

SENATE
STATE OF MINNESOTA
SPECIAL SESSION

S.F. No. 6

(SENATE AUTHORS: ROSEN)

DATE
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Introduction and first reading

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to retirement; making administrative changes to the Minnesota State

1.3 Retirement System; revising the requirements and eliminating the expiration date

1.4 for the Public Employees Retirement Association phased retirement program;

1.5 modifying provisions allowing for the purchase of service credit for periods of

1.6 military service for the Public Employees Retirement Association; revising the

1.7 municipal contribution to the public employees police and fire retirement plan

1.8 related to the former Minneapolis firefighters and police relief associations;

1.9 increasing member contributions for the higher education individual retirement

1.10 account plan; eliminating the expiration of a Minnesota state colleges and

1.11 universities early retirement incentive and making nonsubstantive style and form

1.12 changes; authorizing the termination of plan participation in the statewide volunteer

1.13 firefighter retirement plan and providing for the distribution of benefits and

1.14 allocation of any surplus assets; adopting the recommendations of the volunteer

1.15 firefighter relief association working group; extending the alternative allocation

1.16 of fire state aid for the city of Austin; authorizing a temporary supplemental pension

1.17 plan contribution restriction exemption; authorizing a coverage election for a

1.18 certain Minnesota State employee; making miscellaneous technical corrections to

1.19 laws and statutes; correcting erroneous, obsolete, and omitted text and references;

1.20 amending Minnesota Statutes 2018, sections 3.85, subdivision 2; 3A.02, by adding

1.21 a subdivision; 69.031, subdivision 5; 69.051, subdivisions 1, 3; 136F.47; 136F.481;

1.22 352.03, subdivisions 1, 1b; 352.113, subdivision 2; 352.115, subdivision 7, by

1.23 adding a subdivision; 352.22, by adding subdivisions; 352.23; 352.85, subdivision

1.24 4; 352.87, subdivision 8; 352B.08, by adding a subdivision; 352D.04, subdivision

1.25 2; 352D.05, subdivision 3; 352F.04, subdivision 1; 353.01, subdivisions 2b, 16;

1.26 353.34, subdivision 2; 353.371, subdivisions 1, 2, 3, 4, 5, 6, 7; 353.665, subdivision

1.27 8, by adding a subdivision; 353E.05; 354.05, subdivision 2a; 354.105; 354.42,

1.28 subdivisions 2, 3, 7; 354.49, subdivisions 3, 4; 354.51, subdivision 5; 354A.011,

1.29 subdivision 27; 354B.20, subdivisions 4, 7, 12, by adding a subdivision; 354B.22,

1.30 subdivision 2; 354B.23, subdivisions 1, 5; 354C.12, subdivision 2; 355.01,

1.31 subdivision 3c; 355.091; 356.215, subdivision 11; 356.219, subdivision 3; 356.551,

1.32 subdivision 2; 423A.02, subdivisions 1, 1b, 2, 4; 424A.001, by adding a subdivision;

1.33 424A.01, subdivision 6; 424A.015, subdivision 6; 424A.016, subdivisions 3, 6;

1.34 424A.02, subdivisions 2, 7, 9, 10; 424A.10, subdivision 1; 490.126, subdivision

1.35 3; Laws 2018, chapter 211, article 14, section 26; proposing coding for new law

1.36 in Minnesota Statutes, chapters 353; 353G; 354B; 356; repealing Minnesota Statutes

1.37 2018, sections 352F.06; 353.371, subdivision 8; 353G.15; 354B.20, subdivision

1.38 8; 354B.21, subdivisions 1, 1a, 2, 3, 3a, 3b, 4, 5, 6, 7.

2.1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.2 **ARTICLE 1**
 2.3 **MINNESOTA STATE RETIREMENT SYSTEM**
 2.4 **ADMINISTRATIVE PROVISIONS**

2.5 Section 1. Minnesota Statutes 2018, section 3A.02, is amended by adding a subdivision
 2.6 to read:

2.7 Subd. 7. **Application procedure.** The application for a benefit or refund made under
 2.8 this chapter must comply with section 352.115, subdivision 7a.

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

2.10 Sec. 2. Minnesota Statutes 2018, section 352.03, subdivision 1, is amended to read:

2.11 Subdivision 1. **Membership of board; election; term.** (a) The policy-making function
 2.12 of the system is vested in a board of 11 members known as the board of directors. This
 2.13 board shall consist of:

2.14 (1) three members appointed by the governor, one of whom must be a constitutional
 2.15 officer or appointed state official and two of whom must be public members knowledgeable
 2.16 in pension matters;

2.17 (2) four state employees elected by active ~~members~~ and ~~former~~ inactive vested members
 2.18 eligible for a deferred annuity from of the general state employees retirement plan and
 2.19 members with an account balance in the unclassified employees retirement program,
 2.20 excluding employees and ~~deferred annuitants~~ inactive vested members for whom a board
 2.21 member is designated under clause (3);

2.22 (3) one employee of the Metropolitan Council's transit operations or its successor agency
 2.23 designated by the executive committee of the labor organization that is the exclusive
 2.24 bargaining agent representing employees of the transit division;

2.25 (4) one employee who is a member of the State Patrol retirement plan elected by active
 2.26 ~~members~~ and ~~former~~ inactive vested members ~~eligible for a deferred annuity from~~ of that
 2.27 plan;

2.28 (5) one employee who is a member of the correctional state employees retirement plan
 2.29 established under this chapter elected by active ~~members~~ and ~~former~~ inactive vested members
 2.30 ~~eligible for a deferred annuity from~~ of that plan; and

3.1 (6) one retired employee of a plan included in the system, elected by disabled and retired
 3.2 employees of the plans administered by the system at a time and in a manner determined
 3.3 by the board.

3.4 (b) The terms of the four elected state employees under paragraph (a), clause (2), must
 3.5 be staggered, with two of the state employee board positions elected each biennium, whose
 3.6 terms of office begin on the first Monday in May after their election. Elected members and
 3.7 the appointed member of the Metropolitan Council's transit operations hold office for a term
 3.8 of four years and until their successors are elected or appointed, and have qualified.

3.9 (c) An employee or former employee of the system is not eligible for membership on
 3.10 the board of directors. A state employee on leave of absence is not eligible for election or
 3.11 reelection to membership on the board of directors.

3.12 (d) The term of any board member who is on leave for more than six months
 3.13 automatically ends on expiration of the term of office.

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

3.15 Sec. 3. Minnesota Statutes 2018, section 352.03, subdivision 1b, is amended to read:

3.16 Subd. 1b. **Membership voting limitations.** (a) Active members and former inactive
 3.17 vested members eligible for a deferred annuity from of a plan under this chapter ~~or~~₂ chapter
 3.18 352B, or chapter 352D are eligible to vote in board elections as further specified and restricted
 3.19 in this section.

3.20 (b) Retired members and disabilitants from a plan in the system may vote only for the
 3.21 retired member position under subdivision 1, paragraph (a), clause (6).

3.22 (c) ~~If a former~~ an inactive vested member eligible for a deferred annuity from of a plan
 3.23 under this chapter ~~or~~₂ chapter 352B, or chapter 352D is ~~a deferred annuitant from~~ an inactive
 3.24 vested member of more than one plan covered by the system, that person is eligible to vote
 3.25 only in elections applicable for ~~deferred annuitants from~~ inactive vested members of the
 3.26 plan in the system from which the person last received allowable service.

3.27 (d) If a person is an active member of a plan in the system and is ~~a deferred annuitant~~
 3.28 an inactive vested member or a retiree from another plan or plans in the system, the person
 3.29 is only eligible to vote in board elections applicable due to the active member plan
 3.30 membership.

4.1 (e) If a person is a ~~deferred annuitant~~ an inactive vested member from a plan in the
 4.2 system and is also a retiree from another plan in the system, the person is only eligible to
 4.3 vote in elections applicable due to the retiree status.

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

4.5 Sec. 4. Minnesota Statutes 2018, section 352.113, subdivision 2, is amended to read:

4.6 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
 4.7 and permanent disability benefit, or someone acting on behalf of the employee upon proof
 4.8 of authority satisfactory to the director, shall file a written application for benefits in the
 4.9 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

4.10 (b) The application must be in a form and manner prescribed by the executive director
 4.11 and include the medical reports required by subdivision 4, paragraph (b).

4.12 (c) The benefit shall begin to accrue the day following the start of disability or the day
 4.13 following the last day paid, whichever is later, but not earlier than 180 days before the date
 4.14 the application is filed ~~with the director~~ in an office of the system.

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

4.16 Sec. 5. Minnesota Statutes 2018, section 352.115, subdivision 7, is amended to read:

4.17 Subd. 7. **Application for annuity.** Application for annuity or optional annuity payment
 4.18 may be made by the employee at time of retirement, or by someone acting ~~in~~ on behalf of
 4.19 the employee; upon proof of authority satisfactory to the director.

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

4.21 Sec. 6. Minnesota Statutes 2018, section 352.115, is amended by adding a subdivision to
 4.22 read:

4.23 **Subd. 7a. Application procedure.** (a) The filing of an application for an annuity, refund,
 4.24 disability benefit, survivor benefit, death benefit, or other monthly benefit authorized by
 4.25 this chapter, chapters 3A, 352B, 352D, or 490 must comply with this subdivision.

4.26 (b) Filing of an application under paragraph (a) is not complete until an original
 4.27 application and supporting documents are received in an office of the system or received
 4.28 by a person authorized by the director. An original application may not be an electronic
 4.29 copy or facsimile copy and if received in an office of the system, must be delivered by
 4.30 personal service or mail.

5.1 (c) In this subdivision, "supporting documents" are:

5.2 (1) documents sufficient to verify birth;

5.3 (2) documents sufficient to verify marital status or establish the terms of a divorce, if
5.4 applicable;

5.5 (3) the acknowledgment required by section 356.46, subdivision 3, paragraph (b).

