9 (b) By July 31 and December 31 of each year, the commissioner of management  
85.10 and budget shall pay to ~~the relief association in each city of the first class~~ a warrant for  
85.11 an amount equal to the total amount of the surcharge on the premiums collected within  
85.12 ~~the that~~ city since the previous payment.

85.13 (c) The treasurer of the ~~relief association~~ city shall place the money received under  
85.14 this subdivision in ~~the a special account or fund of the relief association~~ to defray all or a  
85.15 portion of the employer contribution requirement of public employees police and fire  
85.16 plan coverage for city firefighters.

85.17 Sec. 48. Minnesota Statutes 2012, section 345.381, is amended to read:

85.18 **345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.**

85.19 No amounts of money held or owing by a public pension fund enumerated in section  
85.20 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or 69.771~~ to  
85.21 ~~69.776 shall~~ or sections 31 to 43 may be presumed to have been abandoned for purposes of  
85.22 sections 345.41, 345.42, 345.43, 345.47 and 345.48 if the plan governing the public pension  
85.23 fund includes a provision governing the disposition of unclaimed amounts of money.

85.24 Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

85.25 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
85.26 whose salary exceeds \$425 in any month and who are not specifically excluded under  
85.27 subdivision 2b or who have not been provided an option to participate under subdivision  
85.28 2d, whether individually or by action of the governmental subdivision, must participate as  
85.29 members of the association with retirement coverage by the general employees retirement  
85.30 plan under this chapter, the public employees police and fire retirement plan under this  
85.31 chapter, or the local government correctional employees retirement plan under chapter  
85.32 353E, whichever applies. Membership commences as a condition of their employment on

86.1 the first day of their employment or on the first day that the eligibility criteria are met,  
86.2 whichever is later. Public employees include but are not limited to:

86.3 (1) persons whose salary meets the threshold in this paragraph from employment in  
86.4 one or more positions within one governmental subdivision;

86.5 (2) elected county sheriffs;

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

86.9 (i) town and city clerk or treasurer;

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

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

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

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

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

86.17 ~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~  
86.18 ~~Police Relief Association who are not excluded employees under subdivision 2b due~~  
86.19 ~~to coverage by the relief association pension plan and who elected general employee~~  
86.20 ~~retirement plan coverage before August 20, 2009;~~

86.21 ~~(7)~~ (6) employees of the Red Wing Port Authority who were first employed by the  
86.22 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
86.23 under subdivision 2b; and

86.24 ~~(8)~~ (7) employees of the Seaway Port Authority of Duluth who are not excluded  
86.25 employees under subdivision 2b.

86.26 (b) A public employee or elected official who was a member of the association on  
86.27 June 30, 2002, based on employment that qualified for membership coverage by the public  
86.28 employees retirement plan or the public employees police and fire plan under this chapter,  
86.29 or the local government correctional employees retirement plan under chapter 353E as of  
86.30 June 30, 2002, retains that membership for the duration of the person's employment in that  
86.31 position or incumbency in elected office. Except as provided in subdivision 28, the person  
86.32 shall participate as a member until the employee or elected official terminates public  
86.33 employment under subdivision 11a or terminates membership under subdivision 11b.

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

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

87.5 Sec. 50. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

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

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

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

87.15 (3) election officers or election judges;

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

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

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

87.24 (7) employees who by virtue of their employment in one governmental subdivision  
87.25 are required by law to be a member of and to contribute to any of the plans or funds  
87.26 administered by the Minnesota State Retirement System, the Teachers Retirement  
87.27 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers  
87.28 Retirement Fund Association, ~~or any police or firefighters relief association governed by~~  
87.29 ~~section 69.77 that has not consolidated with the Public Employees Retirement Association,~~  
87.30 ~~or any local police or firefighters consolidation account who have not elected the type of~~  
87.31 ~~benefit coverage provided by the public employees police and fire fund under sections~~  
87.32 ~~353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,~~  
87.33 ~~who have not elected public employees police and fire plan benefit coverage.~~ This clause  
87.34 must not be construed to prevent a person from being a member of and contributing to  
87.35 the Public Employees Retirement Association and also belonging to and contributing to

88.1 another public pension plan or fund for other service occurring during the same period  
88.2 of time. A person who meets the definition of "public employee" in subdivision 2 by  
88.3 virtue of other service occurring during the same period of time becomes a member of the  
88.4 association unless contributions are made to another public retirement fund on the salary  
88.5 based on the other service or to the Teachers Retirement Association by a teacher as  
88.6 defined in section 354.05, subdivision 2;

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

88.12 (9) employees of a governmental subdivision who have not reached the age of  
88.13 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
88.14 basis at an accredited school, college, or university in an undergraduate, graduate, or  
88.15 professional-technical program, or a public or charter high school;

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

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

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

88.22 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,  
88.23 foreign citizens who are employed by a governmental subdivision under a work permit, or  
88.24 an H-1b visa initially issued or extended for a combined period less than three years of  
88.25 employment. Upon extension of the employment beyond the three-year period, the foreign  
88.26 citizens must be reported for membership beginning the first of the month thereafter  
88.27 provided the monthly earnings threshold as provided under subdivision 2a is met;

88.28 (14) public hospital employees who elected not to participate as members of the  
88.29 association before 1972 and who did not elect to participate from July 1, 1988, to October  
88.30 1, 1988;

88.31 (15) except as provided in section 353.86, volunteer ambulance service personnel, as  
88.32 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
88.33 may still qualify as public employees under subdivision 2 and may be members of the  
88.34 Public Employees Retirement Association and participants in the general employees  
88.35 retirement plan or the public employees police and fire plan, whichever applies, on the



89.1 basis of compensation received from public employment service other than service as  
89.2 volunteer ambulance service personnel;

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

89.10 (17) pipefitters and associated trades personnel employed by Independent School  
89.11 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
89.12 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
89.13 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
89.14 241, article 2, section 12;

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

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

89.31 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
89.32 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
89.33 who either were first employed after May 1, 2001, or if first employed before May 2,  
89.34 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
89.35 10, section 6;

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

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

90.11 (23) independent contractors and the employees of independent contractors;

90.12 (24) reemployed annuitants of the association during the course of that  
90.13 reemployment; and

90.14 (25) persons appointed to serve on a board or commission of a governmental  
90.15 subdivision or an instrumentality thereof.

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

90.19 Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 6, is amended to read:

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

90.26 (b) Governmental subdivision also means the Public Employees Retirement  
90.27 Association, the League of Minnesota Cities, the Association of Metropolitan  
90.28 Municipalities, charter schools formed under section 124D.10, service cooperatives  
90.29 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers  
90.30 boards organized under section 471.59, subdivision 11, paragraph (a), family service  
90.31 collaboratives and children's mental health collaboratives organized under section 471.59,  
90.32 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives  
90.33 are governmental units that otherwise qualify for retirement plan membership, public  
90.34 hospitals owned or operated by, or an integral part of, a governmental subdivision or  
90.35 governmental subdivisions, the Association of Minnesota Counties, the Minnesota

91.1 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan  
 91.2 Airports Commission, the University of Minnesota with respect to police officers covered  
 91.3 by the public employees police and fire retirement plan, the Minneapolis Employees  
 91.4 Retirement Fund for employment initially commenced after June 30, 1979, the Range  
 91.5 Association of Municipalities and Schools, soil and water conservation districts, economic  
 91.6 development authorities created or operating under sections 469.090 to 469.108, the Port  
 91.7 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing  
 91.8 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna  
 91.9 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,  
 91.10 the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the~~  
 91.11 ~~Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association~~  
 91.12 ~~with respect to staff covered by the Public Employees Retirement Association general plan.~~

91.13 (c) Governmental subdivision does not mean any municipal housing and  
 91.14 redevelopment authority organized under the provisions of sections 469.001 to 469.047;  
 91.15 or any port authority organized under sections 469.048 to 469.089 other than the Port  
 91.16 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than  
 91.17 the Red Wing Port Authority; or any hospital district organized or reorganized prior to  
 91.18 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board  
 91.19 of a family service collaborative or children's mental health collaborative organized  
 91.20 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled  
 91.21 by representatives of governmental units.

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

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

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

91.35 Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

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

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

92.5 (2) for a public employee who is covered by a supplemental retirement plan under  
92.6 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions  
92.7 be made by the employer, the contribution to the applicable supplemental retirement plan  
92.8 when an agreement between the parties establishes that the contribution will either result  
92.9 in a mandatory reduction of employees' wages through payroll withholdings, or be made  
92.10 in lieu of an amount that would otherwise be paid as wages; and.

92.11 ~~(3) for a public employee who has prior service covered by a local police or~~  
92.12 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~  
92.13 ~~Association or to which section 353.665 applies and who has elected coverage either~~  
92.14 ~~under the public employees police and fire fund benefit plan under section 353A.08~~  
92.15 ~~following the consolidation or under section 353.665, subdivision 4, the rate of salary~~  
92.16 ~~upon which member contributions to the special fund of the relief association were made~~  
92.17 ~~prior to the effective date of the consolidation as specified by law and by bylaw provisions~~  
92.18 ~~governing the relief association on the date of the initiation of the consolidation procedure~~  
92.19 ~~and the actual periodic compensation of the public employee after the effective date of~~  
92.20 ~~consolidation.~~

92.21 (b) Salary does not mean:

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

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

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

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

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

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

93.7 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to  
 93.8 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision  
 93.9 35 or 36;

93.10 (5) the amount of compensation that exceeds the limitation provided in section  
 93.11 356.611; and

93.12 (6) amounts paid by a federal or state grant for which the grant specifically  
 93.13 prohibits grant proceeds from being used to make pension plan contributions, unless the  
 93.14 contributions to the plan are made from sources other than the federal or state grant.

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

93.19 Sec. 53. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

93.32 (5) a period of authorized personal, parental, or medical leave of absence without  
 93.33 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
 93.34 that does not exceed one year, and for which a member obtained service credit for each  
 93.35 month in the leave period by payment under section 353.0161 to the fund made in place of

94.1 salary deductions. An employee must return to public service and render a minimum of  
94.2 three months of allowable service in order to be eligible to make payment under section  
94.3 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
94.4 employee must be granted allowable service credit for the purchased period;

94.5 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
94.6 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
94.7 as certified to the association by the employer. A participating member obtains service  
94.8 credit by making employee contributions in an amount or amounts based on the member's  
94.9 average salary, excluding overtime pay, that would have been paid if the leave had not been  
94.10 taken. The employer shall pay the employer and additional employer contributions on  
94.11 behalf of the participating member. The employee and the employer are responsible to pay  
94.12 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,  
94.13 from the end of the normal cycle until full payment is made. An employer shall also make  
94.14 the employer and additional employer contributions, plus 8.5 percent interest, compounded  
94.15 annually, on behalf of an employee who makes employee contributions but terminates  
94.16 public service. The employee contributions must be made within one year after the end of  
94.17 the annual normal working cycle or within 30 days after termination of public service,  
94.18 whichever is sooner. The executive director shall prescribe the manner and forms to be  
94.19 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
94.20 payment, the member must be granted allowable service credit for the purchased period;

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

94.27 (8) a period during which a member is absent from employment by a governmental  
94.28 subdivision by reason of service in the uniformed services, as defined in United States  
94.29 Code, title 38, section 4303(13), if the member returns to public service with the same  
94.30 governmental subdivision upon discharge from service in the uniformed service within the  
94.31 time frames required under United States Code, title 38, section 4312(e), provided that  
94.32 the member did not separate from uniformed service with a dishonorable or bad conduct  
94.33 discharge or under other than honorable conditions. The service must be credited if the  
94.34 member pays into the fund equivalent employee contributions based upon the contribution  
94.35 rate or rates in effect at the time that the uniformed service was performed multiplied by  
94.36 the full and fractional years being purchased and applied to the annual salary rate. The

95.1 annual salary rate is the average annual salary, excluding overtime pay, during the purchase  
95.2 period that the member would have received if the member had continued to be employed  
95.3 in covered employment rather than to provide uniformed service, or, if the determination  
95.4 of that rate is not reasonably certain, the annual salary rate is the member's average salary  
95.5 rate, excluding overtime pay, during the 12-month period of covered employment rendered  
95.6 immediately preceding the period of the uniformed service. Payment of the member  
95.7 equivalent contributions must be made during a period that begins with the date on which  
95.8 the individual returns to public employment and that is three times the length of the  
95.9 military leave period, or within five years of the date of discharge from the military service,  
95.10 whichever is less. If the determined payment period is less than one year, the contributions  
95.11 required under this clause to receive service credit may be made within one year of the  
95.12 discharge date. Payment may not be accepted following 30 days after termination of  
95.13 public service under subdivision 11a. If the member equivalent contributions provided for  
95.14 in this clause are not paid in full, the member's allowable service credit must be prorated  
95.15 by multiplying the full and fractional number of years of uniformed service eligible for  
95.16 purchase by the ratio obtained by dividing the total member contributions received by the  
95.17 total member contributions otherwise required under this clause. The equivalent employer  
95.18 contribution, and, if applicable, the equivalent additional employer contribution must be  
95.19 paid by the governmental subdivision employing the member if the member makes the  
95.20 equivalent employee contributions. The employer payments must be made from funds  
95.21 available to the employing unit, using the employer and additional employer contribution  
95.22 rate or rates in effect at the time that the uniformed service was performed, applied to the  
95.23 same annual salary rate or rates used to compute the equivalent member contribution. The  
95.24 governmental subdivision involved may appropriate money for those payments. The  
95.25 amount of service credit obtainable under this section may not exceed five years unless a  
95.26 longer purchase period is required under United States Code, title 38, section 4312. The  
95.27 employing unit shall pay interest on all equivalent member and employer contribution  
95.28 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent  
95.29 compounded annually from the end of each fiscal year of the leave or the break in service  
95.30 to the end of the month in which the payment is received. Upon payment, the employee  
95.31 must be granted allowable service credit for the purchased period; or  
95.32 (9) a period specified under section 353.0162.  
95.33 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for  
95.34 state officers and employees displaced by the Community Corrections Act, chapter 401,  
95.35 and transferred into county service under section 401.04, "allowable service" means the

96.1 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and  
 96.2 section 352.01, subdivision 11.