5.6 Supporting documents are not required to be original documents except as determined
5.7 by the director.

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

5.9 Sec. 7. Minnesota Statutes 2018, section 352.23, is amended to read:

5.10 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

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

5.14 (b) Terminated service credits and rights must not again be restored until the former
5.15 employee acquires at least six months of allowable service credit after taking the last refund
5.16 and repays all refunds previously taken from the retirement fund with interest as provided
5.17 in paragraph (d). If an employee repays only part of a refund or repays a refund in partial
5.18 payments as permitted under paragraph (d), service credit will be restored in accordance
5.19 with section 356.44. An employee will not be considered as entitled to any other benefit,
5.20 including benefits for which the employee may be eligible because of the employee's original
5.21 hire date into public employment, until full repayment of all refunds has been made.

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

5.28 (d) Payments under this section for repayment of refunds are to be paid with interest at
5.29 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
5.30 annually, from the date the refund was taken until the date the refund is repaid. Repayment
5.31 may be made in partial payments consistent with section 356.44 during employment or in
5.32 a lump sum up to six months after termination from service.

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

6.2 Sec. 8. Minnesota Statutes 2018, section 352.85, subdivision 4, is amended to read:

6.3 Subd. 4. **Election of coverage.** To be covered by this section-352.85, any employee of
6.4 the Department of Military Affairs, described in subdivision 1, must file a notice with the
6.5 executive director of the system on a form prescribed by the executive director stating
6.6 ~~whether or not~~ that the employee elects to be covered. Notice must be filed within 90 days
6.7 of employment. Elected coverage is effective retroactively as of the first day of employment.
6.8 Amounts that would have been deducted from the employee's salary starting with the first
6.9 day of employment but were not deducted because the employee had not yet filed the election
6.10 must be deducted from the employee's future salary in accordance with a schedule of
6.11 deductions determined by the executive director and the Department of Military Affairs.
6.12 Elections are irrevocable during any period of covered employment. A failure to file a timely
6.13 notice is deemed a waiver of coverage by this section.

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

6.15 Sec. 9. Minnesota Statutes 2018, section 352.87, subdivision 8, is amended to read:

6.16 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the
6.17 Department of Public Safety described in subdivision 1 who is employed in a position
6.18 described in that subdivision must file a notice with the executive director of the ~~Minnesota~~
6.19 ~~State Retirement~~ system on a form prescribed by the executive director stating ~~whether or~~
6.20 ~~not~~ that the employee elects to be covered by this section. Notice must be filed within 90
6.21 days of employment. Elected coverage is effective retroactively as of the first day of
6.22 employment. Amounts that would have been deducted from the employee's salary starting
6.23 with the first day of employment but were not deducted because the employee had not yet
6.24 filed the election must be deducted from the employee's future salary in accordance with a
6.25 schedule of deductions determined by the executive director and the Department of Public
6.26 Safety. Elections are irrevocable during any period of covered employment. A failure to
6.27 file a timely notice is deemed a waiver of coverage by this section.

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

6.29 Sec. 10. Minnesota Statutes 2018, section 352B.08, is amended by adding a subdivision
6.30 to read:

6.31 Subd. 1a. **Application procedure.** The application for a benefit or refund made under
6.32 this chapter must comply with section 352.115, subdivision 7a.

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

7.2 Sec. 11. Minnesota Statutes 2018, section 352D.05, subdivision 3, is amended to read:

7.3 Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at
 7.4 any time thereafter, a participant is entitled, upon application, to withdraw the cash value
 7.5 of the participant's total shares or leave such shares on deposit with the supplemental
 7.6 retirement fund. The account is valued at the end of the most recent United States investment
 7.7 market day following receipt of the application for withdrawal. The application for
 7.8 withdrawal must be an original application, not an electronic or facsimile copy and must
 7.9 be received in an office of the system or by a person authorized by the executive director.
 7.10 Shares not withdrawn remain on deposit with the supplemental retirement fund until the
 7.11 former participant becomes at least 55 years old, and applies for an annuity under section
 7.12 352D.06, subdivision 1.

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

7.14 Sec. 12. Minnesota Statutes 2018, section 352F.04, subdivision 1, is amended to read:

7.15 Subdivision 1. **Enhanced augmentation rates.** The deferred annuity of a terminated
 7.16 hospital employee is subject to augmentation under Minnesota Statutes 1994, section 352.72,
 7.17 subdivision 2, except that the rate of augmentation to be applied each January 1 is set by
 7.18 this subdivision. For augmentation through December 31, 2018, the rate of augmentation
 7.19 is set under Minnesota Statutes 2016, section 352.04, subdivision 1. For augmentation
 7.20 beginning January 1, 2019, the rate of augmentation is the following:

7.21	January 1, 2019	4.5 percent
7.22	January 1, 2020	3.75 percent
7.23	January 1, 2021	3.0 percent
7.24	January 1, 2022	2.25 percent
7.25	January 1, 2023	1.5 percent
7.26	January 1, 2024	0.75 percent

7.27 After December 31, 2024, the deferred annuity must not be augmented.

7.28 Augmentation for each year is effective as of January 1 of that year.

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

7.30 Sec. 13. Minnesota Statutes 2018, section 490.126, subdivision 3, is amended to read:

7.31 Subd. 3. **Application for annuity or refund.** An application for an annuity or a refund
 7.32 under this chapter may be made by the potential annuitant or by someone authorized to act

8.1 for the potential annuitant. Every application for an annuity or refund, accompanied by a
 8.2 proof of age and by a record of years of service when required, must be submitted to the
 8.3 executive director of the Minnesota State Retirement System in a form prescribed by the
 8.4 director. Except as provided for in this chapter, the application for an annuity, benefit, or
 8.5 refund under this chapter must comply with the filing procedures in section 352.115,
 8.6 subdivision 7a.

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

8.8 Sec. 14. **REPEALER.**

8.9 Minnesota Statutes 2018, section 352F.06, is repealed.

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

8.11 **ARTICLE 2**

8.12 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PROVISIONS**

8.13 Section 1. Minnesota Statutes 2018, section 353.01, subdivision 16, is amended to read:

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

8.15 (1) service during years of actual membership in the course of which employee deductions
 8.16 were withheld from salary and contributions were made at the applicable rates under section
 8.17 353.27, 353.65, or 353E.03;

8.18 (2) periods of service covered by payments in lieu of salary deductions under sections
 8.19 353.27, subdivisions 12 and 12a, and 353.35;

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

8.23 (4) a period of authorized leave of absence during which the employee receives pay as
 8.24 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for
 8.25 employee contributions are made, deposited, and credited to the fund;

8.26 (5) a period of authorized leave of absence without pay, or with pay that is not included
 8.27 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which
 8.28 salary deductions are not authorized, and for which a member obtained service credit for
 8.29 up to 12 months of the authorized leave period by payment under section 353.0162, to the
 8.30 fund made in place of salary deductions;

9.1 (6) a periodic, repetitive leave that is offered to all employees of a governmental
9.2 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
9.3 as certified to the association by the employer. A participating member obtains service credit
9.4 by making employee contributions in an amount or amounts based on the member's average
9.5 salary, excluding overtime pay, that would have been paid if the leave had not been taken.
9.6 The employer shall pay the employer and additional employer contributions on behalf of
9.7 the participating member. The employee and the employer are responsible to pay interest
9.8 on their respective shares at the applicable rate or rates specified in section 356.59,
9.9 subdivision 3, compounded annually, from the end of the normal cycle until full payment
9.10 is made. An employer shall also make the employer and additional employer contributions,
9.11 plus interest at the applicable rate or rates specified in section 356.59, subdivision 3,
9.12 compounded annually, on behalf of an employee who makes employee contributions but
9.13 terminates public service. The employee contributions must be made within one year after
9.14 the end of the annual normal working cycle or within 30 days after termination of public
9.15 service, whichever is sooner. The executive director shall prescribe the manner and forms
9.16 to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon
9.17 payment, the member must be granted allowable service credit for the purchased period;

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

9.24 (8) a period ~~during which a member is absent from employment by a governmental~~
9.25 ~~subdivision by reason of service in the uniformed services, as defined in United States Code,~~
9.26 ~~title 38, section 4303(13), if the member returns to public service with the same governmental~~
9.27 ~~subdivision upon discharge from service in the uniformed service within the time frames~~
9.28 ~~required under United States Code, title 38, section 4312(e), provided that the member did~~
9.29 ~~not separate from uniformed service with a dishonorable or bad conduct discharge or under~~
9.30 ~~other than honorable conditions. The service must be credited if the member pays into the~~
9.31 ~~fund equivalent employee contributions based upon the contribution rate or rates in effect~~
9.32 ~~at the time that the uniformed service was performed multiplied by the full and fractional~~
9.33 ~~years being purchased and applied to the annual salary rate. The annual salary rate is the~~
9.34 ~~average annual salary during the purchase period that the member would have received if~~
9.35 ~~the member had continued to be employed in covered employment rather than to provide~~

10.1 ~~uniformed service, or, if the determination of that rate is not reasonably certain, the annual~~
 10.2 ~~salary rate is the member's average salary rate during the 12-month period of covered~~
 10.3 ~~employment rendered immediately preceding the period of the uniformed service. Payment~~
 10.4 ~~of the member equivalent contributions must be made during a period that begins with the~~
 10.5 ~~date on which the individual returns to public employment and that is three times the length~~
 10.6 ~~of the military leave period, or within five years of the date of discharge from the military~~
 10.7 ~~service, whichever is less. If the determined payment period is less than one year, the~~
 10.8 ~~contributions required under this clause to receive service credit may be made within one~~
 10.9 ~~year of the discharge date. Payment may not be accepted following 30 days after termination~~
 10.10 ~~of public service under subdivision 11a. If the member equivalent contributions provided~~
 10.11 ~~for in this clause are not paid in full, the member's allowable service credit must be prorated~~
 10.12 ~~by multiplying the full and fractional number of years of uniformed service eligible for~~
 10.13 ~~purchase by the ratio obtained by dividing the total member contributions received by the~~
 10.14 ~~total member contributions otherwise required under this clause. The equivalent employer~~
 10.15 ~~contribution, and, if applicable, the equivalent additional employer contribution must be~~
 10.16 ~~paid by the governmental subdivision employing the member if the member makes the~~
 10.17 ~~equivalent employee contributions. The employer payments must be made from funds~~
 10.18 ~~available to the employing unit, using the employer and additional employer contribution~~
 10.19 ~~rate or rates in effect at the time that the uniformed service was performed, applied to the~~
 10.20 ~~same annual salary rate or rates used to compute the equivalent member contribution. The~~
 10.21 ~~governmental subdivision involved may appropriate money for those payments. The amount~~
 10.22 ~~of service credit obtainable under this section may not exceed five years unless a longer~~
 10.23 ~~purchase period is required under United States Code, title 38, section 4312. The employing~~
 10.24 ~~unit shall pay interest on all equivalent member and employer contribution amounts payable~~
 10.25 ~~under this clause. Interest must be computed at the applicable rate or rates specified in~~
 10.26 ~~section 356.59, subdivision 3, compounded annually, from the end of each fiscal year of~~
 10.27 ~~the leave or the break in service to the end of the month in which the payment is received.~~
 10.28 ~~Upon payment, the employee must be granted allowable service credit for the purchased~~
 10.29 ~~period; or of uniformed services leave purchased under section 353.014;~~

10.30 (9) a period of military service purchased under section 353.0141; or

10.31 ~~(9)~~ (10) a period specified under section 353.0162.

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

10.34 (c) For an active member who was an active member of the former Minneapolis
 10.35 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of

11.1 service credited by the Minneapolis Firefighters Relief Association as reflected in the
11.2 transferred records of the association up to December 30, 2011, and the period of service
11.3 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
11.4 who was an active member of the former Minneapolis Police Relief Association on December
11.5 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
11.6 Relief Association as reflected in the transferred records of the association up to December
11.7 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
11.8 30, 2011.

11.9 **EFFECTIVE DATE.** This section is effective July 1, 2019.

11.10 **Sec. 2. [353.014] FEDERALLY PROTECTED MILITARY LEAVE.**

11.11 Subdivision 1. **Service credit purchase authorized.** (a) Unless prohibited under
11.12 paragraph (b), a member is eligible to purchase allowable service credit for one or more
11.13 periods of service during which a member is absent from employment by a governmental
11.14 subdivision by reason of service in the uniformed services, as defined in United States Code,
11.15 title 38, section 4303(13), if the member returns to public service with the same governmental
11.16 subdivision upon discharge from service in the uniformed services within the time frames
11.17 required under United States Code, title 38, section 4312(e).

11.18 (b) The purchase of allowable service credit is prohibited if the member separated from
11.19 uniformed service with a dishonorable or bad conduct discharge or under other than honorable
11.20 conditions.

11.21 Subd. 2. **Payments required.** (a) If the payments required by this section are made, a
11.22 member shall be granted allowable service credit for one or more periods of military service
11.23 as described in subdivision 1. The payments required by this section are equivalent employee
11.24 contributions as described in paragraph (b), equivalent employer contributions or additional
11.25 employer contributions as described in paragraph (c), and interest as described in paragraph
11.26 (d).

11.27 (b) A member eligible under subdivision 1 electing to purchase allowable service credit
11.28 shall pay into the fund within the time period described in subdivision 4 equivalent employee
11.29 contributions based upon the contribution rate or rates in effect at the time that the uniformed
11.30 service was performed multiplied by the full and fractional years being purchased and
11.31 applied to the annual salary rate as defined in subdivision 3.

11.32 (c) If the member makes the payment under paragraph (b), the governmental subdivision
11.33 employing the member shall pay the equivalent employer contribution and, if applicable,

12.1 the equivalent additional employer contribution. The employer payments must be made
12.2 from funds available to the employing unit, using the employer and additional employer
12.3 contribution rate or rates in effect at the time that the uniformed service was performed,
12.4 applied to the same annual salary rate or rates used to compute the equivalent employee
12.5 contribution. The governmental subdivision involved may appropriate money for those
12.6 payments.

12.7 (d) The employing unit shall pay interest on all equivalent employee and employer
12.8 contribution amounts payable under this subdivision. Interest must be computed at the
12.9 applicable rate or rates specified in section 356.59, subdivision 3, compounded annually,
12.10 from the end of each fiscal year during the leave to the end of the month in which the
12.11 payment is received.

12.12 Subd. 3. **Annual salary rate defined.** The annual salary rate is the average annual salary
12.13 during the purchase period that the member would have received if the member had continued
12.14 to be employed in covered employment rather than take the uniformed services leave, or,
12.15 if the determination of that rate is not reasonably certain, the annual salary rate is the
12.16 member's average salary rate during the 12-month period of covered employment rendered
12.17 immediately preceding the period of the uniformed service.

12.18 Subd. 4. **Time period for making member's payment.** Payment of the employee
12.19 equivalent contributions must be made during a period that begins with the date on which
12.20 the member returns to public employment and that is three times the length of the military
12.21 leave period, or within five years of the date on which the member returns to public
12.22 employment, whichever is less. If the payment period is less than one year, payment of the
12.23 employee equivalent contributions may be made within one year of the date of the member's
12.24 discharge from service in the uniformed services. Payment may not be accepted after 30
12.25 days following termination of public service under section 353.01, subdivision 11a.

12.26 Subd. 5. **Employer required to notify.** The employer shall notify the executive director,
12.27 on a form prescribed by the executive director, of the reemployment of a member who is
12.28 returning from service in the uniformed services as described in subdivision 1, and is eligible
12.29 to purchase service credit under this section. The employer must provide the notice within
12.30 14 days of the member's reemployment. The employer shall maintain a copy of the notice
12.31 in the member's employment file.

12.32 Subd. 6. **Executive director required to notify.** Within 30 days of receipt of notification
12.33 from the employer under subdivision 5, the executive director shall notify the reemployed

13.1 member in writing of the right to purchase service credit. The notification shall be mailed
13.2 to the member's last known address.

13.3 Subd. 7. **Maximum amount of service credit and proration if full payment is not**
13.4 **made.** (a) The maximum amount of service credit that may be purchased under this section
13.5 is five years unless a longer purchase period is required to be offered under United States
13.6 Code, title 38, section 4312.

13.7 (b) If the employee equivalent contributions under subdivision 2 are not paid in full, the
13.8 member's allowable service credit must be prorated by multiplying the full and fractional
13.9 number of years of uniformed service eligible for purchase by the ratio obtained by dividing
13.10 the total employee contributions received by the total employee contributions otherwise
13.11 required under this section.

13.12 **EFFECTIVE DATE.** This section is effective July 1, 2019.

13.13 Sec. 3. **[353.0141] OTHER MILITARY LEAVE.**

13.14 Subdivision 1. **Service credit purchase authorized.** (a) Unless prohibited under
13.15 paragraph (b), a member is eligible to purchase allowable service credit, not to exceed five
13.16 years of allowable service credit, for one or more periods of service in the uniformed services,
13.17 as defined in United States Code, title 38, section 4303(13), if the member has at least three
13.18 years of allowable service credit with the general employees retirement plan, the local
13.19 government correctional employees retirement plan under chapter 353E, or the public
13.20 employees police and fire retirement plan and:

13.21 (1) the member's service in the uniformed services occurred before becoming a public
13.22 employee as defined in section 353.01, subdivision 2; or

13.23 (2) the member failed to obtain service credit for a uniformed services leave of absence
13.24 under section 353.01, subdivision 16, paragraph (a), clause (8).

13.25 (b) A service credit purchase is prohibited if:

13.26 (1) the member separated from service in the uniformed services with a dishonorable
13.27 or bad conduct discharge or under other than honorable conditions; or

13.28 (2) the member has purchased or otherwise received service credit from any Minnesota
13.29 public employee pension plan for the same period of service in the uniformed services.

13.30 Subd. 2. **Application and documentation.** A member who desires to purchase service
13.31 credit under subdivision 1 must apply with the executive director to make the purchase. The
13.32 application must include all necessary documentation of the member's qualifications to

14.1 make the purchase, signed written permission to allow the executive director to request and
 14.2 receive necessary verification of applicable facts and eligibility requirements, and any other
 14.3 relevant information that the executive director may require. The member must submit with
 14.4 the application payment of the administrative fee in the amount of \$250 to cover the costs
 14.5 of calculating the purchase payment amount under section 356.551. If the member proceeds
 14.6 with the purchase, the administrative fee will be credited toward the purchase payment
 14.7 amount.

14.8 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment
 14.9 amount is the amount determined under section 356.551 for the period or periods of service
 14.10 requested, except that, for purposes of calculating the purchase payment amount to purchase
 14.11 allowable service credit for service in the uniformed services that occurred before becoming
 14.12 a public employee or between periods of public employment, section 356.551, subdivision
 14.13 2, paragraph (c), shall not apply.

14.14 (b) Allowable service credit must be granted by the applicable plan to the purchasing
 14.15 member upon the executive director's receipt of the purchase payment amount. The allowable
 14.16 service credit purchased under this section may not be used for the purpose of determining
 14.17 a disability benefit under sections 353.031, 353.33, 353.656, or 353E.06.

14.18 (c) Payment must be made before the effective date of the member's retirement.

14.19 **EFFECTIVE DATE.** This section is effective July 1, 2019.