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

96.12 ~~(d)~~ (c) No member may receive more than 12 months of allowable service credit in a  
 96.13 year either for vesting purposes or for benefit calculation purposes. For an active member  
 96.14 who was an active member of the former Minneapolis Firefighters Relief Association  
 96.15 on December 29, 2011, "allowable service" is the period of service credited by the  
 96.16 Minneapolis Firefighters Relief Association as reflected in the transferred records of the  
 96.17 association up to December 30, 2011, and the period of service credited under paragraph  
 96.18 (a), clause (1), after December 30, 2011. For an active member who was an active member  
 96.19 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable  
 96.20 service" is the period of service credited by the Minneapolis Police Relief Association as  
 96.21 reflected in the transferred records of the association up to December 30, 2011, and the  
 96.22 period of service credited under paragraph (a), clause (1), after December 30, 2011.

96.23 ~~(e)~~ (d) MS 2002 [Expired]

96.24 Sec. 54. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

96.25 Subd. 1a. **Police and fire plan; other members.** (a) A person who ~~prior to July~~  
 96.26 ~~1, 1961, was a member of the police and fire plan, by virtue of being a police officer or~~  
 96.27 ~~firefighter, shall, as long as the person remains in either position, continue membership in~~  
 96.28 ~~the plan.~~

96.29 ~~(b) A person who~~ was employed by a governmental subdivision as a police officer  
 96.30 and was a member of the police and fire plan on July 1, 1978, by virtue of being a police  
 96.31 officer as defined by this section on that date, and if employed by the same governmental  
 96.32 subdivision in a position in the same department in which the person was employed on  
 96.33 that date, continues to be a member of the plan, whether or not that person has the power  
 96.34 of arrest by warrant and is licensed by the Peace Officers Standards and Training Board  
 96.35 after that date.



97.1 (e) (b) A person who was employed as a correctional officer by Rice county before  
 97.2 July 1, 1998, for the duration of employment in the correctional position held on July 1,  
 97.3 1998, continues to be a member of the public employees police and fire plan, whether or  
 97.4 not the person has the power of arrest by warrant and is licensed by the Peace Officers  
 97.5 Standards and Training Board after that date.

97.6 ~~(d) A person who was employed by a governmental subdivision as a police officer~~  
 97.7 ~~or a firefighter, whichever applies, was an active member of the local police or salaried~~  
 97.8 ~~firefighters relief association located in that governmental subdivision by virtue of that~~  
 97.9 ~~employment as of the effective date of the consolidation as authorized by sections~~  
 97.10 ~~353A.01 to 353A.10, and has elected coverage by the public employees police and fire~~  
 97.11 ~~plan, shall become a member of the police and fire plan after that date if employed by~~  
 97.12 ~~the same governmental subdivision in a position in the same department in which the~~  
 97.13 ~~person was employed on that date.~~

97.14 ~~(e) Any police officer or firefighter of a relief association that has consolidated~~  
 97.15 ~~with the association for which the employee has not elected coverage by the public~~  
 97.16 ~~employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police~~  
 97.17 ~~officer or firefighter to whom section 353.665 applies who has not elected coverage by~~  
 97.18 ~~the public employees police and fire plan as provided in section 353.665, subdivision 4,~~  
 97.19 ~~must become a member of the public employees police and fire plan, but is not subject~~  
 97.20 ~~to the provisions of sections 353.651 to 353.659 unless an election for such coverage is~~  
 97.21 ~~made under section 353.665, subdivision 4.~~

97.22 Sec. 55. Minnesota Statutes 2012, section 353.659, is amended to read:

97.23 **353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT**  
 97.24 **BENEFITS.**

97.25 (a) For any person who ~~has~~ had prior service covered by a local police or firefighters  
 97.26 relief association which has ~~consolidated~~ merged with the public employees police and  
 97.27 fire retirement association plan and who has elected the type of benefit coverage provided  
 97.28 by the public employees police and fire fund benefit plan ~~under section 353A.08 following~~  
 97.29 ~~the consolidation~~ as permitted by the applicable law, any the retirement benefits payable  
 97.30 are governed by the applicable provisions of this chapter.

97.31 (b) For any person who ~~has~~ had prior service covered by a local police or firefighters  
 97.32 relief association which has ~~consolidated~~ merged with the public employees police and fire  
 97.33 retirement association plan and who ~~has~~ did not elected elect the type of benefit coverage  
 97.34 provided by the public employees police and fire fund benefit plan ~~under section 353A.08~~  
 97.35 ~~following the consolidation~~ as permitted by the applicable law, any the retirement benefits

98.1 payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to  
 98.2 353B.13 which apply applied to the applicable former relief association or by section  
 98.3 353.6511 or 353.6512, if applicable.

98.4 Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

98.5 Subdivision 1. **Merger authorized Application.** (a) ~~Notwithstanding any~~  
 98.6 ~~provision of law to the contrary, unless the applicable municipality elects otherwise under~~  
 98.7 ~~paragraph (b), every~~ This section applies to the local police and fire relief associations or  
 98.8 consolidation account under chapter 353A in existence on March 1, 1999, becomes a part  
 98.9 of accounts that merged with the public employees police and fire plan and fund governed  
 98.10 by sections 353.63 to 353.659 on July 1, 1999 and are specified in paragraph (b).

98.11 (b) ~~If a municipality desires to retain its consolidation account~~ The former local  
 98.12 police or fire relief associations or consolidation accounts, whichever applies, the  
 98.13 governing body of the municipality must adopt a resolution to that effect and must file a  
 98.14 copy of the resolution with the secretary of state, the state auditor, the legislative auditor,  
 98.15 the management and budget commissioner, the revenue commissioner, the executive  
 98.16 director of the public employees retirement association, and the executive director of  
 98.17 the Legislative Commission on Pensions and Retirement. The retention election must  
 98.18 apply to both consolidation accounts if the municipality is associated with more than  
 98.19 one consolidation account. The retention resolution must be adopted and filed with all  
 98.20 recipients before June 15, 1999. are:

98.21 (1) the former local police and fire consolidation accounts that merged with the public  
 98.22 employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

98.23 (2) the former Minneapolis Firefighters Relief Association;

98.24 (3) the former Minneapolis Police Relief Association;

98.25 (4) the former Fairmont Police Relief Association; and

98.26 (5) the former Virginia Fire Consolidation Account.

98.27 Sec. 57. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

98.28 Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local**  
 98.29 **relief association or consolidation account members.** (a) ~~A person who received a~~  
 98.30 Except as provided in paragraph (b), (c), or (d), the annuity, service pension, a disability  
 98.31 pension or benefit, or a survivor benefit from a merging attributable to or of a former  
 98.32 member of a former merged local police or fire consolidation account for the month of June  
 98.33 1999, and who has did not previously elected participation in the Minnesota postretirement  
 98.34 investment fund for any future postretirement adjustments rather than the postretirement

99.1 ~~adjustment mechanism or mechanisms of the relief association benefit plan under~~  
99.2 ~~section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement~~  
99.3 ~~investment fund for any future postretirement adjustments or retention of the~~  
99.4 ~~postretirement adjustment mechanism or mechanisms of the relief association benefit plan~~  
99.5 ~~as reflected in the applicable provisions of chapter 353B. This election must be in writing~~  
99.6 ~~on a form prescribed by the executive director and must be made before September 1,~~  
99.7 ~~1999. elect coverage by all or a portion of the public employees police and fire retirement~~  
99.8 ~~plan as permitted by applicable law must be calculated or computed under the benefit plan~~  
99.9 ~~provisions of the applicable former local police or paid firefighters relief association.~~

99.10 (b) ~~If an eligible person is a minor, the election must be made by the person's~~  
99.11 ~~parent or legal guardian. If the eligible person makes no affirmative election under this~~  
99.12 ~~subdivision, the person retains the postretirement adjustment mechanism or mechanisms of~~  
99.13 ~~the relief association benefit plan as reflected in the applicable provisions of chapter 353B.~~  
99.14 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~  
99.15 ~~to or of a former member of the former Minneapolis Firefighters Relief Association or of~~  
99.16 ~~the former Minneapolis Police Relief Association must be calculated or computed under~~  
99.17 ~~sections 353.01, subdivision 10a or 10b, and 353.6511, or 353.6512, whichever applies.~~

99.18 (c) ~~The survivor benefit payable on behalf of any service pension or disability benefit~~  
99.19 ~~recipient who elects participation in the Minnesota postretirement investment fund must~~  
99.20 ~~be calculated under the relief association benefit plan in effect on the effective date of~~  
99.21 ~~consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B.~~  
99.22 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~  
99.23 ~~to or of a former member of the former Fairmont Police Relief Association must be~~  
99.24 ~~calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48~~  
99.25 ~~to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws~~  
99.26 ~~1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension~~  
99.27 ~~and benefit determinations upon consolidation and for the balance of calendar year 2012 is~~  
99.28 ~~\$106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions~~  
99.29 ~~and benefits in force must be calculated solely under section 356.415, subdivision 1c.~~

99.30 (d) ~~The annuity, service pension, disability pension or benefit, or survivor benefit~~  
99.31 ~~attributable to or of a former member of the former Virginia firefighters consolidation~~  
99.32 ~~account must be calculated or computed under the election made under Minnesota~~  
99.33 ~~Statutes 2012, section 353A.08, unless the person made a subsequent election under Laws~~  
99.34 ~~2012, chapter 286, article 11, section 5, subdivision 4, subject to any additional ad hoc~~  
99.35 ~~postretirement adjustment under Laws 2012, chapter 286, article 11, section 5, subdivision~~  
99.36 ~~5, paragraph (d).~~

100.1 Sec. 58. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

100.2 Subd. 8. **Member and employer contributions.** (a) ~~Effective on the first day of the~~  
100.3 ~~first full pay period following June 30, 1999, Except as provided in paragraph (b), (c),~~  
100.4 ~~or (d), the employee contribution rate for merging merged former consolidation account~~  
100.5 ~~active members is the rate specified in section 353.65, subdivision 2, and the regular~~  
100.6 ~~municipal contribution rate on behalf of merged former consolidation account active~~  
100.7 ~~members is the rate specified in section 353.65, subdivision 3.~~

100.8 (b) ~~The municipality associated with a merging former local consolidation account~~  
100.9 ~~that had a positive value amortizable base calculation under subdivision 7, paragraph (d),~~  
100.10 ~~after the preliminary calculation or the second calculation, whichever applies, must make~~  
100.11 ~~an additional municipal contribution to the public employees police and fire plan for~~  
100.12 ~~the period from January 1, 2000, to December 31, 2009. The amount of the additional~~  
100.13 ~~municipal contribution is the amount calculated by the actuary retained under section~~  
100.14 ~~356.214 and certified by the executive director of the Public Employees Retirement~~  
100.15 ~~Association by which the amortizable base amount would be amortized on a level dollar~~  
100.16 ~~annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption.~~  
100.17 ~~The additional municipal contribution is payable during the month of January, is without~~  
100.18 ~~any interest, or if made after January 31, but before the next following December 31,~~  
100.19 ~~is payable with interest for the period since January 1 at a rate which is equal to the~~  
100.20 ~~preretirement interest rate assumption specified in section 356.215, subdivision 8,~~  
100.21 ~~applicable to the public employees police and fire fund expressed as a monthly rate and~~  
100.22 ~~compounded on a monthly basis or if made after December 31 of the year in which the~~  
100.23 ~~additional municipal contribution is due is payable with interest at a rate which is four~~  
100.24 ~~percent greater than the highest interest rate assumption specified in section 356.215,~~  
100.25 ~~subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the~~  
100.26 ~~year in which the additional municipal contribution is due until the date on which payment~~  
100.27 ~~is made. With respect to active members of the merged former Minneapolis Firefighters~~  
100.28 ~~Relief Association and the merged former Minneapolis Police Relief Association, there are~~  
100.29 ~~no employee contributions payable and the employer contribution on behalf of those active~~  
100.30 ~~members is at the rate specified in section 353.65, subdivision 3, applied to the active~~  
100.31 ~~member's salary. In addition, an additional municipal contribution is payable by the city of~~  
100.32 ~~Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as~~  
100.33 ~~sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded~~  
100.34 ~~present value figure calculated as required by Laws 2011, First Special Session chapter 8,~~  
100.35 ~~article 6, section 14, subdivision 6, paragraph (a), and article 7, section 14, subdivision~~  
100.36 ~~6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption~~

101.1 applicable to the public employees police and fire retirement plan under section 356.215,  
101.2 subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section  
101.3 356.215, subdivision 8, the remainder present value of future benefits amount calculation  
101.4 under Laws 2011, First Special Session chapter 8, article 6, section 14, subdivision 6,  
101.5 paragraph (a), and article 7, section 14, subdivision 6, paragraph (a), updated for the passage  
101.6 of time, must be revised and the amortization contribution by the city of Minneapolis for  
101.7 the balance of the amortization period must be redetermined by the actuary retained under  
101.8 section 356.214 and certified by the executive director to the city of Minneapolis.