14.20 Sec. 4. Minnesota Statutes 2018, section 353.371, subdivision 1, is amended to read:

14.21 Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member of
 14.22 the general employees retirement plan of the Public Employees Retirement Association
 14.23 who:

14.24 (1) for at least the five years immediately preceding separation under clause (2), was
 14.25 regularly scheduled to work 1,044 or more hours per year in a position covered by the
 14.26 general employees retirement plan of the Public Employees Retirement Association not
 14.27 including positions that are elected offices;

14.28 (2) terminates membership as defined under section 353.01, subdivision 11b;

14.29 (3) at the time of termination under clause (2), was at least age 62 and met the age and
 14.30 service requirements necessary to receive a retirement annuity from the plan and satisfied
 14.31 requirements for the commencement of the retirement annuity in the month following
 14.32 termination;

15.1 (4) ~~agrees to accept a postretirement option position~~ accepts a phased retirement
 15.2 agreement to continue employment with the same or a different governmental subdivision,
 15.3 working a reduced schedule that is both:

15.4 (i) a reduction of at least 25 percent from the employee's number of previously regularly
 15.5 scheduled work hours; and

15.6 (ii) 1,044 hours or less in public service; and

15.7 (5) is not eligible for participation in the state employee postretirement option program
 15.8 under section 43A.346.

15.9 (b) For purposes of this section, the length of separation requirement and termination
 15.10 of public service requirement prohibiting return to work agreements under section 353.01,
 15.11 subdivisions 11a and 28, are not applicable except as specified in subdivision 7, paragraph
 15.12 (a).

15.13 **EFFECTIVE DATE.** This section is effective July 1, 2019.

15.14 Sec. 5. Minnesota Statutes 2018, section 353.371, subdivision 2, is amended to read:

15.15 Subd. 2. **Annuity reduction not applicable.** ~~Notwithstanding any law to the contrary,~~
 15.16 The provisions of section 353.37 governing annuities of reemployed annuitants do not apply
 15.17 ~~for the duration of a terminated member's to employment in a postretirement option position~~
 15.18 under a phased retirement agreement.

15.19 **EFFECTIVE DATE.** This section is effective July 1, 2019.

15.20 Sec. 6. Minnesota Statutes 2018, section 353.371, subdivision 3, is amended to read:

15.21 Subd. 3. **Governing body Governmental subdivision discretion.** ~~The governing body~~
 15.22 ~~of the~~ governmental subdivision has sole discretion to determine if and the extent to which
 15.23 a ~~postretirement option~~ phased retirement position under this section is available to a
 15.24 ~~terminated member~~ an employee. Any offer of such a position must be made in writing to
 15.25 the ~~person~~ employee by the ~~governing body's designee~~ governmental subdivision in a manner
 15.26 prescribed by the executive director.

15.27 **EFFECTIVE DATE.** This section is effective July 1, 2019.

15.28 Sec. 7. Minnesota Statutes 2018, section 353.371, subdivision 4, is amended to read:

15.29 Subd. 4. **Duration.** ~~Postretirement option employment may be for an initial period~~ The
 15.30 term of employment under a phased retirement agreement must not to exceed one year five

16.1 ~~years. At the end of the initial period,~~ If the term of a phased retirement agreement is less
 16.2 than five years, the agreement may be renewed for a period not to exceed a combined total
 16.3 of five years. The ~~governing body~~ governmental subdivision has sole discretion to determine
 16.4 if the offer of a postretirement option position a phased retirement agreement will be renewed,
 16.5 renewed with modifications, or terminated. Postretirement option employment may be
 16.6 renewed annually, but no more than four renewals may occur.

16.7 **EFFECTIVE DATE.** This section is effective July 1, 2019.

16.8 Sec. 8. Minnesota Statutes 2018, section 353.371, subdivision 5, is amended to read:

16.9 Subd. 5. **Copy to fund.** ~~The appointing authority~~ governmental subdivision shall provide
 16.10 ~~the Public Employees Retirement Association~~ executive director with documentation, as
 16.11 prescribed by the executive director, of the terms of any agreement entered into with a
 16.12 ~~member~~ an employee who accepts continuing employment with the ~~appointing authority~~
 16.13 governmental subdivision under the terms of this section, ~~and any subsequent renewal~~
 16.14 agreement. The documentation must be provided before the employee's termination of
 16.15 membership.

16.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

16.17 Sec. 9. Minnesota Statutes 2018, section 353.371, subdivision 6, is amended to read:

16.18 Subd. 6. **No service credit.** (a) Notwithstanding any law to the contrary, a person may
 16.19 not earn allowable service ~~credit~~ in the general employees retirement plan of the Public
 16.20 Employees Retirement Association for employment covered under this section, and employer
 16.21 contributions and payroll deductions for the retirement fund must not be made based on
 16.22 earnings of a person working under an agreement covered by this section. No change may
 16.23 be made to a monthly annuity or retirement allowance based on employment under this
 16.24 section.

16.25 (b) The governmental subdivision shall report to the executive director the salary earned
 16.26 by an employee in a phased retirement position. The report must include the number of
 16.27 compensated hours the employee worked and must be made on a pay period basis in a
 16.28 manner prescribed by the executive director. Reports must be submitted no later than 14
 16.29 calendar days following the last day of each pay period.

16.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

17.1 Sec. 10. Minnesota Statutes 2018, section 353.371, subdivision 7, is amended to read:

17.2 Subd. 7. **Termination and subsequent employment.** (a) Upon termination of
 17.3 employment under a phased retirement agreement, the governmental subdivision and
 17.4 employee must inform the executive director, in a manner prescribed by the executive
 17.5 director, of the effective date of the employee's termination of public service. The termination
 17.6 from public service must meet the termination and length of separation requirements under
 17.7 section 353.01, subdivisions 11a and 28.

17.8 (b) If a person has been in a postretirement option position and previously employed
 17.9 under a phased retirement agreement subsequently accepts employment with any other
 17.10 position in public service beyond the period of time for which the person participated in the
 17.11 postretirement option provided under this section governmental subdivision, the person
 17.12 may not earn allowable service credit in the general employees retirement plan of the Public
 17.13 Employees Retirement Association, no employer contributions or payroll deductions for
 17.14 the retirement fund may be made, and the provisions of section 353.37 apply to the
 17.15 subsequent employment.

17.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

17.17 Sec. 11. Minnesota Statutes 2018, section 353.665, subdivision 8, is amended to read:

17.18 Subd. 8. **Member and employer contributions.** (a) Except as provided in paragraph
 17.19 (b), (c), or (d), the employee contribution rate for merged former consolidation account
 17.20 active members is the rate specified in section 353.65, subdivision 2, and the regular
 17.21 municipal contribution rate on behalf of merged former consolidation account active members
 17.22 is the rate specified in section 353.65, subdivision 3.

17.23 (b) With respect to active members of the merged former Minneapolis Firefighters Relief
 17.24 Association and the merged former Minneapolis Police Relief Association, there are no
 17.25 employee contributions payable and the employer contribution on behalf of those active
 17.26 members is at the rate specified in section 353.65, subdivision 3, applied to the active
 17.27 member's salary. ~~In addition, an additional municipal contribution is payable by the city of~~
 17.28 ~~Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as~~
 17.29 ~~sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded~~
 17.30 ~~present value figure calculated as required by Minnesota Statutes 2012, section 353.667,~~
 17.31 ~~subdivision 6, paragraph (a), and Minnesota Statutes 2012, section 353.668, subdivision 6,~~
 17.32 ~~paragraph (a). If the postretirement or preretirement interest rate actuarial assumption~~
 17.33 ~~applicable to the public employees police and fire retirement plan under section 356.215,~~
 17.34 ~~subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section~~

18.1 ~~356.215, subdivision 8, the remainder present value of future benefits amount calculation~~
18.2 ~~under Minnesota Statutes 2012, section 353.667, subdivision 6, and Minnesota Statutes~~
18.3 ~~2012, section 353.668, subdivision 6, paragraph (a), updated for the passage of time, must~~
18.4 ~~be revised and the amortization contribution by the city of Minneapolis for the balance of~~
18.5 ~~the amortization period must be redetermined by the actuary retained under section 356.214~~
18.6 ~~and certified by the executive director to the city of Minneapolis.~~

18.7 (c) If there are assets of the former Fairmont Police Relief Association in excess of the
18.8 present value of future benefits as of June 29, 2012, these assets must be credited to an
18.9 interest-bearing suspense account within the public employees police and fire retirement
18.10 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,
18.11 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must
18.12 be credited with the same rate of investment return as the public employees police and fire
18.13 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate
18.14 actuarial assumption applicable to the public employees police and fire retirement plan
18.15 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
18.16 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits
18.17 amount calculation under paragraph (a), updated for the passage of time, must be revised
18.18 and the amortization contribution by the city of Fairmont for the balance of the amortization
18.19 period must be redetermined by the actuary retained under section 356.214 and certified by
18.20 the executive director to the city of Fairmont.

18.21 (d) If there was a remainder present value of future benefits amounts under Minnesota
18.22 Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of Virginia shall pay
18.23 an additional municipal contribution annually on or before December 31 sufficient to
18.24 amortize on a level annual dollar basis by December 31, 2020, that remainder present value
18.25 of future benefits amounts of the former Virginia fire department consolidation account. If,
18.26 after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption
18.27 applicable to the public employees police and fire retirement plan under section 356.215,
18.28 subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section
18.29 356.215, subdivision 8, the remainder present value of future benefits amount calculation
18.30 under paragraph (a), updated for the passage of time, must be revised and any amortization
18.31 contribution by the city of Virginia for the balance of the amortization period must be
18.32 redetermined by the actuary retained under section 356.214 and certified by the executive
18.33 director to the city of Virginia.

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

19.1 Sec. 12. Minnesota Statutes 2018, section 353.665, is amended by adding a subdivision
19.2 to read:

19.3 Subd. 8a. **City of Minneapolis contribution for firefighters and police.** (a) Until July
19.4 15, 2018, the city of Minneapolis shall make a contribution annually to the public employees
19.5 police and fire retirement plan on July 15, set at the amount calculated as of December 30,
19.6 2011, as sufficient to amortize, on a level annual dollar basis by December 31, 2031, the
19.7 unfunded present value figure calculated as required by Minnesota Statutes 2012, sections
19.8 353.667, subdivision 6, paragraph (a), and 353.668, subdivision 6, paragraph (a).

19.9 (b) Beginning July 15, 2019, and every July 15 thereafter until and including July 15,
19.10 2031, the city of Minneapolis shall make a contribution annually to the public employees
19.11 police and fire retirement plan equal to \$3,188,735, attributable to the former Minneapolis
19.12 Firefighters Relief Association, and \$4,489,837, attributable to the former Minneapolis
19.13 Police Relief Association.

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

19.15 Sec. 13. **REPEALER.**

19.16 Minnesota Statutes 2018, section 353.371, subdivision 8, is repealed.

19.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

19.18 **ARTICLE 3**

19.19 **STATEWIDE VOLUNTEER FIREFIGHTER PLAN PROVISIONS**

19.20 Section 1. **[353G.18] TERMINATION OF PARTICIPATION AND DISTRIBUTION**
19.21 **OF BENEFITS.**

19.22 Subdivision 1. **Application.** This section provides the procedures that apply if an entity
19.23 wishes to terminate its participation in the retirement plan and authorize the distribution of
19.24 all assets credited to the entity's account in the retirement fund held for the benefit of the
19.25 entity's former firefighters. If this section conflicts with another section of this chapter, this
19.26 section controls.

19.27 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision
19.28 have the meanings given them unless the context clearly indicates otherwise.

19.29 (b) "Departing entity" means the entity seeking to terminate its participation in the
19.30 retirement plan and the coverage of its departing firefighters by the retirement plan.

19.31 (c) "Departing firefighter" means each former firefighter of the departing entity who:

20.1 (1) is credited with one or more years of service under the retirement plan or under the
20.2 relief association previously affiliated with the departing entity;

20.3 (2) has not yet received a distribution of the firefighter's pension benefit; and

20.4 (3) is entitled to a distribution of a pension benefit under this section.

20.5 (d) "Direct rollover" means a payment described under section 356.635, subdivisions 3
20.6 to 7. Consistent with the definition of "distributee" under section 356.635, subdivision 7, a
20.7 departing firefighter is a distributee for the purpose of a direct rollover election.

20.8 (e) "Distribution date" means the date as of which all assets in the entity's account are
20.9 to be distributed in the form of a payment to each departing firefighter or the survivor of
20.10 each deceased departing firefighter or as a direct rollover, if elected under section 356.635,
20.11 subdivisions 3 to 7.

20.12 (f) "Entity" means a municipality, an independent nonprofit firefighting corporation, or
20.13 a joint powers entity that operates or had operated a fire department with firefighters who
20.14 are covered by the retirement plan.

20.15 (g) "Entity's account" means the pension plan that is a component of the retirement plan
20.16 and under which the departing firefighters have accrued lump sum pension benefits and
20.17 with which the departing entity is affiliated.

20.18 (h) "Executive director" means the executive director of the Public Employees Retirement
20.19 Association.

20.20 (i) "Termination date" means the effective date of the termination of the pension plan
20.21 that is the entity's account. The termination date shall precede the distribution date.

20.22 (j) "Year of service" means a year of good time service credit certified by the departing
20.23 entity's fire chief under section 353G.07. For purposes of determining the amount of a
20.24 departing firefighter's pension benefit under this section, year of service includes any service
20.25 credit earned by the departing firefighter under the relief association previously affiliated
20.26 with the departing entity, which must be certified under section 424A.003 beginning January
20.27 1, 2019. Good time service credit ends when the departing firefighter's active service ends,
20.28 notwithstanding a later termination date as defined in paragraph (i).

20.29 Subd. 3. **Eligibility.** An entity is eligible to terminate its participation in the retirement
20.30 plan under this section if the entity satisfies the following conditions:

21.1 (1) the entity has eliminated its fire department or, if its fire department is ongoing, the
21.2 fire department has ceased using the services of all departing firefighters and any other
21.3 noncareer or volunteer firefighters; and

21.4 (2) the entity's account has assets sufficient to cover all liabilities, after taking into
21.5 account the requirement to fully vest all departing firefighters and pay administrative
21.6 expenses determined under subdivision 4, paragraph (c), clause (3).

21.7 Subd. 4. **Termination procedures.** (a) The participation of a departing entity in the
21.8 retirement plan and the coverage of the departing firefighters by the retirement plan shall
21.9 cease as of the date the requirements in this subdivision are completed and all assets credited
21.10 to the entity's account are distributed.

21.11 (b) The governing board of the departing entity shall adopt the resolutions under
21.12 subdivision 5 and deliver the resolutions to the executive director.

21.13 (c) The executive director shall:

21.14 (1) fully vest all departing firefighters as of the termination date and consider each
21.15 departing firefighter 100 percent vested in the pension benefit accrued by the departing
21.16 firefighter under the entity's account as of the termination date;

21.17 (2) determine the present value of each departing firefighter's accrued benefit as of the
21.18 termination date, taking into account the benefit level under section 353G.11 or otherwise
21.19 in effect for the departing firefighter as determined by the executive director;

21.20 (3) determine, as of the termination date, the value of accrued liabilities, including
21.21 administrative expenses incurred or reasonably anticipated to be incurred through the
21.22 distribution date, and the value of assets attributable to the entity's account; and

21.23 (4) to the extent necessary to minimize the risk of investment losses between the
21.24 termination date and the distribution date, reinvest the assets credited to the entity's account
21.25 in low risk investments.

21.26 (d) If the entity's account has assets in excess of accrued liabilities, the executive director
21.27 shall allocate the excess among all departing firefighters in the same proportion that the
21.28 present value of the accrued benefit for each departing firefighter bears to the total present
21.29 value of the accrued benefits of all departing firefighters, and each departing firefighter's
21.30 benefit, as determined under paragraph (c), clause (2), shall be increased by the departing
21.31 firefighter's share of the excess.

21.32 (e) The executive director shall, as soon as practicable after the termination date, distribute
21.33 to each departing firefighter, regardless of whether the departing firefighter has attained

22.1 age 50, the firefighter's benefit as calculated by the executive director under paragraphs (c)
 22.2 and (d). The distribution shall be made in a lump sum, either as a payment to the departing
 22.3 firefighter or as a direct rollover, if elected by the firefighter. If the departing firefighter is
 22.4 deceased, then the firefighter's benefit shall be paid to the firefighter's survivor under section
 22.5 353G.12 or as a direct rollover, if elected by the survivor.

22.6 (f) The executive director shall pay supplemental benefits under section 424A.10, but
 22.7 only to the extent that the executive director will be reimbursed under section 424A.10,
 22.8 subdivision 3.

22.9 Subd. 5. **Entity board resolutions.** If an entity wishes to cease its participation in the
 22.10 retirement plan and end the coverage of its former firefighters by the retirement plan, the
 22.11 entity's governing board shall approve the following resolutions in a form satisfactory to
 22.12 the executive director:

22.13 (1) a statement of intent to terminate participation in the retirement plan and cease the
 22.14 coverage by the retirement plan of the entity's former firefighters; and

22.15 (2) the proposed termination date, which must be the last day of a month and at least 90
 22.16 days after the date the resolutions are to be delivered to the executive director.

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

22.18 Sec. 2. **GRANDFATHERING PREVIOUSLY APPROVED TERMINATIONS.**

22.19 For any entity with a governing board that approved resolutions to terminate participation
 22.20 in the statewide volunteer firefighter plan established by Minnesota Statutes, chapter 353G,
 22.21 before the effective date of this act, the termination date is September 30, 2019, and the
 22.22 termination process and disposition of assets set forth in the resolutions shall control,
 22.23 notwithstanding the provisions of this act.

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

22.25 Sec. 3. **REPEALER.**

22.26 Minnesota Statutes 2018, section 353G.15, is repealed.

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

23.1 **ARTICLE 4**23.2 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION**
23.3 **RETIREMENT CHANGES**

23.4 Section 1. Minnesota Statutes 2018, section 69.051, subdivision 1, is amended to read:

23.5 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire
23.6 Department Relief Association and each volunteer firefighters relief association as defined
23.7 in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least
23.8 \$500,000 in the prior year or in any previous year, according to the applicable actuarial
23.9 valuation or according to the financial report if no valuation is required, shall prepare a
23.10 financial report covering the special and general funds of the relief association for the
23.11 preceding fiscal year, file the financial report, and submit financial statements.

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

23.17 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
23.18 association is located if the relief association is a firefighters relief association which is
23.19 directly associated with a municipal fire department; or

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

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

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

23.31 (d) Audited financial statements must be attested to by a certified public accountant or
23.32 by the state auditor and must be filed with the state auditor within 180 days after the close
23.33 of the fiscal year. Audits must be conducted in compliance with generally accepted

24.1 governmental auditing standards and section 6.65 governing audit procedures. The state
 24.2 auditor may accept this report in lieu of the report required in paragraph (c).

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

24.4 Sec. 2. Minnesota Statutes 2018, section 424A.001, is amended by adding a subdivision
 24.5 to read:

24.6 Subd. 9a. **Break in service.** "Break in service" means temporarily ceasing all of the
 24.7 following with a particular fire department:

24.8 (1) performing fire suppression duties;

24.9 (2) performing fire prevention duties;

24.10 (3) supervising fire suppression duties; and

24.11 (4) supervising fire prevention duties.