101.9 (c) If there are assets of the former Fairmont Police Relief Association in excess of  
101.10 the present value of future benefits as of June 29, 2012, these assets must be credited to an  
101.11 interest bearing suspense account within the public employees police and fire retirement  
101.12 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,  
101.13 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must  
101.14 be credited with the same rate of investment return as the public employees police and fire  
101.15 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate  
101.16 actuarial assumption applicable to the public employees police and fire retirement plan  
101.17 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota  
101.18 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future  
101.19 benefits amount calculation under paragraph (a), updated for the passage of time, must be  
101.20 revised and the amortization contribution by the city of Fairmont for the balance of the  
101.21 amortization period must be redetermined by the actuary retained under section 356.214  
101.22 and certified by the executive director to the city of Fairmont.

101.23 (d) If there was a remainder present value of future benefits amounts under  
101.24 Laws 2012, chapter 286, article 11, section 5, subdivision 5, paragraph (a), the city of  
101.25 Virginia shall pay an additional municipal contribution annually on or before December  
101.26 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that  
101.27 remainder present value of future benefits amounts of the former Virginia fire department  
101.28 consolidation account. If, after June 29, 2012, the postretirement or preretirement interest  
101.29 rate actuarial assumption applicable to the public employees police and fire retirement plan  
101.30 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota  
101.31 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future  
101.32 benefits amount calculation under paragraph (a), updated for the passage of time, must be  
101.33 revised and any amortization contribution by the city of Virginia for the balance of the  
101.34 amortization period must be redetermined by the actuary retained under section 356.214  
101.35 and certified by the executive director to the city of Virginia.

102.1 Sec. 59. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

102.2 Subdivision 1. **Eligibility.** Any person who has been a member of a defined  
102.3 benefit retirement plan administered by the Public Employees Retirement Association,  
102.4 or a retirement plan administered by the Minnesota State Retirement System, or the  
102.5 Teachers Retirement Association, or any other public retirement system in the state of  
102.6 Minnesota having a like provision, except a retirement plan providing benefits for police  
102.7 officers or firefighters governed by sections ~~69.77~~ or 69.771 to 69.776, or by sections 31  
102.8 to 43, is entitled, when qualified, to an annuity from each retirement plan if the total  
102.9 allowable service in all retirement plans or in any two of these retirement plans totals the  
102.10 number of years of allowable service required to receive a normal retirement annuity for  
102.11 that retirement plan, provided that no portion of the allowable service upon which the  
102.12 retirement annuity from one retirement plan is based is again used in the computation for  
102.13 benefits from another retirement plan and provided further that the person has not taken a  
102.14 refund from any one of these retirement plans since the person's membership in that  
102.15 association or system last terminated. The annuity from each fund must be determined by  
102.16 the appropriate provisions of the law except that the requirement that a person must have  
102.17 at least a specific minimum period of allowable service in the respective association or  
102.18 system does not apply for the purposes of this section if the combined service in two or  
102.19 more of these retirement plans equals the number of years of allowable service required to  
102.20 receive a normal retirement annuity for that retirement plan.

102.21 Sec. 60. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

102.22 Subd. 2. **Covered public pension plans and funds.** This section applies to the  
102.23 following public pension plans:

- 102.24 (1) the general state employees retirement plan of the Minnesota State Retirement  
102.25 System;
- 102.26 (2) the general employees retirement plan of the Public Employees Retirement  
102.27 Association;
- 102.28 (3) the Teachers Retirement Association;
- 102.29 (4) the State Patrol retirement plan;
- 102.30 (5) the St. Paul Teachers Retirement Fund Association;
- 102.31 (6) the Duluth Teachers Retirement Fund Association;
- 102.32 (7) the University of Minnesota faculty retirement plan;
- 102.33 (8) the University of Minnesota faculty supplemental retirement plan;
- 102.34 (9) the judges retirement fund;

- 103.1 (10) ~~a police or firefighter's relief association specified or described in section 69.77,~~  
 103.2 ~~subdivision 1a~~ the Bloomington Fire Department Relief Association;
- 103.3 (11) a volunteer firefighter relief association governed by section 69.771, subdivision  
 103.4 1;
- 103.5 (12) the public employees police and fire plan of the Public Employees Retirement  
 103.6 Association;
- 103.7 (13) the correctional state employees retirement plan of the Minnesota State  
 103.8 Retirement System;
- 103.9 (14) the local government correctional service retirement plan of the Public  
 103.10 Employees Retirement Association; and
- 103.11 (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

103.12 Sec. 61. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

103.13 Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the  
 103.14 actuarial assumptions used for the preparation of actuarial valuations under this section  
 103.15 that are other than preretirement interest, postretirement interest, salary increase, and  
 103.16 payroll increase may be changed only with the approval of the Legislative Commission on  
 103.17 Pensions and Retirement or after a period of one year has elapsed since the date on which  
 103.18 the proposed assumption change or changes were received by the Legislative Commission  
 103.19 on Pensions and Retirement without commission action.

103.20 (b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial  
 103.21 valuations under this section that are other than postretirement interest and preretirement  
 103.22 interest may be changed only with the approval of the Legislative Commission on  
 103.23 Pensions and Retirement or after a period of one year has elapsed since the date on which  
 103.24 the proposed assumption change or changes were received by the Legislative Commission  
 103.25 on Pensions and Retirement without commission action.

103.26 (c) A change in the applicable actuarial assumptions may be proposed by the  
 103.27 governing board of the applicable pension fund or relief association, by the actuary  
 103.28 retained by the joint retirement systems under section 356.214 or by the actuary retained  
 103.29 by a local police or firefighters relief association governed by sections ~~69.77 or 69.771~~ to  
 103.30 ~~69.776~~ or by sections 31 to 43, if one is retained.

103.31 Sec. 62. Minnesota Statutes 2012, section 356.216, is amended to read:

103.32 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL**  
 103.33 **~~POLICE AND FIRE FUNDS~~ MONTHLY VOLUNTEER FIREFIGHTER RELIEF**  
 103.34 **ASSOCIATIONS.**

104.1 The provisions of section 356.215 that govern the contents of actuarial valuations  
104.2 ~~must apply to the Bloomington Fire Department Relief Association and to any local police~~  
104.3 ~~or fire pension fund or monthly volunteer firefighter relief association~~ required to make  
104.4 an actuarial report under this section, except as follows:

104.5 ~~(1) in calculating normal cost and other requirements, if required to be expressed as~~  
104.6 ~~a level percentage of covered payroll, the salaries used in computing covered payroll must~~  
104.7 ~~be the maximum rate of salary on which retirement and survivorship credits and amounts~~  
104.8 ~~of benefits are determined and from which any member contributions are calculated and~~  
104.9 ~~deducted;~~

104.10 ~~(2) (1) in lieu of the amortization date specified in section 356.215, subdivision~~  
104.11 ~~11, the appropriate amortization target date specified in clause (2) or section 69.77,~~  
104.12 ~~subdivision 4, or 69.773, subdivision 4, clause paragraph (c), must be used in calculating~~  
104.13 ~~any required amortization contribution, except that if the actuarial report;~~

104.14 ~~(2) for the Bloomington Fire Department Relief Association indicates an, any~~  
104.15 ~~unfunded actuarial accrued liability, the unfunded obligation is to must be amortized on~~  
104.16 ~~a level dollar basis by December 31 of the year occurring 20 years later after the year~~  
104.17 ~~in which the unfunded actuarial accrued liability initially occurred, and, if subsequent~~  
104.18 ~~actuarial valuations for the Bloomington Fire Department Relief Association determine~~  
104.19 ~~indicate a net actuarial experience loss incurred during the year which ended as of the day~~  
104.20 ~~before the most recent actuarial valuation date, any unfunded actuarial accrued liability~~  
104.21 ~~due to that loss is to be amortized on a level dollar basis by December 31 of the year~~  
104.22 ~~occurring 20 years later after the year in which the net actuarial experience loss occurred;~~

104.23 ~~(3) in addition to the tabulation of active members and annuitants provided for in~~  
104.24 ~~section 356.215, subdivision 13, the member contributions for active members for the~~  
104.25 ~~calendar year and the prospective annual retirement annuities service pensions under the~~  
104.26 ~~benefit plan for active members must be reported;~~

104.27 ~~(4) actuarial valuations required under section 40 must be made annually and~~  
104.28 ~~actuarial valuations required under section 69.773, subdivision 2, must be made at least~~  
104.29 ~~every four years and actuarial valuations required under section 69.77 shall be made~~  
104.30 ~~annually or as frequently as required by generally accepted accounting principles in the~~  
104.31 ~~government sector, whichever frequency requirement is shorter;~~

104.32 ~~(5) the actuarial balance sheet showing accrued assets valued at market value if the~~  
104.33 ~~actuarial valuation is required to be prepared at least every four years or valued as current~~  
104.34 ~~assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the~~  
104.35 ~~actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the~~  
104.36 ~~unfunded actuarial accrued liability must include the following required reserves:~~



- 105.1 (i) for active members:
- 105.2 1. (A) retirement benefits or service pensions;
- 105.3 2. (B) disability benefits; and
- 105.4 3. ~~refund liability due to death or withdrawal;~~
- 105.5 4. (C) survivors' benefits;
- 105.6 (ii) for deferred annuitants' benefits;
- 105.7 (iii) for former members without vested rights;
- 105.8 (iv) for annuitants;:
- 105.9 1. (A) retirement annuities or service pensions;
- 105.10 2. (B) disability annuities; and
- 105.11 3. ~~surviving spouses' annuities;~~
- 105.12 4. ~~surviving children's annuities;~~ (C) survivor benefits.

105.13 In addition to those required reserves, separate items must be shown for additional

105.14 benefits, if any, which may not be appropriately included in the reserves listed above; and

105.15 (6) actuarial valuations are due to be filed with the state auditor by the first day of

105.16 the seventh month after the end of the fiscal year which the actuarial valuation covers.

105.17 Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

105.18 Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf

105.19 of the public pension funds and programs for which it is the investment authority, and

105.20 any Minnesota public pension plan that is not fully invested through the State Board of

105.21 Investment, including the Bloomington Fire Department Relief Association and a local

105.22 ~~police or~~ volunteer firefighters relief association governed by sections ~~69.77 or~~ 69.771 to

105.23 69.775, shall report the information specified in subdivision 3 to the state auditor. The

105.24 state auditor may prescribe a form or forms for the purposes of the reporting requirements

105.25 contained in this section.

105.26 (b) The Bloomington Fire Department Relief Association and a local ~~police or~~

105.27 volunteer firefighters relief association governed by section ~~69.77 or~~ sections 69.771 to

105.28 69.775 is fully invested during a given calendar year for purposes of this section if all

105.29 assets of the applicable pension plan beyond sufficient cash equivalent investments to

105.30 cover six months expected expenses are invested under section 11A.17. The board of any

105.31 fully invested public pension plan remains responsible for submitting investment policy

105.32 statements and subsequent revisions as required by subdivision 3, paragraph (a).

105.33 (c) For purposes of this section, the State Board of Investment is considered to be

105.34 the investment authority for any Minnesota public pension fund required to be invested by

105.35 the State Board of Investment under section 11A.23, or for any Minnesota public pension

106.1 fund authorized to invest in the supplemental investment fund under section 11A.17 and  
106.2 which is fully invested by the State Board of Investment.

106.3 (d) This section does not apply to the following plans:

106.4 (1) the Minnesota unclassified employees retirement program under chapter 352D;

106.5 (2) the public employees defined contribution plan under chapter 353D;

106.6 (3) the individual retirement account plans under chapters 354B and 354D;

106.7 (4) the higher education supplemental retirement plan under chapter 354C;

106.8 (5) any alternative retirement benefit plan established under section 383B.914; and

106.9 (6) the University of Minnesota faculty retirement plan.

106.10 Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

106.11 Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class"  
106.12 means any of the following asset groupings as authorized in applicable law, bylaws, or  
106.13 articles of incorporation:

106.14 (1) cash and any cash equivalent investments with maturities of one year or less  
106.15 when issued;

106.16 (2) debt securities with maturities greater than one year when issued, including  
106.17 but not limited to mortgage participation certificates and pools, asset backed securities,  
106.18 guaranteed investment contracts, and authorized government and corporate obligations of  
106.19 corporations organized under laws of the United States or any state, or the Dominion of  
106.20 Canada or its provinces;

106.21 (3) stocks or convertible issues of any corporation organized under laws of the  
106.22 United States or any state, or the Dominion of Canada or its provinces, or any corporation  
106.23 listed on the New York Stock Exchange or the American Stock Exchange;

106.24 (4) international stocks or convertible issues;

106.25 (5) international debt securities; and

106.26 (6) real estate and venture capital.

106.27 (b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775,~~  
106.28 ~~or any other applicable law,~~ in open-end investment companies registered under the  
106.29 federal Investment Company Act of 1940, or in the Minnesota supplemental investment  
106.30 fund under section 11A.17, this investment must be included under an asset class indicated  
106.31 in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes  
106.32 underlying securities from more than one asset class as indicated by paragraph (a), clauses  
106.33 (1) through (6), the investment may be treated as a separate asset class.