24.12 **EFFECTIVE DATE.** This section is effective January 1, 2020.

24.13 Sec. 3. Minnesota Statutes 2018, section 424A.01, subdivision 6, is amended to read:

24.14 Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision
 24.15 governs the service pension calculation requirements of a firefighter who returns to active
 24.16 service after a break in service and applies to all breaks in service, except that the resumption
 24.17 service requirements of this subdivision do not apply to leaves of absence made available
 24.18 by federal statute, such as the Family Medical Leave Act, United States Code, title 29,
 24.19 section 2691, and the Uniformed Services Employment and Reemployment Rights Act,
 24.20 United States Code, title 38, section 4301, and do not apply to leaves of absence made
 24.21 available by state statute, such as the Parental Leave Act, section 181.941; the Leave for
 24.22 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section
 24.23 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed
 24.24 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section
 24.25 593.50.

24.26 (b)(1) If a firefighter who has ~~ceased to perform or supervise fire suppression and fire~~
 24.27 ~~prevention duties for at least 60 days~~ a break in service of any duration resumes performing
 24.28 active firefighting with the fire department associated with the relief association, and if the
 24.29 bylaws of the relief association so permit, the firefighter may again become an active member
 24.30 of the relief association. ~~A firefighter who returns to active service and membership is~~

25.1 ~~subject to,~~ subject to the requirements of this paragraph and the service pension calculation
25.2 requirements under this section.

25.3 (2) A firefighter who has been paid a service pension or disability benefit must wait at
25.4 least 60 days following receipt of the pension or benefit before resuming active firefighting
25.5 with the fire department and active membership in the relief association.

25.6 ~~(2)~~ (3) A firefighter who has been granted an approved leave of absence not exceeding
25.7 one year by the fire department or by the relief association is exempt from the minimum
25.8 period of resumption service requirement of this section.

25.9 ~~(3)~~ (4) A person who has a break in service not exceeding one year but has not been
25.10 granted an approved leave of absence ~~and who has not received a service pension or disability~~
25.11 ~~benefit~~ may be made exempt from the minimum period of resumption service requirement
25.12 of this section by the relief association bylaws.

25.13 ~~(4)~~ (5) If the bylaws so provide, a firefighter who returns to active relief association
25.14 membership ~~under this paragraph~~ after a break in service of any duration may continue to
25.15 collect a monthly service pension from the relief association, notwithstanding the ~~service~~
25.16 ~~pension eligibility requirements~~ requirement under chapter 424A section 424A.02,
25.17 subdivision 1, that the firefighter has separated from active service.

25.18 (c) If a former firefighter who has ~~received~~ been paid a service pension or disability
25.19 benefit returns to active relief association membership under paragraph (b), the firefighter
25.20 may qualify for the receipt of a service pension from the relief association for the resumption
25.21 service period if the firefighter meets the service requirements of section 424A.016,
25.22 subdivision 3, or 424A.02, subdivision 2, as applicable, or meets the resumption minimum
25.23 service requirements specified in the relief association's bylaws. No firefighter may be paid
25.24 a service pension more than once for the same period of service.

25.25 (d) If a former firefighter who has not ~~received~~ been paid a service pension or disability
25.26 benefit returns to active relief association membership under paragraph (b), the firefighter
25.27 may qualify for the receipt of a service pension from the relief association for the original
25.28 and resumption service periods if the firefighter meets the service requirements of section
25.29 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
25.30 years of service credit.

25.31 (e) A firefighter who returns to active lump-sum relief association membership under
25.32 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon
25.33 a subsequent cessation of duties, any service pension for the resumption service period
25.34 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter

26.1 upon the firefighter's previous cessation of duties, a second lump-sum service pension for
26.2 the resumption service period must be calculated by applying the service pension amount
26.3 in effect on the date of the firefighter's termination of the resumption service for all years
26.4 of the resumption service.

26.5 (f) A firefighter who had not been paid a lump-sum service pension returns to active
26.6 relief association membership under paragraph (b), who did not meet the minimum period
26.7 of resumption service requirement specified in the relief association's bylaws, but who does
26.8 meet the minimum service requirement of section 424A.02, subdivision 2, based on the
26.9 firefighter's original and resumption years of active service, must have, upon a subsequent
26.10 cessation of duties, a service pension for the original and resumption service periods
26.11 calculated by applying the service pension amount in effect on the date of the firefighter's
26.12 termination of the resumption service, or, if the bylaws so provide, based on the service
26.13 pension amount in effect on the date of the firefighter's previous cessation of duties. The
26.14 service pension for a firefighter who returns to active lump-sum relief association membership
26.15 under this paragraph, but who had met the minimum period of resumption service requirement
26.16 specified in the relief association's bylaws, must be calculated by applying the service
26.17 pension amount in effect on the date of the firefighter's termination of the resumption service.

26.18 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly
26.19 benefit relief association membership under paragraph (b), and if the relief association
26.20 bylaws do not allow for the firefighter to continue collecting a monthly service pension,
26.21 any monthly benefit service pension payable to the firefighter is suspended as of the first
26.22 day of the month next following the date on which the firefighter returns to active
26.23 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies
26.24 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly
26.25 benefit service pension upon a subsequent cessation of duties calculated based on the
26.26 resumption service credit and the service pension accrual amount in effect on the date of
26.27 the termination of the resumption service. A suspended initial service pension resumes as
26.28 of the first of the month next following the termination of the resumption service. If the
26.29 firefighter was not receiving a monthly benefit service pension and meets the minimum
26.30 service requirement of section 424A.02, subdivision 2, a service pension must be calculated
26.31 by applying the service pension amount in effect on the date of the firefighter's termination
26.32 of the resumption service for all years of service credit.

26.33 (h) A firefighter who was not receiving a monthly benefit service pension returns to
26.34 active relief association membership under paragraph (b), who did not meet the minimum
26.35 period of resumption service requirement specified in the relief association's bylaws, but

27.1 who does meet the minimum service requirement of section 424A.02, subdivision 2, based
27.2 on the firefighter's original and resumption years of active service, must have, upon a
27.3 subsequent cessation of duties, a service pension for the original and resumption service
27.4 periods calculated by applying the service pension amount in effect on the date of the
27.5 firefighter's termination of the resumption service, or, if the bylaws so provide, based on
27.6 the service pension amount in effect on the date of the firefighter's previous cessation of
27.7 duties. The service pension for a firefighter who returns to active relief association
27.8 membership under this paragraph, but who had met the minimum period of resumption
27.9 service requirement specified in the relief association's bylaws, must be calculated by
27.10 applying the service pension amount in effect on the date of the firefighter's termination of
27.11 the resumption service.

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

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

27.31 **EFFECTIVE DATE.** This section is effective January 1, 2020.

27.32 Sec. 4. Minnesota Statutes 2018, section 424A.015, subdivision 6, is amended to read:

27.33 Subd. 6. **Governing benefit plan provisions.** A service pension or ancillary benefit
27.34 payable under this chapter is governed by and must be calculated under the general statute,

28.1 special law, relief association articles of incorporation, ~~and~~ or relief association bylaw
28.2 provisions applicable on the earlier of the following dates:

28.3 (1) the date on which the member ~~separated~~ separates from active service with the fire
28.4 department and active membership in the relief association; or

28.5 (2) the date on which the member begins a break in service with the fire department that
28.6 continues until the member separates from active service with the fire department and active
28.7 membership in the relief association.

28.8 **EFFECTIVE DATE.** This section is effective January 1, 2020.

28.9 Sec. 5. Minnesota Statutes 2018, section 424A.016, subdivision 3, is amended to read:

28.10 Subd. 3. ~~Reduced Vesting schedule.~~ If the articles of incorporation or bylaws of a
28.11 defined contribution relief association ~~so provide, a relief association may pay a reduced~~
28.12 ~~service pension not to exceed the nonforfeitable percentage of the account balance to a~~
28.13 ~~retiring member who has completed fewer than 20 years of service. The reduced service~~
28.14 ~~pension may be paid when the retiring member meets the minimum age and service~~
28.15 ~~requirements of subdivision 2. The nonforfeitable percentage of pension amounts are as~~
28.16 ~~follows:~~ a vesting schedule that satisfies the requirements of this subdivision, the relief
28.17 association may pay a reduced service pension to a retiring member. For purposes of this
28.18 section, "vests," "vesting," or "vested" means a nonforfeitable, unconditional, or legally
28.19 enforceable right. A member vests in the member's account in accordance with the vesting
28.20 schedule set forth in the relief association's articles of incorporation or bylaws. Provided a
28.21 member meets the minimum age and service requirements of subdivision 2, the member is
28.22 entitled to a service pension equal to the member's account, but only to the extent vested as
28.23 provided in the vesting schedule set forth in the articles of incorporation or bylaws. In no
28.24 event may the articles of incorporation or bylaws:

28.25 (1) require that a member have more than 20 years of active service to become 100
28.26 percent vested in the member's account; or

28.27 (2) provide for a larger vesting percentage than is provided in the following schedule
28.28 with respect to the completed number of years of active service indicated in the schedule:

28.29	Completed Years of <u>Active</u> Service	Nonforfeitable <u>Vested</u> Percentage of Pension Amount
28.31	5	40 percent
28.32	6	52 percent
28.33	7	64 percent

29.1	8	76 percent
29.2	9	88 percent
29.3	10 and thereafter <u>or more</u>	100 percent

29.4 **EFFECTIVE DATE.** This section is effective January 1, 2020.

29.5 Sec. 6. Minnesota Statutes 2018, section 424A.016, subdivision 6, is amended to read:

29.6 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to
 29.7 a deferred service pension if the member separates from active service and membership and
 29.8 has completed the minimum service and membership requirements in subdivision 2. The
 29.9 requirement that a member separate from active service and membership is waived for
 29.10 persons who have discontinued their volunteer firefighter duties and who are employed on
 29.11 a full-time basis under section 424A.015, subdivision 1.

29.12 (b) The deferred service pension is payable when the former member reaches at least
 29.13 age 50, or at least the minimum age specified in the bylaws governing the relief association
 29.14 if that age is greater than age 50, and when the former member makes a valid written
 29.15 application.

29.16 (c) A defined contribution relief association may, if its governing bylaws so provide,
 29.17 credit interest or additional investment performance on the deferred lump-sum service
 29.18 pension during the period of deferral. If provided for in the bylaws, the interest must be
 29.19 ~~paid~~ credited:

29.20 (1) at the investment performance rate actually earned on that portion of the assets if the
 29.21 deferred benefit amount is invested by the relief association in a separate account established
 29.22 and maintained by the relief association;

29.23 (2) at the investment performance rate actually earned on that portion of the assets if the
 29.24 deferred benefit amount is invested in a separate investment vehicle held by the relief
 29.25 association; or

29.26 (3) at the investment return on the assets of the special fund of the defined contribution
 29.27 volunteer firefighters relief association in proportion to the share of the assets of the special
 29.28 fund to the credit of each individual deferred member account through the accounting date
 29.29 on which the investment return is recognized by and credited to the special fund.

29.30 (d) Unless the bylaws of a relief association that has elected to pay interest or additional
 29.31 investment performance on deferred lump-sum service pensions under paragraph (c) specifies
 29.32 a different interest or additional investment performance method, including the interest or

30.1 additional investment performance period starting date and ending date, the interest or
 30.2 additional investment performance on a deferred service pension is creditable as follows:

30.3 (1) for a relief association that has elected to pay credit interest or additional investment
 30.4 performance under paragraph (c), clause (1) or (3), beginning on the date that the member
 30.5 separates from active service and membership and ending on the accounting date immediately
 30.6 before the deferred member commences receipt of the deferred service pension; or

30.7 (2) for a relief association that has elected to pay credit interest or additional investment
 30.8 performance under paragraph (c), clause (2), beginning on the date that the member separates
 30.9 from active service and membership and ending on the date that the separate investment
 30.10 vehicle is valued immediately before the date on which the deferred member commences
 30.11 receipt of the deferred service pension.

30.12 **EFFECTIVE DATE.** This section is effective January 1, 2020.

30.13 Sec. 7. Minnesota Statutes 2018, section 424A.02, subdivision 2, is amended to read:

30.14 Subd. 2. ~~Nonforfeitable portion of service pension~~ **Vesting schedule.** (a) If the articles
 30.15 of incorporation or bylaws of a defined benefit relief association ~~so provide, the relief~~
 30.16 ~~association may pay a reduced service pension to a retiring member who has completed~~
 30.17 ~~fewer than 20 years of service. The reduced service pension may be paid when the retiring~~
 30.18 ~~member meets the minimum age and service requirements of subdivision 1.~~ a vesting
 30.19 schedule that satisfies the requirements of this subdivision, the relief association may pay
 30.20 a reduced service pension to a retiring member. For purposes of this section, "vests,"
 30.21 "vesting," or "vested" means a nonforfeitable, unconditional, or legally enforceable right.
 30.22 A member vests in the member's accrued service pension in accordance with the vesting
 30.23 schedule set forth in the relief association's articles of incorporation or bylaws. Provided a
 30.24 member meets the minimum age and service requirements of subdivision 1, the member is
 30.25 entitled to the member's accrued service pension, but only to the extent vested as provided
 30.26 in the vesting schedule set forth in the articles of incorporation or bylaws. In no event may
 30.27 the articles of incorporation or bylaws:

30.28 (b) ~~The amount of the reduced service pension may not exceed the amount calculated~~
 30.29 ~~by multiplying the service pension appropriate for the completed years of service as specified~~
 30.30 ~~in the bylaws multiplied by the applicable nonforfeitable percentage of pension.~~

30.31 (c) ~~For a defined benefit volunteer firefighters relief association that pays a lump-sum~~
 30.32 ~~service pension, a monthly benefit service pension, or a lump-sum service pension or a~~

31.1 ~~monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage~~
 31.2 ~~of pension amounts are as follows:~~

31.3 (1) require that a member have more than 20 years of active service to become 100
 31.4 percent vested in the member's accrued service pension; or

31.5 (2) provide for a larger vesting percentage than is provided in the following schedule
 31.6 with respect to the completed number of years of active service indicated in the schedule:

31.7	Completed Years of <u>Active Service</u>	Nonforfeitable <u>Vested Percentage of</u> 31.8 <u>Pension Amount</u>
31.9	5	40 percent
31.10	6	44 <u>52</u> percent
31.11	7	48 <u>64</u> percent
31.12	8	52 <u>76</u> percent
31.13	9	56 <u>88</u> percent
31.14	10	60 percent
31.15	11	64 percent
31.16	12	68 percent
31.17	13	72 percent
31.18	14	76 percent
31.19	15	80 percent
31.20	16	84 percent
31.21	17	88 percent
31.22	18	92 percent
31.23	19	96 percent
31.24	20 <u>10 and thereafter or more</u>	100 percent

31.25 **EFFECTIVE DATE.** This section is effective January 1, 2020.

31.26 Sec. 8. Minnesota Statutes 2018, section 424A.02, subdivision 7, is amended to read:

31.27 **Subd. 7. Deferred service pensions.** (a) A member of a defined benefit relief association
 31.28 is entitled to a deferred service pension if the member separates from active service and
 31.29 membership and has completed the minimum service and membership requirements in
 31.30 subdivision 1. The requirement that a member separate from active service and membership
 31.31 is waived for persons who have discontinued their volunteer firefighter duties and who are
 31.32 employed on a full-time basis under section 424A.015, subdivision 1.

31.33 (b) The deferred service pension is payable when the former member reaches at least
 31.34 age 50, or at least the minimum age specified in the bylaws governing the relief association

32.1 if that age is greater than age 50, and when the former member makes a valid written
32.2 application.

32.3 (c) A defined benefit relief association that provides a lump-sum service pension governed
32.4 by subdivision 3 may, when its governing bylaws so provide, ~~pay~~ credit interest on the
32.5 deferred lump-sum service pension during the period of deferral. If provided for in the
32.6 bylaws, interest must be ~~paid~~ credited in one of the following manners:

32.7 (1) at the investment performance rate actually earned on that portion of the assets if the
32.8 deferred benefit amount is invested by the relief association in a separate account established
32.9 and maintained by the relief association;

32.10 (2) at the investment performance rate actually earned on that portion of the assets if the
32.11 deferred benefit amount is invested in a separate investment vehicle held by the relief
32.12 association; or

32.13 (3) at an interest rate of up to five percent, compounded annually, as set by the board of
32.14 trustees.

32.15 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause
32.16 (3), must be ratified by the governing body of the municipality or joint powers entity served
32.17 by the fire department to which the relief association is directly associated, or by the
32.18 independent nonprofit firefighting corporation, as applicable.

32.19 (e) Interest under paragraph (c), clause (3), is ~~payable~~ credited beginning on the January
32.20 1 next following the date on which the deferred service pension interest rate as set by the
32.21 board of trustees was ratified by the governing body of the municipality or joint powers
32.22 entity served by the fire department to which the relief association is directly associated, or
32.23 by the independent nonprofit firefighting corporation, as applicable.

32.24 (f) Unless the bylaws of a relief association that has elected to ~~pay~~ credit interest or
32.25 additional investment performance on deferred lump-sum service pensions under paragraph
32.26 (c) specifies a different interest or additional investment performance method, including
32.27 the interest or additional investment performance period starting date and ending date, the
32.28 interest or additional investment performance on a deferred service pension is creditable as
32.29 follows:

32.30 (1) for a relief association that has elected to ~~pay~~ credit interest or additional investment
32.31 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month
32.32 next following the date on which the member separates from active service and membership

33.1 and ending on the last day of the month immediately before the month in which the deferred
33.2 member commences receipt of the deferred service pension; or

33.3 (2) for a relief association that has elected to pay credit interest or additional investment
33.4 performance under paragraph (c), clause (2), beginning on the date that the member separates
33.5 from active service and membership and ending on the date that the separate investment
33.6 vehicle is valued immediately before the date on which the deferred member commences
33.7 receipt of the deferred service pension.

33.8 (g) For a deferred service pension that is transferred to a separate account established
33.9 and maintained by the relief association or separate investment vehicle held by the relief
33.10 association, the deferred member bears the full investment risk subsequent to transfer and
33.11 in calculating the accrued liability of the volunteer firefighters relief association that pays
33.12 a lump-sum service pension, the accrued liability for deferred service pensions is equal to
33.13 the separate relief association account balance or the fair market value of the separate
33.14 investment vehicle held by the relief association.