106.34 Sec. 65. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

107.1 Subd. 8. **Timing of reports.** (a) For ~~salaries firefighter relief associations, police~~  
107.2 the Bloomington Fire Department Relief associations, Association and the volunteer  
107.3 firefighter relief associations, the information required under this section must be  
107.4 submitted by the due date for reports required under section 69.051, subdivision 1 or 1a,  
107.5 as applicable. If a relief association satisfies the definition of a fully invested plan under  
107.6 subdivision 1, paragraph (b), for the calendar year covered by the report required under  
107.7 section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of  
107.8 the covered pension plan shall certify that compliance on a form prescribed by the state  
107.9 auditor. The state auditor shall transmit annually to the State Board of Investment a list or  
107.10 lists of covered pension plans which submitted certifications in order to facilitate reporting  
107.11 by the State Board of Investment under paragraph (c).

107.12 (b) For the St. Paul Teachers Retirement Fund Association, the Duluth Teachers  
107.13 Retirement Fund Association, and the University of Minnesota faculty supplemental  
107.14 retirement plan, the information required under this section must be submitted to the state  
107.15 auditor by June 1 of each year.

107.16 (c) The State Board of Investment, on behalf of pension funds specified in  
107.17 subdivision 1, paragraph (c), must report information required under this section by  
107.18 September 1 of each year.

107.19 Sec. 66. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

107.20 Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this  
107.21 subdivision has the meaning indicated.

107.22 (b) "Public pension plan" means any retirement plan or fund enumerated in section  
107.23 356.20, subdivision 2, or 356.30, subdivision 3, the Bloomington Fire Department Relief  
107.24 Association, any relief association governed by ~~section 69.77~~ or sections 69.771 to  
107.25 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County  
107.26 supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing  
107.27 and redevelopment authority retirement plan.

107.28 (c) "Public pension plan member" means a person who is a participant covered by  
107.29 a public pension plan; a former participant of a public pension plan who has sufficient  
107.30 service to be entitled to receive a future retirement annuity or service pension; a recipient  
107.31 of a retirement annuity, service pension, or disability benefit from a public pension plan; or  
107.32 a former participant of a public pension plan who has member or employee contributions  
107.33 to the person's credit in the public pension plan.

107.34 (d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a  
107.35 joint annuitant, a designated recipient of a second or remainder portion of an optional

108.1 annuity form, a beneficiary, or the estate of a deceased public pension plan member, as  
108.2 those terms are commonly understood or defined in the benefit plan document of the  
108.3 public pension plan.

108.4 (e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit,  
108.5 second or remainder portion of an optional annuity form, a death benefit, a funeral benefit,  
108.6 or a refund of member or employee contributions payable on account of the death of a  
108.7 public pension plan member as provided for in the benefit plan document of the public  
108.8 pension plan.

108.9 Sec. 67. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

108.10 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a  
108.11 pension plan, other than the general fund, as reserves for present and future payment  
108.12 of benefits and administrative expenses. For the Bloomington Fire Department Relief  
108.13 Association or a retirement plan governed by section 69.77 or by chapter 424A, the term  
108.14 means the relief association special fund.

108.15 Sec. 68. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

108.16 Subd. 4. **Economic interest statement.** (a) Each member of the governing board  
108.17 of a covered pension plan and the chief administrative officer of the plan shall file with  
108.18 the plan a statement of economic interest.

108.19 (b) For a covered pension plan other than a plan specified in paragraph (c), the  
108.20 statement must contain the information required by section 10A.09, subdivision 5, and  
108.21 any other information that the fiduciary or the governing board of the plan determines is  
108.22 necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

108.23 (c) For a covered pension plan governed by sections 69.771 to 69.776 or ~~a covered~~  
108.24 ~~pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief  
108.25 Association if its special fund assets are under \$8,000,000, the statement must contain  
108.26 the following:

108.27 (1) the person's principal occupation and principal place of business;

108.28 (2) whether or not the person has an ownership of or interest of ten percent or greater  
108.29 in an investment security brokerage business, a real estate sales business, an insurance  
108.30 agency, a bank, a savings and loan, or another financial institution; and

108.31 (3) any relationship or financial arrangement that can reasonably be expected to  
108.32 give rise to a conflict of interest.

109.1 (d) The statement must be filed annually with the chief administrative officer of  
109.2 the plan and be available for public inspection during regular office hours at the office  
109.3 of the pension plan.

109.4 (e) A disclosure form meeting the requirements of the federal Investment Advisers  
109.5 Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and  
109.6 filed with the State Board of Investment or the pension plan meets the requirements of  
109.7 this subdivision.

109.8 (f) The chief administrative officer of each covered pension plan, by January 15,  
109.9 annually, shall transmit a certified listing of all individuals who have filed statements of  
109.10 economic interest with the plan under this subdivision during the preceding 12 months  
109.11 and the address of the office referenced in paragraph (d) to the Campaign Finance and  
109.12 Public Disclosure Board.

109.13 Sec. 69. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

109.14 Subd. 2. **Annual financial report.** A covered pension plan shall provide each  
109.15 active plan participant and benefit recipient with a copy of the most recent annual financial  
109.16 report required by section 356.20 and a copy of the most recent actuarial evaluation,  
109.17 if any, required by section ~~69.77~~, 69.773, 356.215, or 356.216, or by section 40, or a  
109.18 summary of those reports.

109.19 Sec. 70. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

109.20 Subdivision 1. **Amortization state aid.** ~~(a) A municipality in which is located a local~~  
109.21 ~~police or salaried firefighters relief association to which the provisions of section 69.77,~~  
109.22 ~~apply, that had an unfunded actuarial accrued liability in the most recent relief association~~  
109.23 ~~actuarial valuation, is entitled, upon application as required by the commissioner of~~  
109.24 ~~revenue, to receive local police and salaried firefighters' relief association amortization~~  
109.25 ~~state aid if the municipality and the appropriate relief association both comply with the~~  
109.26 ~~applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and~~  
109.27 ~~69.77. The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4,~~  
109.28 ~~and 5, to receive amortization state aid under this section.~~

109.29 (b) The total amount of amortization state aid to all entitled municipalities must not  
109.30 exceed ~~\$5,055,000~~ the appropriation under subdivision 3a.

109.31 (c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph,~~  
109.32 ~~the amount of amortization state aid to which a municipality is entitled annually is an~~  
109.33 ~~amount equal to the level annual dollar amount required to amortize, by December 31,~~  
109.34 ~~2010, the unfunded actuarial accrued liability of the special fund of the appropriate~~

110.1 relief association as reported in the December 31, 1978, actuarial valuation of the relief  
 110.2 association prepared under sections 356.215 and 356.216, reduced by the dollar amount  
 110.3 required to pay the interest on the unfunded actuarial accrued liability of the special fund of  
 110.4 the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes  
 110.5 1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state  
 110.6 aid amount thus determined must be reduced by \$747,232 on account of the former  
 110.7 Minneapolis Police Relief Association and by \$772,768 on account of the former  
 110.8 Minneapolis Fire Department Relief Association. The amortization state aid amounts are:

<u>City</u>	<u>Aid Amount</u>
<u>Fairmont</u>	<u>\$24,172</u>
<u>Minneapolis</u>	<u>\$2,728,547</u>

110.12 If the amortization state aid amounts determined under this paragraph exceed the  
 110.13 amount appropriated for this purpose under subdivision 3a, the amortization state aid for  
 110.14 actual allocation must be reduced pro rata.

110.15 (d) Each municipality is eligible for an amortization state aid payment in a fiscal  
 110.16 year if:

110.17 (1) for Fairmont, the executive director of the Public Employees Retirement  
 110.18 Association certifies on or before June 30 that a municipal contribution with respect to the  
 110.19 former Fairmont Police Relief Association is payable in the upcoming fiscal year under  
 110.20 section 353.665, subdivision 8, paragraph (c); and

110.21 (2) for Minneapolis, the executive director of the Public Employees Retirement  
 110.22 Association certifies on or before June 30 that an additional employer contribution with  
 110.23 respect to either the former Minneapolis Firefighters Relief Association or the former  
 110.24 Minneapolis Police Relief Association is payable in the upcoming fiscal year under section  
 110.25 353.665, subdivision 8, paragraph (b).

110.26 Payment of amortization state aid to municipalities must be made ~~directly~~ to  
 110.27 the municipalities involved in three equal installments on July 15, September 15, and  
 110.28 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer  
 110.29 shall transmit the aid amount to the ~~treasurer~~ custodian of the local relief association trust  
 110.30 fund or to the executive director of the public employees police and fire retirement fund,  
 110.31 whichever applies, for immediate deposit ~~in the special fund of the relief association.~~

110.32 (e) The commissioner of revenue shall administer the amortization state aid program.  
 110.33 The commissioner shall prescribe and periodically revise, as necessary, the form for and  
 110.34 required content of the application certifications for the amortization state aid.

110.35 (f) ~~The amount required under this section, as provided in subdivision 3a, is~~  
 110.36 ~~appropriated annually from the general fund to the commissioner of revenue.~~

111.1 Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 1b, is amended to read:

111.2 Subd. 1b. **Additional amortization state aid.** ~~(a) Annually, on October 1, the~~  
111.3 ~~commissioner of revenue shall allocate the additional amortization state aid transferred~~  
111.4 ~~under section 69.021, subdivision 11, to:~~

111.5 ~~(1) all police or salaried firefighters relief associations governed by and in full~~  
111.6 ~~compliance with the requirements of section 69.77, that had an unfunded actuarial accrued~~  
111.7 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~  
111.8 ~~preceding December 31;~~

111.9 ~~(2) all local police or salaried firefighter consolidation accounts governed by chapter~~  
111.10 ~~353A that are certified by the executive director of the public employees retirement~~  
111.11 ~~association as having for the current fiscal year an additional municipal contribution~~  
111.12 ~~amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented~~  
111.13 ~~section 353A.083, subdivision 1, if the effective date of the consolidation preceded May~~  
111.14 ~~24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date~~  
111.15 ~~of the consolidation preceded June 1, 1995; and~~

111.16 ~~(3) the municipalities that are required to make an additional municipal contribution~~  
111.17 ~~under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision~~  
111.18 ~~6, for the duration of the required additional contribution.~~

111.19 ~~(b) The commissioner shall allocate the state aid on the basis of the proportional share~~  
111.20 ~~of the relief association or consolidation account of the total unfunded actuarial accrued~~  
111.21 ~~liability of all recipient relief associations and consolidation accounts as of December 31,~~  
111.22 ~~1993, for relief associations, and as of June 30, 1994, for consolidation accounts.~~

111.23 ~~(e) (a) Beginning October 1, 2000~~ 2013, and annually thereafter, the commissioner  
111.24 shall allocate the additional amortization state aid, including any state aid in excess of the  
111.25 limitation in subdivision 4, on the following basis:

111.26 ~~(1) 64.5 percent to the municipalities to which section 353.665, subdivision~~  
111.27 ~~8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in~~  
111.28 ~~accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

111.29 ~~(2) 34.2~~ (1) 47.1 percent to the city of Minneapolis to fund any unfunded actuarial  
111.30 accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216  
111.31 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~  
111.32 ~~Minneapolis Fire Department Relief Association; and~~ defray the employer costs associated  
111.33 with police and firefighter retirement coverage;

111.34 ~~(2) 25.8 percent as additional funding to support the minimum fire state aid for~~  
111.35 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

112.1 (3) 12.9 percent to the city of Duluth to defray employer costs associated with  
 112.2 police and firefighter retirement coverage;

112.3 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the  
 112.4 investment performance requirement of paragraph (c) is met; and

112.5 ~~(3) (5) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued~~  
 112.6 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~  
 112.7 ~~preceding December 31 for the Virginia Fire Department Relief Association~~ defray the  
 112.8 employer contribution under section 353.665, subdivision 8, paragraph (d).

112.9 If there is no ~~unfunded actuarial accrued liability in both~~ additional employer  
 112.10 contribution under section 353.665, subdivision 8, paragraph (b), certified under  
 112.11 subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police  
 112.12 Relief Association and the former Minneapolis Fire Department Relief Association as  
 112.13 ~~disclosed in the most recent actuarial valuations for the relief associations prepared under~~  
 112.14 ~~sections 356.215 and 356.216, the commissioner shall allocate that 34.2~~ 47.1 percent  
 112.15 of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
 112.16 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional  
 112.17 funding to support minimum fire state aid for volunteer firefighters relief associations. If  
 112.18 there is no ~~unfunded actuarial accrued liability in~~ employer contribution by the city of  
 112.19 ~~Virginia Fire Department Relief Association as disclosed in the most recent actuarial~~  
 112.20 ~~valuation for the relief association prepared under sections 356.215 and 356.216 under~~  
 112.21 ~~section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department~~  
 112.22 Relief Association certified on or before June 30 by the executive director of the Public  
 112.23 Employees Retirement Association, the commissioner shall allocate that 1.3 percent  
 112.24 of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
 112.25 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional  
 112.26 funding to support minimum fire state aid for volunteer firefighters relief associations.  
 112.27 ~~Upon the final payment to municipalities required by section 353.665, subdivision 8,~~  
 112.28 ~~paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate~~  
 112.29 ~~that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement~~  
 112.30 ~~Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial~~  
 112.31 ~~accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216~~  
 112.32 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~  
 112.33 ~~Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for~~  
 112.34 ~~any costs associated with the police and firefighters pensions, and 40 percent as additional~~  
 112.35 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~



113.1 (b) The allocation must be made by the commissioner ~~at the same time and under the~~  
 113.2 ~~same procedures as specified in subdivision 3~~ of revenue on October 1 annually.

113.3 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually,  
 113.4 ~~beginning on July 1, 2005~~, if the applicable teacher's association five-year average  
 113.5 time-weighted rate of investment return does not equal or exceed the performance of a  
 113.6 composite portfolio assumed passively managed (indexed) invested ten percent in cash  
 113.7 equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic  
 113.8 stock calculated using the formula under section 11A.04, clause (11), the aid allocation  
 113.9 to ~~that~~ the retirement fund under this section ceases until the five-year annual rate of  
 113.10 investment return equals or exceeds the performance of that composite portfolio.

113.11 (d) The amounts required under this subdivision are the amounts annually  
 113.12 appropriated to the commissioner of revenue under section 69.021, subdivision 11,  
 113.13 paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.

113.14 Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:

113.15 Subd. 2. **Continued eligibility.** A municipality that ~~has qualified for amortization~~  
 113.16 ~~state aid under subdivision 1 on December 31, 1984, and has an additional municipal~~  
 113.17 ~~contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most~~  
 113.18 ~~recent December 31, continues upon application to be entitled to receive amortization~~  
 113.19 ~~state aid under subdivision 1 and supplementary amortization state aid under subdivision~~  
 113.20 ~~1a, after the local police or salaried firefighters' relief association has been consolidated~~  
 113.21 ~~into the public employees police and fire fund. If a municipality loses entitlement for~~  
 113.22 ~~amortization state aid and supplementary amortization state aid in any year because of~~  
 113.23 ~~not having an additional municipal contribution under section 353A.09, subdivision 5,~~  
 113.24 ~~paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A~~  
 113.25 ~~municipality that received amortization aid in 1999 and is required to make an additional~~  
 113.26 ~~municipal contribution under section 353.665, subdivision 8, continues to qualify for the~~  
 113.27 ~~amortization state aid and the supplemental amortization aid until December 31, 2009~~  
 113.28 received amortization aid in 2011 and is required to make a municipal contribution under  
 113.29 section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to  
 113.30 qualify for amortization state aid for the duration of the applicable municipal contribution.

113.31 Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

113.32 Subd. 3. **Reallocation of amortization or supplementary amortization state aid.**  
 113.33 (a) Seventy percent of the difference between \$5,720,000 and the current year amortization  
 113.34 aid ~~and supplemental amortization aid~~ distributed under subdivisions subdivision 1 and 1a

114.1 that is not distributed for any reason to a municipality ~~for use by a local police or salaried~~  
 114.2 ~~fire relief association~~ must be distributed by the commissioner of revenue according to this  
 114.3 paragraph. The commissioner shall distribute 50 percent of the amounts derived under  
 114.4 this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers  
 114.5 Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund  
 114.6 Association to fund the unfunded actuarial accrued liabilities of the respective funds.  
 114.7 These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each fiscal year. If the  
 114.8 St. Paul Teachers Retirement Fund Association or if the Duluth Teachers Retirement Fund  
 114.9 Association becomes fully funded, its the association's eligibility for its portion of this  
 114.10 aid ceases. Amounts remaining in the undistributed balance account at the end of the  
 114.11 biennium if aid eligibility ceases cancel to the general fund.

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

114.16 (c) Thirty percent of the difference between \$5,720,000 and the current year  
 114.17 amortization aid ~~and supplemental amortization aid~~ under ~~subdivisions 1 and~~ subdivision  
 114.18 1a that is not distributed for any reason to a municipality ~~for use by a local police or~~  
 114.19 ~~salaried firefighter relief association~~ must be distributed under section 69.021, subdivision  
 114.20 7, paragraph (d), as additional funding to support a minimum fire state aid amount for  
 114.21 volunteer firefighter relief associations.

114.22 Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

114.23 Subd. 3a. **Appropriations for amortization state aid; ~~supplementary~~**  
 114.24 **~~amortization state aid; and amortization state aid and supplementary state aid~~**  
 114.25 **reallocations.** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to  
 114.26 the commissioner of revenue for amortization state aid under subdivision 1, and for the  
 114.27 reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated~~  
 114.28 ~~from the general fund to the commissioner of revenue for supplementary amortization~~  
 114.29 ~~state aid under subdivision 1a, and for the reallocation of supplementary amortization state~~  
 114.30 ~~aid under subdivision 3.~~

114.31 Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

114.32 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid;  
 114.33 ~~supplemental amortization aid;~~ and additional amortization aid under this section payable  
 114.34 to a municipality to which section 353.665, subdivision 8, paragraph (b), (c), or (d),

115.1 applies, may not exceed the amount of the additional municipal contribution payable by  
115.2 an individual municipality under section 353.665, subdivision 8, paragraph (b), (c), or (d).

115.3 (b) Any aid amount in excess of the limit under this subdivision for an individual  
115.4 municipality must be redistributed to the other municipalities to which section 353.665,  
115.5 subdivision 8, paragraph (b), (c), or (d), applies. The excess aid must be distributed in  
115.6 proportion to each municipality's additional municipal contribution under section 353.665,  
115.7 subdivision 8, paragraph (b), (c), or (d).

115.8 (c) When the total aid for each municipality under this section equals the limit under  
115.9 paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

115.10 Sec. 76. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

115.11 Subd. 5. **Termination of state aid programs.** The amortization state aid;  
115.12 ~~supplemental amortization state aid~~, and additional amortization state aid programs  
115.13 terminate as of the December 31, next following the date of the actuarial valuation when  
115.14 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial  
115.15 accrued liability of that plan or ~~December 31, 2009~~ when the assets of the Duluth Teachers  
115.16 Retirement Fund Association equal the actuarial accrued liability of that plan, whichever  
115.17 is later.

115.18 Sec. 77. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

115.19 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief  
115.20 association" means a volunteer firefighters' relief association or a volunteer firefighters'  
115.21 division or account of a partially salaried and partially volunteer firefighters' relief  
115.22 association that is:

115.23 (1) organized and incorporated as a nonprofit corporation to provide retirement  
115.24 benefits to volunteer firefighters under chapter 317A and any laws of the state;

115.25 (2) governed by this chapter and sections 69.771 to 69.775; and

115.26 (3) directly associated with:

115.27 (i) a fire department established by municipal ordinance;

115.28 (ii) an independent nonprofit firefighting corporation that is organized under the  
115.29 provisions of chapter 317A and that operates primarily for firefighting purposes; or

115.30 (iii) a fire department operated as or by a joint powers entity that operates primarily  
115.31 for firefighting purposes.

115.32 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

116.1 (1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~  
116.2 sections 31 to 43; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446,  
116.3 as amended; or

116.4 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed  
116.5 by chapter 353G.

116.6 (c) A relief association or volunteer firefighters' relief association is a governmental  
116.7 entity that receives and manages public money to provide retirement benefits for individuals  
116.8 providing the governmental services of firefighting and emergency first response.

116.9 Sec. 78. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

116.10 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,  
116.11 including any volunteer firefighters relief association governed by ~~section 69.77~~ sections  
116.12 31 to 43 or any volunteer firefighters division of a relief association governed by chapter  
116.13 424, may only pay ancillary benefits which would constitute an authorized disbursement  
116.14 as specified in section 424A.05 subject to the following requirements or limitations:

116.15 (1) with respect to a defined benefit relief association in which governing bylaws  
116.16 provide solely for a lump-sum service pension to a retiring member, or provide a retiring  
116.17 member the choice of either a lump-sum service pension or a monthly service pension  
116.18 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any  
116.19 former member or paid to any person on behalf of any former member after the former  
116.20 member (i) terminates active service with the fire department and active membership  
116.21 in the relief association; and (ii) commences receipt of a service pension as authorized  
116.22 under this section; and

116.23 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
116.24 payable to any member, to any former member, or to any person on behalf of any member  
116.25 or former member, may exceed in amount the total earned service pension of the member  
116.26 or former member. The total earned service pension must be calculated by multiplying  
116.27 the service pension amount specified in the bylaws of the relief association at the time of  
116.28 death or disability, whichever applies, by the years of service credited to the member or  
116.29 former member. The years of service must be determined as of (i) the date the member or  
116.30 former member became entitled to the ancillary benefit; or (ii) the date the member or  
116.31 former member died entitling a survivor or the estate of the member or former member to  
116.32 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the  
116.33 member had attained the minimum amount of service and membership credit specified in  
116.34 the governing bylaws. For active members, the amount of a permanent disability benefit  
116.35 or a survivor benefit must be equal to the member's total earned service pension except

117.1 that the bylaws of a defined benefit relief association may provide for the payment of a  
117.2 survivor benefit in an amount not to exceed five times the yearly service pension amount  
117.3 specified in the bylaws on behalf of any member who dies before having performed five  
117.4 years of active service in the fire department with which the relief association is affiliated.

117.5 (3)(i) If a lump sum survivor or death benefit is payable under the articles of  
117.6 incorporation or bylaws, the benefit must be paid:

117.7 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

117.8 (B) as a survivor benefit to the surviving children of the deceased firefighter if  
117.9 no surviving spouse;

117.10 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
117.11 surviving spouse or surviving children; or

117.12 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
117.13 surviving children and no beneficiary designated.

117.14 (ii) If there are no surviving children, the surviving spouse may waive, in writing,  
117.15 wholly or partially, the spouse's entitlement to a survivor benefit.

117.16 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of  
117.17 incorporation or bylaws, the benefit must be paid:

117.18 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

117.19 (B) as a survivor benefit to the surviving children of the deceased firefighter if  
117.20 no surviving spouse;

117.21 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
117.22 surviving spouse or surviving children; or

117.23 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no  
117.24 surviving spouse, no surviving children, and no beneficiary designated.

117.25 (ii) If there are no surviving children, the surviving spouse may waive, in writing,  
117.26 wholly or partially, the spouse's entitlement to a survivor benefit.

117.27 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly  
117.28 survivor benefit payable to a designated beneficiary, the relief association bylaws may  
117.29 limit the total survivor benefit amount payable.

117.30 (5) For purposes of this section, for a monthly benefit volunteer fire relief association  
117.31 or for a combination lump-sum and monthly benefit volunteer fire relief association where  
117.32 a monthly benefit service pension has been elected by or a monthly benefit is payable with  
117.33 respect to a firefighter, a designated beneficiary must be a natural person. For purposes  
117.34 of this section, for a lump-sum volunteer fire relief association or for a combination  
117.35 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service  
117.36 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,

118.1 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to  
 118.2 the surviving children organized under chapter 501B as authorized by this section and  
 118.3 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding  
 118.4 a requirement of this section to the contrary.

118.5 Sec. 79. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

118.6 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying  
 118.7 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;  
 118.8 for funding actuarial liabilities to pay postemployment benefits to employees or officers  
 118.9 after their termination of service; or for funding all or part of the municipality's current  
 118.10 and future unfunded liability for a pension or retirement fund or plan referred to in  
 118.11 section 356.20, subdivision 2, as those liabilities are most recently computed under  
 118.12 sections 356.215 and 356.216. The board of trustees or directors of a the Bloomington  
 118.13 Fire Department Relief Association ~~referred to in section 69.77~~ must consent and must  
 118.14 be a party to any contract made under this section with respect to the fund held by it  
 118.15 for the benefit of and in trust for its members. For purposes of this section, the term  
 118.16 "postemployment benefits" means benefits giving rise to a liability under Statement No.  
 118.17 45 of the Governmental Accounting Standards Board.

118.18 Sec. 80. **REVISOR'S INSTRUCTION.**

118.19 (a) The revisor of statutes shall not show the text of Minnesota Statutes,  
 118.20 section 69.77, and add the note in Minnesota Statutes, section 69.77, "CITY OF  
 118.21 BLOOMINGTON; LOCAL."

118.22 (b) In Minnesota Statutes 2014 and subsequent editions, Minnesota Statutes,  
 118.23 sections 69.771 to 69.776 must be recodified as Minnesota Statutes, sections 424A.091  
 118.24 to 424A.096, and all statutory cross-references revised.

118.25 Sec. 81. **REPEALER.**

118.26 (a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and  
 118.27 10, are repealed.

118.28 (b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are  
 118.29 repealed.

118.30 (c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04;  
 118.31 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10;  
 118.32 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09;  
 118.33 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

119.1 (d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07;  
 119.2 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;  
 119.3 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

119.4 (e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3;  
 119.5 and 423A.02, subdivision 1a, are repealed.

119.6 Sec. 82. **EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

119.7 (a) Sections 70 to 76 are effective June 1, 2013.

119.8 (b) Except as provided in paragraph (c), sections 1 to 69 and 77 to 82 are effective  
 119.9 July 1, 2013.

119.10 (c) With respect to the city of Minneapolis, section 18 is effective retroactively from  
 119.11 July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively  
 119.12 from May 10, 2012.

119.13 (d) Allocations of amortization state aid, supplementary amortization state aid, or  
 119.14 additional amortization state aid made by the commissioner of revenue before January 1,  
 119.15 2013, are hereby validated.

#### 119.16 ARTICLE 4

#### 119.17 VOLUNTEER FIREFIGHTER RETIREMENT CHANGES

119.18 Section 1. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

119.19 Subdivision 1. **Covered relief associations.** The applicable provisions of sections  
 119.20 69.771 to 69.776 ~~apply to govern any firefighters' relief association other than~~ defined in  
 119.21 section 424A.001, subdivision 4, and do not apply to a relief association enumerated in  
 119.22 section 69.77, subdivision 1a, which is organized under any laws of this state, which is  
 119.23 composed of volunteer firefighters or is composed partially of volunteer firefighters and  
 119.24 partially of salaried firefighters with retirement coverage provided by the public employees  
 119.25 police and fire fund and which, in either case, operates subject to the service pension  
 119.26 minimum requirements for entitlement and maximums contained in section 424A.02, or  
 119.27 subject to a special law modifying those requirements or maximums.

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

119.29 Sec. 2. Minnesota Statutes 2012, section 69.774, subdivision 1, is amended to read:

119.30 Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit**  
 119.31 **corporations.** (a) This section shall apply applies to any independent nonprofit firefighting  
 119.32 corporation incorporated or organized pursuant to under chapter 317A which: (1) operates  
 119.33 exclusively for firefighting purposes; (2) which is composed of volunteer firefighters;

120.1 and (3) which has a duly established separate subsidiary incorporated firefighters' relief  
120.2 association which provides retirement coverage for or pays a service pension to a retired  
120.3 firefighter or a retirement benefit to a surviving dependent of either an active or a retired  
120.4 firefighter, and which operates is subject to the ~~service pension minimum requirements~~  
120.5 ~~for entitlement to and maximums for a service pension contained in section 424A.02,~~  
120.6 ~~or a special law modifying those requirements or maximums~~ applicable provisions of  
120.7 chapter 424A.

120.8 (b) Notwithstanding any law to the contrary, a municipality contracting with an  
120.9 independent nonprofit firefighting corporation ~~shall~~ must be included in the distribution of  
120.10 fire state aid to the appropriate county auditor by the state auditor only if the independent  
120.11 nonprofit firefighting corporation complies with the provisions of this section.

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

120.13 Sec. 3. Minnesota Statutes 2012, section 353G.05, subdivision 2, is amended to read:

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

120.17 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief  
120.18 association governed by chapter 424A, the cost analysis of the prospective retirement  
120.19 coverage must be requested jointly by the secretary of the volunteer firefighters' relief  
120.20 association, following approval of the request by the board of the volunteer firefighters'  
120.21 relief association, and the chief administrative officer of the entity associated with the relief  
120.22 association, following approval of the request by the governing body of the entity associated  
120.23 with the relief association. If the relief association is associated with more than one entity,  
120.24 the chief administrative officer of each associated entity must execute the request. If  
120.25 the volunteer firefighters are not currently covered by a volunteer firefighters' relief  
120.26 association, the cost analysis of the prospective retirement coverage must be requested by  
120.27 the chief administrative officer of the entity operating the fire department. The request  
120.28 must be made in writing and must be made on a form prescribed by the executive director.

120.29 (c) The cost analysis of the prospective retirement coverage by the statewide  
120.30 retirement plan must be based on the service pension amount under section 353G.11  
120.31 closest to the service pension amount provided by the volunteer firefighters' relief  
120.32 association if the relief association is a lump-sum defined benefit plan, or the amount equal  
120.33 to 95 percent of the most current average account balance per relief association member if  
120.34 the relief association is a defined contribution plan, or to the lowest service pension amount  
120.35 under section 353G.11 if there is no volunteer firefighters' relief association, rounded up,



121.1 and any other service pension amount designated by the requester or requesters. The cost  
121.2 analysis must be prepared using a mathematical procedure certified as accurate by an  
121.3 approved actuary retained by the Public Employees Retirement Association.

121.4 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists  
121.5 that has filed the information required under section 69.051 in a timely fashion, upon  
121.6 request by the executive director, the state auditor shall provide the most recent data  
121.7 available on the financial condition of the volunteer firefighters' relief association, the most  
121.8 recent firefighter demographic data available, and a copy of the current relief association  
121.9 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association  
121.10 exists, the chief administrative officer of the entity operating the fire department shall  
121.11 provide the demographic information on the volunteer firefighters serving as members  
121.12 of the fire department requested by the executive director.

121.13 (e) If a cost analysis is requested, the executive director of the State Board of  
121.14 Investment shall review the investment portfolio of the relief association, if applicable,  
121.15 for compliance with the applicable provisions of chapter 11A and for appropriateness  
121.16 for retention under the established investment objectives and investment policies of the  
121.17 State Board of Investment. If the prospective retirement coverage change is approved  
121.18 under paragraph (f), the State Board of Investment may require that the relief association  
121.19 liquidate any investment security or other asset which the executive director of the State  
121.20 Board of Investment has determined to be an ineligible or inappropriate investment for  
121.21 retention by the State Board of Investment. The security or asset liquidation must occur  
121.22 before the effective date of the transfer of retirement plan coverage. If requested to do so by  
121.23 the chief administrative officer of the relief association, the executive director of the State  
121.24 Board of Investment shall provide advice about the best means to conduct the liquidation.

121.25 (f) Upon receipt of the cost analysis, the governing body of the municipality or  
121.26 independent nonprofit firefighting corporation associated with the fire department shall  
121.27 either approve or disapprove the retirement coverage change within ~~90~~ 120 days. If the  
121.28 retirement coverage change is not acted upon within ~~90~~ 120 days, it is deemed to be  
121.29 disapproved. If the retirement coverage change is approved by the applicable governing  
121.30 body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan  
121.31 is effective on the next following January 1.

121.32 **EFFECTIVE DATE.** This section is effective July 1, 2013.

121.33 Sec. 4. Minnesota Statutes 2012, section 424A.001, is amended by adding a  
121.34 subdivision to read:

122.1 Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association  
122.2 begins on January 1 of each calendar year and ends on December 31 of the same calendar  
122.3 year.

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

122.5 Sec. 5. Minnesota Statutes 2012, section 424A.01, subdivision 6, is amended to read:

122.6 **Subd. 6. Return to active firefighting after break in service.** (a) ~~The requirements~~  
122.7 ~~of this section apply~~ subdivision applies to all breaks in service, except breaks in that the  
122.8 resumption service mandated by requirements of this subdivision do not apply to leaves  
122.9 of absence made available by federal or statute, such as the Family Medical Leave Act,  
122.10 United States Code, title 29, section 2691, and the Uniformed Services Employment and  
122.11 Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply  
122.12 to leaves of absence made available by state law statute, such as the Parental Leave Act,  
122.13 section 181.941; the Leave for Organ Donations Act, section 181.9456; the Leave for  
122.14 Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members  
122.15 of Military Personnel Injured or Killed in Active Service Act, section 181.947, or the  
122.16 Protection of Jurors' Employment Act, section 593.50.

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

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

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

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

122.33 (c) If a former firefighter who has received a service pension or disability benefit  
122.34 returns to active relief association membership under paragraph (b), the firefighter may  
122.35 qualify for the receipt of a service pension from the relief association for the resumption

123.1 service period if the firefighter meets the service requirements of section 424A.016,  
123.2 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension  
123.3 more than once for the same period of service.

123.4 (d) If a former firefighter who has not received a service pension or disability benefit  
123.5 returns to active relief association membership under paragraph (b), the firefighter may  
123.6 qualify for the receipt of a service pension from the relief association for the original and  
123.7 resumption service periods if the firefighter meets the service requirements of section  
123.8 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption  
123.9 years of service credit.

123.10 (e) A firefighter who returns to active lump-sum relief association membership under  
123.11 paragraph (b) and who qualifies for a service pension under paragraph (c) must have,  
123.12 upon a subsequent cessation of duties, any service pension for the resumption service  
123.13 period calculated as a separate benefit. If a lump-sum service pension had been paid to the  
123.14 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service  
123.15 pension for the resumption service period must be calculated by applying the service  
123.16 pension amount in effect on the date of the firefighter's termination of the resumption  
123.17 service for all years of the resumption service.

123.18 (f) A firefighter who had not been paid a lump-sum service pension returns to active  
123.19 relief association membership under paragraph (b), who did not meet the minimum period  
123.20 of resumption service requirement specified in the relief association's bylaws, but who  
123.21 does meet the minimum service requirement of section 424A.02, subdivision 2, based  
123.22 on the firefighter's original and resumption years of active service, must have, upon a  
123.23 subsequent cessation of duties, a service pension for the original and resumption service  
123.24 periods calculated by applying the service pension amount in effect on the date of the  
123.25 firefighter's termination of the resumption service, or, if the bylaws so provide, based on  
123.26 the service pension amount in effect on the date of the firefighter's previous cessation  
123.27 of duties. The service pension for a firefighter who returns to active lump-sum relief  
123.28 association membership under this paragraph, but who had met the minimum period  
123.29 of resumption service requirement specified in the relief association's bylaws, must be  
123.30 calculated by applying the service pension amount in effect on the date of the firefighter's  
123.31 termination of the resumption service.

123.32 (g) If a firefighter receiving a monthly benefit service pension returns to active  
123.33 monthly benefit relief association membership under paragraph (b), and if the relief  
123.34 association bylaws do not allow for the firefighter to continue collecting a monthly service  
123.35 pension, any monthly benefit service pension payable to the firefighter is suspended as  
123.36 of the first day of the month next following the date on which the firefighter returns to

124.1 active membership. If the firefighter was receiving a monthly benefit service pension,  
124.2 and qualifies for a service pension under paragraph (c), the firefighter is entitled to  
124.3 an additional monthly benefit service pension upon a subsequent cessation of duties  
124.4 calculated based on the resumption service credit and the service pension accrual amount  
124.5 in effect on the date of the termination of the resumption service. A suspended initial  
124.6 service pension resumes as of the first of the month next following the termination of the  
124.7 resumption service. If the firefighter was not receiving a monthly benefit service pension  
124.8 and meets the minimum service requirement of section 424A.02, subdivision 2, a service  
124.9 pension must be calculated by applying the service pension amount in effect on the date of  
124.10 the firefighter's termination of the resumption service for all years of service credit.

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

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

124.35 (j) For defined contribution plans, if a firefighter who had not been paid a service  
124.36 pension returns to active relief association membership under paragraph (b), and who

125.1 meets the minimum service requirement of section 424A.016, subdivision 3, based on  
125.2 the firefighter's original and resumption years of service, must have, upon a subsequent  
125.3 cessation of duties, a service pension for the original and resumption service periods  
125.4 calculated to include allocations credited to the firefighter's individual account during  
125.5 the original and resumption period periods of service and deductions for administrative  
125.6 expenses, if applicable, less any amounts previously forfeited under section 424A.016,  
125.7 subdivision 4.

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

125.9 Sec. 6. Minnesota Statutes 2012, section 424A.015, subdivision 1, is amended to read:

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

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

125.18 (1) the person is ~~employed subsequent to retirement by~~ discontinues volunteer  
125.19 firefighter duties with the municipality or the independent nonprofit firefighting  
125.20 corporation, whichever applies, ~~to perform and performs~~ duties within the municipal fire  
125.21 department or corporation on a full-time basis;

125.22 (2) the governing body of the municipality or of the corporation has filed its  
125.23 determination with the board of trustees of the relief association that the person's  
125.24 experience with and service to the fire department in that person's full-time capacity  
125.25 would be difficult to replace; and

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

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

125.29 Sec. 7. Minnesota Statutes 2012, section 424A.015, subdivision 4, is amended to read:

125.30 Subd. 4. **Transfer to individual retirement account.** A relief association that is a  
125.31 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,  
125.32 and that provides a single payment service pension, at the written request of the applicable  
125.33 retiring member or, following the death of the active member, at the written request of the

126.1 deceased member's surviving spouse, may directly transfer on an institution-to-institution  
126.2 basis the eligible member's lump-sum pension or the death or survivor benefit attributable  
126.3 to the member, whichever applies, to the requesting person's individual retirement account  
126.4 under section 408(a) of the Internal Revenue Code, as amended.

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

126.6 Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 6, is amended to read:

126.7 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
126.8 to a deferred service pension if the member:

126.9 ~~(1) has completed the lesser of the minimum period of active service with the fire~~  
126.10 ~~department specified in the bylaws or 20 years of active service with the fire department;~~

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

126.12 ~~(3) separates from active service and membership and has completed the minimum~~

126.13 service and membership requirements in subdivision 2. The requirement that a member

126.14 separate from active service and membership is waived for persons who have discontinued

126.15 their volunteer firefighter duties and who are employed on a full-time basis under section

126.16 424A.015, subdivision 1.

126.17 (b) The deferred service pension is payable when the former member reaches at

126.18 least age 50, or at least the minimum age specified in the bylaws governing the relief

126.19 association if that age is greater than age 50, and when the former member makes a valid

126.20 written application.

126.21 (c) A defined contribution relief association may, if its governing bylaws so provide,

126.22 credit interest or additional investment performance on the deferred lump-sum service

126.23 pension during the period of deferral. If provided for in the bylaws, the interest must be

126.24 paid:

126.25 (1) at the investment performance rate actually earned on that portion of the assets

126.26 if the deferred benefit amount is invested by the relief association in a separate account

126.27 established and maintained by the relief association;

126.28 (2) at the investment performance rate actually earned on that portion of the assets

126.29 if the deferred benefit amount is invested in a separate investment vehicle held by the

126.30 relief association; or

126.31 (3) at the investment return on the assets of the special fund of the defined contribution

126.32 volunteer firefighter relief association in proportion to the share of the assets of the special

126.33 fund to the credit of each individual deferred member account through the accounting date

126.34 on which the investment return is recognized by and credited to the special fund.

127.1 (d) Unless the bylaws of a relief association that has elected to pay interest or  
127.2 additional investment performance on deferred lump-sum service pensions under  
127.3 paragraph (c) specifies a different interest or additional investment performance method,  
127.4 including the interest or additional investment performance period starting date and ending  
127.5 date, the interest or additional investment performance on a deferred service pension  
127.6 is creditable as follows:

127.7 (1) for a relief association that has elected to pay interest or additional investment  
127.8 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
127.9 member separates from active service and membership and ending on the accounting  
127.10 date immediately before the deferred member commences receipt of the deferred service  
127.11 pension; or

127.12 (2) for a relief association that has elected to pay interest or additional investment  
127.13 performance under paragraph (c), clause (2), beginning on the date that the member  
127.14 separates from active service and membership and ending on the date that the separate  
127.15 investment vehicle is valued immediately before the date on which the deferred member  
127.16 commences receipt of the deferred service pension.

127.17 (e) The deferred service pension is governed by and must be calculated under  
127.18 the general statute, special law, relief association articles of incorporation, and relief  
127.19 association bylaw provisions applicable on the date on which the member separated from  
127.20 active service with the fire department and active membership in the relief association.

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

127.22 Sec. 9. Minnesota Statutes 2012, section 424A.02, subdivision 7, is amended to read:

127.23 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
127.24 association is entitled to a deferred service pension if the member:

127.25 ~~(1) has completed the lesser of either the minimum period of active service with the~~  
127.26 ~~fire department specified in the bylaws or 20 years of active service with the fire department;~~

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

127.28 ~~(3) separates from active service and membership and has completed the minimum~~  
127.29 ~~service and membership requirements in subdivision 1.~~ The requirement that a member

127.30 separate from active service and membership is waived for persons who have discontinued  
127.31 their volunteer firefighter duties and who are employed on a full-time basis under section  
127.32 424A.015, subdivision 1.

127.33 (b) The deferred service pension is payable when the former member reaches at  
127.34 least age 50, or at least the minimum age specified in the bylaws governing the relief

128.1 association if that age is greater than age 50, and when the former member makes a valid  
128.2 written application.

128.3 (c) A defined benefit relief association that provides a lump-sum service pension  
128.4 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
128.5 deferred lump-sum service pension during the period of deferral. If provided for in the  
128.6 bylaws, interest must be paid in one of the following manners:

128.7 (1) at the investment performance rate actually earned on that portion of the assets  
128.8 if the deferred benefit amount is invested by the relief association in a separate account  
128.9 established and maintained by the relief association;

128.10 (2) at the investment performance rate actually earned on that portion of the assets  
128.11 if the deferred benefit amount is invested in a separate investment vehicle held by the  
128.12 relief association; or

128.13 (3) at an interest rate of up to five percent, compounded annually, as set by the board  
128.14 of ~~directors and approved as provided in subdivision 10~~ trustees.

128.15 (d) Any change in the interest rate set by the board of directors under paragraph (c),  
128.16 clause (3), must be ratified by the governing body of the municipality served by the fire  
128.17 department to which the relief association is directly associated, or by the independent  
128.18 nonprofit firefighting corporation, as applicable.

128.19 ~~(d)~~ (e) Interest under paragraph (c), clause (3), is payable beginning on the January  
128.20 1 next following the date on which the municipality has approved the deferred service  
128.21 pension interest rate established as set by the board of trustees was ratified by the governing  
128.22 body of the municipality served by the fire department to which the relief association is  
128.23 directly associated, or by the independent nonprofit firefighting corporation, as applicable.

128.24 (e) (f) Unless the bylaws of a relief association that has elected to pay interest  
128.25 or additional investment performance on deferred lump-sum service pensions under  
128.26 paragraph (c) specifies a different interest or additional investment performance method,  
128.27 including the interest or additional investment performance period starting date and ending  
128.28 date, the interest or additional investment performance on a deferred service pension  
128.29 is creditable as follows:

128.30 (1) for a relief association that has elected to pay interest or additional investment  
128.31 performance under paragraph (c), clause (1) or (3), beginning on the first day of the  
128.32 month next following the date that on which the member separates from active service  
128.33 and membership and ending on the ~~accounting date~~ last day of the month immediately  
128.34 before the month in which the deferred member commences receipt of the deferred  
128.35 service pension; or



129.1 (2) for a relief association that has elected to pay interest or additional investment  
129.2 performance under paragraph (c), clause (2), beginning on the date that the member  
129.3 separates from active service and membership and ending on the date that the separate  
129.4 investment vehicle is valued immediately before the date on which the deferred member  
129.5 commences receipt of the deferred service pension.

129.6 ~~(f)~~ (g) For a deferred service pension that is transferred to a separate account  
129.7 established and maintained by the relief association or separate investment vehicle held  
129.8 by the relief association, the deferred member bears the full investment risk subsequent  
129.9 to transfer and in calculating the accrued liability of the volunteer firefighters relief  
129.10 association that pays a lump-sum service pension, the accrued liability for deferred service  
129.11 pensions is equal to the separate relief association account balance or the fair market value  
129.12 of the separate investment vehicle held by the relief association.

129.13 ~~(g)~~ (h) The deferred service pension is governed by and must be calculated under  
129.14 the general statute, special law, relief association articles of incorporation, and relief  
129.15 association bylaw provisions applicable on the date on which the member separated from  
129.16 active service with the fire department and active membership in the relief association.

129.17 **EFFECTIVE DATE.** This section is effective January 1, 2014, with respect to the  
129.18 amendments to paragraphs (c), (d), and (e), and is effective retroactively from January  
129.19 1, 2013, with respect to the amendments to paragraph (f).

129.20 Sec. 10. Minnesota Statutes 2012, section 424A.10, subdivision 1, is amended to read:

129.21 Subdivision 1. **Definitions.** For purposes of this section:

129.22 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
129.23 of pension or retirement benefits from a volunteer firefighters' relief association or from  
129.24 the voluntary statewide lump-sum volunteer firefighter retirement plan for service that the  
129.25 individual has performed as a volunteer firefighter;

129.26 (2) "survivor of a deceased active or deferred volunteer firefighter" means the  
129.27 surviving spouse of a deceased active or deferred volunteer firefighter ~~under section~~  
129.28 ~~424A.001, subdivision 6;~~ or, if none, the surviving child or children of a deceased active  
129.29 or deferred volunteer firefighter;

129.30 (3) "active volunteer firefighter" means a person who regularly renders fire  
129.31 suppression service for a municipal fire department or an independent nonprofit firefighting  
129.32 corporation, who has met the statutory and other requirements for relief association  
129.33 membership, and who is deemed by the relief association under law and its bylaws to be a  
129.34 fully qualified member of the relief association or from the voluntary statewide lump-sum  
129.35 volunteer firefighter retirement plan for at least one month; and

130.1 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
130.2 terminated active firefighting service, has sufficient service credit from the applicable relief  
130.3 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan  
130.4 to be entitled to a service pension under the bylaws of the relief association, but has not  
130.5 applied for or has not received the service pension.

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

130.7 Sec. 11. Minnesota Statutes 2012, section 424A.10, subdivision 2, is amended to read:

130.8 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
130.9 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter  
130.10 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
130.11 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
130.12 contrary, the relief association must pay the supplemental benefit out of its special fund  
130.13 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
130.14 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
130.15 retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum  
130.16 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
130.17 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
130.18 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
130.19 volunteer firefighter in that capacity.

130.20 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
130.21 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
130.22 deferred volunteer firefighter, the association ~~may~~ must pay a supplemental survivor  
130.23 benefit to the survivor of the deceased active or deferred volunteer firefighter from the  
130.24 special fund of the relief association ~~if its articles of incorporation or bylaws so provide~~  
130.25 and the retirement plan ~~may~~ must pay a supplemental survivor benefit to the survivor of  
130.26 the deceased active or deferred volunteer firefighter from the retirement fund if chapter  
130.27 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the  
130.28 survivor benefit, but not to exceed \$2,000.

130.29 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
130.30 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
130.31 firefighter benefit.

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

131.1 Sec. 12. **WHITE BEAR LAKE VOLUNTEER FIRE DEPARTMENT RELIEF**  
 131.2 **ASSOCIATION; RETIREE DEATH BENEFIT.**

131.3 Notwithstanding any provision of Minnesota Statutes, section 424A.05, subdivision  
 131.4 3, clause (4), to the contrary, the White Bear Lake Volunteer Fire Department Relief  
 131.5 Association may provide, if its bylaws so provide, for the payment of a \$2,000 lump sum  
 131.6 death benefit from the special fund of the relief association to the estate of a person who  
 131.7 was a member of the relief association, who rendered at least 20 years of firefighting  
 131.8 service in the fire department and membership in the relief association, who retired  
 131.9 before January 1, 2009, who received a monthly benefit service pension from the relief  
 131.10 association for the month in which this section became effective, and who died after the  
 131.11 effective date of the bylaw amendment that implements the authority under this section.

131.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 131.13 the city of White Bear Lake and its chief clerical officer timely complete their compliance  
 131.14 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

131.15 Sec. 13. **REPEALER.**

131.16 Minnesota Statutes 2012, section 424A.10, subdivision 5, is repealed.

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

131.18 **ARTICLE 5**

131.19 **ONE PERSON AND SMALL GROUP RETIREMENT CHANGES**

131.20 Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

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

131.22 (1) employees of the Minnesota Historical Society;

131.23 (2) employees of the State Horticultural Society;

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

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

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

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

131.32 (7) employees of the legislature who are appointed without a limit on the duration  
 131.33 of their employment and persons employed or designated by the legislature or by a

- 132.1 legislative committee or commission or other competent authority to conduct a special  
132.2 inquiry, investigation, examination, or installation;
- 132.3 (8) trainees who are employed on a full-time established training program  
132.4 performing the duties of the classified position for which they will be eligible to receive  
132.5 immediate appointment at the completion of the training period;
- 132.6 (9) employees of the Minnesota Safety Council;
- 132.7 (10) any employees who are on authorized leave of absence from the Transit  
132.8 Operating Division of the former Metropolitan Transit Commission and who are employed  
132.9 by the labor organization which is the exclusive bargaining agent representing employees  
132.10 of the Transit Operating Division;
- 132.11 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space  
132.12 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito  
132.13 Control Commission unless excluded under subdivision 2b or are covered by another  
132.14 public pension fund or plan under section 473.415, subdivision 3;
- 132.15 (12) judges of the Tax Court;
- 132.16 (13) personnel who were employed on June 30, 1992, by the University of  
132.17 Minnesota in the management, operation, or maintenance of its heating plant facilities,  
132.18 whose employment transfers to an employer assuming operation of the heating plant  
132.19 facilities, so long as the person is employed at the University of Minnesota heating plant  
132.20 by that employer or by its successor organization;
- 132.21 (14) personnel who are employed as seasonal employees in the classified or  
132.22 unclassified service;
- 132.23 (15) persons who are employed by the Department of Commerce as a peace officer  
132.24 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the  
132.25 mandatory retirement age specified in section 43A.34, subdivision 4;
- 132.26 (16) employees of the University of Minnesota unless excluded under subdivision  
132.27 2b, clause (3);
- 132.28 (17) employees of the Middle Management Association whose employment began  
132.29 after July 1, 2007, and to whom section 352.029 does not apply;
- 132.30 (18) employees of the Minnesota Government Engineers Council to whom section  
132.31 352.029 does not apply; ~~and~~
- 132.32 (19) employees of the Minnesota Sports Facilities Authority; and
- 132.33 (20) employees of the Minnesota Association of Professional Employees unless  
132.34 the employee is receiving an age and service retirement annuity from the general state  
132.35 employees retirement plan of the Minnesota State Retirement System.

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

133.7 **EFFECTIVE DATE.** This section is effective July 1, 2013.

133.8 Sec. 2. Minnesota Statutes 2012, section 352.029, subdivision 1, is amended to read:

133.9 Subdivision 1. **Qualifications.** Unless already specifically included under section  
133.10 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision  
133.11 2b, a state employee on leave of absence without pay to provide service as an employee  
133.12 or officer of a labor organization that is an exclusive bargaining agent representing state  
133.13 employees may elect under subdivision 2 to be covered by the general state employees  
133.14 retirement plan of the Minnesota State Retirement System for service with the labor  
133.15 organization, subject to the limitations set forth in subdivisions 2a and 2b.

133.16 **EFFECTIVE DATE.** This section is effective July 1, 2013.

133.17 Sec. 3. Minnesota Statutes 2012, section 352.029, subdivision 2a, is amended to read:

133.18 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered  
133.19 salary for a labor organization employee who is a member under section 352.01,  
133.20 subdivision 2a, paragraph (a), clause (20), or who qualifies for membership under this  
133.21 section or section 352.75 is limited to the lesser of:

133.22 (1) the employee's actual salary as defined under section 352.01, subdivision 13; or  
133.23 (2) 75 percent of the salary of the governor as set under section 15A.082.

133.24 (b) The limited covered salary determined under this subdivision must be used in  
133.25 determining employee, employer, and employer additional contributions under section  
133.26 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits  
133.27 under this chapter and chapter 356.

133.28 **EFFECTIVE DATE.** This section is effective July 1, 2013.

133.29 Sec. 4. Minnesota Statutes 2012, section 352.029, subdivision 2b, is amended to read:

133.30 Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the  
133.31 person has met any other applicable requirements, upon the termination of employment by  
133.32 the labor organization by the person who is a member under section 352.01, subdivision

134.1 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 of employment  
134.2 by the labor organization. The reemployed annuitant earnings limitation set forth in  
134.3 section 352.115, subdivision 10, applies in the event that the person who is a member  
134.4 under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage  
134.5 under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor  
134.6 organization or by any other entity employing persons who are covered by the Minnesota  
134.7 State Retirement System by virtue of that employment.

134.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

134.9 Sec. 5. Minnesota Statutes 2012, section 352.029, subdivision 3, is amended to read:

134.10 Subd. 3. **Contributions.** The employee and employer contributions required  
134.11 by section 352.04, or by section 352.92 for employees covered by section 352.91, are  
134.12 the obligation of the employee who is a member under section 352.01, subdivision 2a,  
134.13 paragraph (a), clause (20), or who chooses coverage under this section. However, the  
134.14 employing labor organization may pay the employer contributions. Contributions made by  
134.15 the employee must be made by salary deduction. The employing labor organization shall  
134.16 pay all contributions to the system as required by section 352.04, or by section 352.92  
134.17 for employees covered by section 352.91.

134.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

134.19 Sec. 6. Minnesota Statutes 2012, section 352.029, subdivision 5, is amended to read:

134.20 Subd. 5. **Board membership excluded.** Employees of a labor organization who  
134.21 become members of the system under section 352.01, subdivision 2a, paragraph (a),  
134.22 clause (20), or under this section are not eligible for election to the board of directors.

134.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.

134.24 Sec. 7. **[356.408] TERMINATION OF SURVIVOR DESIGNATION.**

134.25 Subdivision 1. **Authorization to terminate optional annuity form.** A public  
134.26 pension plan retired member receiving a joint and survivor retirement annuity or a person  
134.27 receiving a joint and survivor disability benefit from a plan listed in section 356.30,  
134.28 subdivision 3, and the designated survivor of that person may mutually agree to terminate  
134.29 the survivor designation by filing a termination statement on a form and in the manner  
134.30 specified by the chief administrative officer of the applicable public pension plan. Upon  
134.31 filing a valid termination statement accepted by the chief administrative officer, the rights  
134.32 of the designated survivor to receive a benefit upon death of the plan retired or disabled

135.1 annuitant are terminated, and the retired or disabled annuitant must receive a normal  
135.2 single-life annuity.

135.3 Subd. 2. **Revised annuity form.** The replacement single life annuity must be  
135.4 actuarially equivalent to the joint and survivor annuity as of the first day of the month  
135.5 following acceptance of the valid termination statement by the chief administrative officer  
135.6 and payment of this revised prospective annuity begins on that same date.

135.7 Subd. 3. **Application.** This section does not apply if the designated survivor is the  
135.8 spouse or former spouse of the plan member.

135.9 Subd. 4. **Termination statement form requirements.** The annuity form  
135.10 termination statements must be in written form and must be notarized. Before accepting  
135.11 any signed form or forms, the chief administrative officer of the applicable pension plan  
135.12 must offer counseling to the retired or disabled annuitant and the designated survivor  
135.13 regarding the implications of the annuity form waiver. The forms must indicate that this  
135.14 counseling has been offered and either has been completed or has been waived by the  
135.15 retired or disabled annuitant and the designated survivor.

135.16 Subd. 5. **Prohibition against further annuity form revisions.** No retired or  
135.17 disabled annuitant who waives the annuity form under this section may further revise  
135.18 the annuity form at any later date.

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

135.20 Sec. 8. Minnesota Statutes 2012, section 356.48, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

136.1 (9) the St. Paul Teachers Retirement Fund Association established under chapter  
136.2 354A; and  
136.3 (9) (10) the uniform judicial retirement plan established under chapter 490.

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

136.5 Sec. 9. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**  
136.6 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

136.7 (a) An eligible person described in paragraph (b) is entitled to purchase prior  
136.8 uncredited service credit under paragraph (c) and, if the service credit purchase is made, to  
136.9 have the effective start date for active retirement plan membership of June 30, 1989, and  
136.10 to retire under Minnesota Statutes, section 352.116, subdivision 1.

136.11 (b) An eligible person is a person who:

136.12 (1) was born on July 17, 1964;

136.13 (2) was initially employed by the state of Minnesota as a temporary status laborer  
136.14 general on June 19, 1989;

136.15 (3) became a seasonal status laborer general on August 30, 1989;

136.16 (4) became an unlimited status laborer general on December 12, 1990;

136.17 (5) has received annual statements from the Minnesota State Retirement System  
136.18 indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116,  
136.19 subdivision 1, paragraph (b), as of September 1, 2012, including the June 30, 2012, annual  
136.20 statement;

136.21 (6) attended a Minnesota State Retirement System preretirement class in March  
136.22 2012 and was individually informed by a Minnesota State Retirement System employee of  
136.23 the person's retirement eligibility under Minnesota Statutes, section 352.116, subdivision  
136.24 1, paragraph (b); and

136.25 (7) received a letter from the Minnesota State Retirement System on August 16,  
136.26 2012, revising the start date for general state employees retirement plan allowable  
136.27 service credit from June 19, 1989, to September 27, 1989, and indicating consequent  
136.28 inapplicability of Minnesota Statutes, section 352.116, subdivision 1.

136.29 (c) An eligible person may purchase allowable service credit in the general state  
136.30 employees retirement plan of the Minnesota State Retirement System for the period June  
136.31 30, 1989, by paying an amount equal to 7.63 percent of salary earned after June 18, 1989,  
136.32 to June 30, 1989, and to 8.85 percent of salary earned after June 30, 1989, to September 27,  
136.33 1989, plus 8.5 percent compound interest on the total equivalent employee and employer  
136.34 contribution amounts from the date on which the contribution would have been deducted  
136.35 or paid if the person had been a member of the general state employees retirement plan of



137.1 the Minnesota State Retirement System at the time to the date that this portion of the prior  
137.2 service credit purchase payment is made. The payment must be made in a lump sum.

137.3 (d) An eligible person who purchased allowable service credit under paragraph  
137.4 (c) has a June 30, 1989, start date for allowable service credited by the general state  
137.5 employees retirement plan of the Minnesota State Retirement System and is eligible for a  
137.6 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

137.7 (e) Authority to purchase prior uncredited allowable service credit under this section  
137.8 expires on August 1, 2013.

137.9 **EFFECTIVE DATE.** This section is effective July 1, 2013.

137.10 Sec. 10. **PERA-GENERAL; PURCHASE OF CERTAIN PRIOR NORTHFIELD**  
137.11 **SERVICE CREDIT.**

137.12 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the  
137.13 contrary, an eligible person described in paragraph (b) is entitled to repay any prior refund  
137.14 as provided in paragraph (c) and is entitled to purchase service credit as provided in  
137.15 paragraph (d).

137.16 (b) An eligible person is a person who:

137.17 (1) was born on July 10, 1942;

137.18 (2) was employed by the city of Northfield on October 5, 2005;

137.19 (3) became a member of the general employees retirement plan of the Public  
137.20 Employees Retirement Association on April 5, 2009;

137.21 (4) was employed by the transit division of the city of Northfield until June 29,  
137.22 2012; and

137.23 (5) was eligible for PERA general employees retirement plan membership on  
137.24 October 5, 2005, but was not reported to PERA for membership in a timely fashion.

137.25 (c) The eligible person may repay to the general employees retirement fund of  
137.26 the Public Employees Retirement Association any refund of accumulated member  
137.27 contributions and interest previously received, plus interest at an annual rate of 8.5 percent  
137.28 compounded annually from the date on which the refund was paid until the date on which  
137.29 the refund is repaid.

137.30 (d) If the eligible person repays all prior refunds under paragraph (c), the eligible  
137.31 person may purchase 43 months of allowable service credit and salary credit from the  
137.32 general employees retirement plan of the Public Employees Retirement Association by  
137.33 making a payment equal to the unpaid member contributions during the period October 5,  
137.34 2005, until April 5, 2009, plus 8.5 percent interest from the date that each contribution

138.1 would have been transmitted to the Public Employees Retirement Association until the  
 138.2 date that the payment under this paragraph is made.

138.3 (e) If the eligible person makes the payment required under paragraph (c) in a timely  
 138.4 fashion, within 30 days following notification of that fact by the executive director of the  
 138.5 Public Employees Retirement Association, the city of Northfield shall pay the balance  
 138.6 of the prior service credit purchase payment amount required under Minnesota Statutes,  
 138.7 section 356.551. If the payment by the city of Northfield is not paid in a timely fashion,  
 138.8 the executive director shall collect the unpaid amount as provided under Minnesota  
 138.9 Statutes, section 353.28, subdivision 6.

138.10 (f) Authority to repay a refund and to make a prior service credit purchase payment  
 138.11 under this section expires on December 31, 2014.

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

138.13 Delete the title and insert:

138.14 "A bill for an act  
 138.15 relating to retirement, Minnesota State Retirement System, Public Employees  
 138.16 Retirement Association, and former local police and paid firefighter relief  
 138.17 associations; clarifying language; removing obsolete language; revising outdated  
 138.18 requirements; revising contribution rate revision procedures; revising disability  
 138.19 standards and disability benefit administration procedures; merging the elected  
 138.20 state officers retirement plan into the legislators retirement plan; revising pension  
 138.21 commission standards provision; revising pension plan financial report contents  
 138.22 provision; clarifying coverage of student employees and extending duration  
 138.23 of excluded work-study positions; revising military service credit purchase  
 138.24 provision for consistency with federal code; clarifying average salary for  
 138.25 benefit purposes; clarifying MERF division benefit eligibility; adding Lake  
 138.26 County Sunrise Home to privatization chapter; removing legislative approval  
 138.27 requirements for privatizations; modifying legislative notification requirements  
 138.28 for privatizations; clarifying privatized public hospital pension benefit eligibility;  
 138.29 making various administrative changes; revising and repealing various statutes to  
 138.30 reflect the recent mergers of local police and salaried firefighter relief associations  
 138.31 and consolidation accounts with the public employees police and fire retirement  
 138.32 plan; streamlining amortizations state aid programs; extending the deadline for  
 138.33 participation in the voluntary statewide lump-sum volunteer firefighter retirement  
 138.34 plan; requiring municipal approval for deferred service pension interest rate  
 138.35 changes by volunteer firefighter relief association boards of trustees; authorizing a  
 138.36 resumption of the payment of a death benefit to estates of certain White Bear Lake  
 138.37 volunteer firefighter relief association retirees; including Minnesota Association  
 138.38 of Professional Employees in MSRS-General plan coverage; authorizing the  
 138.39 termination of non-spousal survival designations in optional annuity form  
 138.40 elections in certain instances; authorizing certain service credit purchases;  
 138.41 providing instructions to the revisor of statutes; amending Minnesota Statutes  
 138.42 2012, sections 3.85, subdivision 10; 3A.011; 3A.03, subdivision 3; 3A.07;  
 138.43 3A.115; 3A.13; 3A.15; 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1;  
 138.44 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9,  
 138.45 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2,  
 138.46 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771,  
 138.47 subdivision 1; 69.774, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10,  
 138.48 subdivision 1; 345.381; 352.01, subdivisions 2a, 17b; 352.029, subdivisions 1,  
 138.49 2a, 2b, 3, 5; 352.03, subdivision 8; 352.045, by adding subdivisions; 352.113,

139.1 subdivisions 4, 6, 8, by adding subdivisions; 352.22, subdivision 3; 352.955,  
139.2 subdivisions 1, 3; 352B.011, subdivision 13; 352B.10, by adding a subdivision;  
139.3 352D.04, subdivision 2; 353.01, subdivisions 2a, 2b, 6, 10, 16, 17a, 29; 353.27,  
139.4 subdivision 7; 353.34, subdivisions 1, 2; 353.50, subdivisions 3, 6; 353.64,  
139.5 subdivision 1a; 353.657, subdivisions 2, 2a, 3; 353.659; 353.665, subdivisions  
139.6 1, 5, 8; 353.71, subdivision 1; 353F.02, subdivisions 3, 4, 6, by adding a  
139.7 subdivision; 353F.025, subdivisions 1, 2; 353F.03; 353F.04; 353F.05; 353F.051,  
139.8 subdivision 1; 353F.052; 353F.06; 353F.07; 353F.08; 353G.05, subdivision 2;  
139.9 356.20, subdivisions 2, 4; 356.214, subdivision 1; 356.215, subdivisions 1, 8,  
139.10 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.30, subdivision 3; 356.401,  
139.11 subdivision 3; 356.406, subdivision 1; 356.415, subdivisions 1a, 2; 356.48,  
139.12 subdivision 1; 356.635, subdivision 1; 356A.01, subdivision 19; 356A.06,  
139.13 subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4,  
139.14 5; 424A.001, subdivision 4, by adding a subdivision; 424A.01, subdivision 6;  
139.15 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02, subdivisions 7,  
139.16 9; 424A.10, subdivisions 1, 2; 475.52, subdivision 6; proposing coding for new  
139.17 law in Minnesota Statutes, chapters 3A; 353F; 356; repealing Minnesota Statutes  
139.18 2012, sections 3A.02, subdivision 3; 69.021, subdivision 6; 352.955, subdivision  
139.19 2; 352C.001; 352C.091, subdivision 1; 352C.10; 353.64, subdivision 3; 353.665,  
139.20 subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01;  
139.21 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081;  
139.22 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05;  
139.23 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13;  
139.24 353B.14; 353F.02, subdivisions 4, 5; 353F.025, subdivision 3; 423A.01;  
139.25 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11;  
139.26 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18;  
139.27 423A.19; 423A.20; 423A.21; 423A.22; 424A.10, subdivision 5."