33.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

33.16 Sec. 9. Minnesota Statutes 2018, section 424A.02, subdivision 9, is amended to read:

33.17 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including
33.18 any volunteer firefighters relief association governed by Laws 2013, chapter 111, article 5,
33.19 sections 31 to 42, or any volunteer firefighters division of a relief association governed by
33.20 chapter 424, may only pay ancillary benefits which would constitute an authorized
33.21 disbursement as specified in section 424A.05 subject to the following requirements or
33.22 limitations:

33.23 (1) with respect to a defined benefit relief association in which governing bylaws provide
33.24 solely for a lump-sum service pension to a retiring member, or provide a retiring member
33.25 the choice of either a lump-sum service pension or a monthly service pension and the
33.26 lump-sum service pension was chosen, no ancillary benefit may be paid to any former
33.27 member or paid to any person on behalf of any former member after the former member (i)
33.28 terminates active service with the fire department and active membership in the relief
33.29 association; and (ii) commences receipt of a service pension as authorized under this section;
33.30 and

33.31 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
33.32 payable to any member, to any former member, or to any person on behalf of any member
33.33 or former member, may exceed in amount the total earned service pension of the member

34.1 or former member. The total earned service pension must be calculated by multiplying the
34.2 service pension amount specified in the bylaws of the relief association at the time of death
34.3 or disability, whichever applies, by the years of service credited to the member or former
34.4 member. The years of service must be determined as of (i) the date the member or former
34.5 member became entitled to the ancillary benefit; or (ii) the date the member or former
34.6 member died entitling a survivor or the estate of the member or former member to an
34.7 ancillary benefit. The ancillary benefit must be calculated without regard to whether the
34.8 member had attained the minimum amount of service and membership credit specified in
34.9 the governing bylaws. For active members, the amount of a permanent disability benefit or
34.10 a survivor benefit must be equal to the member's total earned service pension except that
34.11 the bylaws of a defined benefit relief association may provide for the payment of a survivor
34.12 benefit in an amount not to exceed five times the yearly service pension amount specified
34.13 in the bylaws on behalf of any member who dies before having performed five years of
34.14 active service in the fire department with which the relief association is affiliated. For
34.15 deferred members, the amount of a permanent disability benefit or a survivor benefit must
34.16 be calculated using the service pension amount in effect on the date specified in section
34.17 424A.015, subdivision 6, unless the bylaws of the relief association specify a different
34.18 service pension amount to be used for the calculation.

34.19 (3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation
34.20 or bylaws, the benefit must be paid:

34.21 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

34.22 (B) as a survivor benefit to the surviving children of the deceased firefighter if no
34.23 surviving spouse;

34.24 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
34.25 surviving spouse or surviving children; or

34.26 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
34.27 surviving children and no beneficiary designated.

34.28 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly
34.29 or partially, the spouse's entitlement to a survivor benefit.

34.30 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
34.31 incorporation or bylaws, the benefit must be paid:

34.32 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

35.1 (B) as a survivor benefit to the surviving children of the deceased firefighter if no
35.2 surviving spouse;

35.3 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
35.4 surviving spouse or surviving children; or

35.5 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
35.6 surviving spouse, no surviving children, and no beneficiary designated.

35.7 (ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly
35.8 or partially, the spouse's entitlement to a survivor benefit.

35.9 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
35.10 survivor benefit payable to a designated beneficiary, the relief association bylaws may limit
35.11 the total survivor benefit amount payable.

35.12 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
35.13 or for a combination lump-sum and monthly benefit volunteer fire relief association where
35.14 a monthly benefit service pension has been elected by or a monthly benefit is payable with
35.15 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of
35.16 this section, for a lump-sum volunteer fire relief association or for a combination lump-sum
35.17 and monthly benefit volunteer fire relief association where a lump-sum service pension has
35.18 been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created
35.19 under chapter 501C may be a designated beneficiary. If a trust is payable to the surviving
35.20 children organized under chapter 501C as authorized by this section and there is no surviving
35.21 spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this
35.22 section to the contrary.

35.23 **EFFECTIVE DATE.** This section is effective January 1, 2020.

35.24 Sec. 10. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

35.25 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined
35.26 benefit relief association to which this section applies must file a revised copy of its governing
35.27 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws
35.28 by the relief association or upon the approval of any amendment to its governing bylaws
35.29 granted by the governing body of ~~each~~ the municipality served by the fire department to
35.30 which the relief association is directly associated or by the independent nonprofit firefighting
35.31 corporation, as applicable. Failure of the relief association to file a copy of the bylaws or
35.32 any bylaw amendments with the state auditor disqualifies the municipality from the
35.33 distribution of any future fire state aid until this filing requirement has been completed.

36.1 (b) If the special fund of the relief association does not have a surplus over full funding
36.2 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision
36.3 4, and if the municipality is required to provide financial support to the special fund of the
36.4 relief association under section 424A.092 or 424A.093, no bylaw amendment which would
36.5 affect the amount of, the manner of payment of, or the conditions for qualification for service
36.6 pensions or ancillary benefits or disbursements other than administrative expenses authorized
36.7 under section 69.80 payable from the special fund of the relief association is effective until
36.8 it has been ratified as required under section 424A.092, subdivision 6, or 424A.093,
36.9 subdivision 6. If the special fund of the relief association has a surplus over full funding
36.10 under section 424A.092, subdivision 3, or 424A.093, subdivision 4, and if the municipality
36.11 is not required to provide financial support to the special fund under this section, the relief
36.12 association may adopt or amend without municipal ratification its articles of incorporation
36.13 or bylaws which increase or otherwise affect the service pensions or ancillary benefits
36.14 payable from the special fund if authorized under section 424A.092, subdivision 6, or
36.15 424A.093, subdivision 6.

36.16 (c) If the relief association pays only a lump-sum pension, the financial requirements
36.17 are to be determined by the board of trustees following the preparation of an estimate of
36.18 the expected increase in the accrued liability and annual accruing liability of the relief
36.19 association attributable to the change. If the relief association pays a monthly benefit service
36.20 pension, the financial requirements are to be determined by the board of trustees following
36.21 either an updated actuarial valuation including the proposed change or an estimate of the
36.22 expected actuarial impact of the proposed change prepared by the actuary of the relief
36.23 association. If a relief association adopts or amends its articles of incorporation or bylaws
36.24 without municipal ratification under this subdivision, and, subsequent to the amendment or
36.25 adoption, the financial requirements of the special fund under this section are such so as to
36.26 require financial support from the municipality, the provision which was implemented
36.27 without municipal ratification is no longer effective without municipal ratification, and any
36.28 service pensions or ancillary benefits payable after that date must be paid only in accordance
36.29 with the articles of incorporation or bylaws as amended or adopted with municipal
36.30 ratification.

36.31 **EFFECTIVE DATE.** This section is effective January 1, 2020.

36.32 Sec. 11. Minnesota Statutes 2018, section 424A.10, subdivision 1, is amended to read:

36.33 Subdivision 1. **Definitions.** For purposes of this section:

37.1 (1) "qualified recipient" means a volunteer firefighter who receives a lump-sum
37.2 distribution of pension or retirement benefits from a volunteer firefighters relief association
37.3 or from the voluntary statewide lump-sum volunteer firefighter retirement plan;

37.4 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
37.5 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
37.6 or children of a deceased active or deferred volunteer firefighter, or, if none, the designated
37.7 beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has
37.8 been designated, the estate of the deceased active or deferred volunteer firefighter;

37.9 (3) "active volunteer firefighter" means a person who:

37.10 (i) regularly renders fire suppression service, the performance or supervision of authorized
37.11 fire prevention duties, or the performance or supervision of authorized emergency medical
37.12 response activities for a fire department;

37.13 (ii) has met the statutory and other requirements for relief association membership; and

37.14 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
37.15 member of the relief association or from the voluntary statewide lump-sum volunteer
37.16 firefighter retirement plan for at least one month;

37.17 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

37.18 (i) terminated active firefighting service, the performance or supervision of authorized
37.19 fire prevention duties, or the performance or supervision of authorized emergency medical
37.20 response activities; and

37.21 (ii) has sufficient service credit from the applicable relief association or from the voluntary
37.22 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension
37.23 under the bylaws of the relief association, but has not applied for or has not received the
37.24 service pension; and

37.25 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
37.26 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
37.27 individuals whose services were used to perform emergency medical response duties or
37.28 supervise emergency medical response activities if authorized under section 424A.01,
37.29 subdivision 5a.

37.30 **EFFECTIVE DATE.** This section is effective January 1, 2020, and applies to
37.31 supplemental benefits paid by a relief association in 2019 and thereafter for the death of an
37.32 active or deferred volunteer firefighter that occurred on or after January 1, 2019.

38.1 Sec. 12. Laws 2018, chapter 211, article 14, section 26, is amended to read:

38.2 Sec. 26. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
38.3 **FIREFIGHTERS.**

38.4 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

38.5 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
38.6 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

38.7 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
38.8 state aid received under Minnesota Statutes, section 423A.022;

38.9 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
38.10 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
38.11 the amount determined under clause (1) and the amount transmitted under clause (2); and

38.12 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
38.13 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters
38.14 covered by the public employees police and fire retirement plan under Minnesota Statutes,
38.15 section 353.65, subdivision 3.

38.16 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
38.17 has no liability to the relief association related to payments it made or will make to the
38.18 public employees police and fire retirement plan from fire state aid for 2013, ~~2014, 2015,~~
38.19 ~~2016, 2017, and 2018~~ and subsequent years.

38.20 (c) ~~This section expires July 1, 2019~~ Paragraphs (a) and (b) expire on the effective date
38.21 of general legislation permitting the allocation of fire state aid between volunteer firefighter
38.22 relief associations and the affiliated municipalities, independent nonprofit firefighting
38.23 corporations, or joint powers entities.

38.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
38.25 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,
38.26 subdivisions 2 and 3.

39.1

ARTICLE 5

39.2

MINNESOTA STATE COLLEGES AND UNIVERSITIES

39.3

RETIREMENT PROVISIONS

39.4

Section 1. Minnesota Statutes 2018, section 136F.47, is amended to read:

39.5

136F.47 PENSION PLAN.

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The board shall assume the administrative responsibility for the individual retirement account plans in chapters 354B and 354C formerly administered separately by the State University Board and the Community College Board. The separate plans and the former plan administration must be merged into a single individual retirement account plan and plan administration covering eligible employees of the board, eligible employees of system institutions, and other eligible employee groups who are covered by the plan under section ~~354B.21~~ 354B.211.

39.13

EFFECTIVE DATE. This section is effective July 1, 2019.

39.14

Sec. 2. Minnesota Statutes 2018, section 136F.481, is amended to read:

39.15

136F.481 EARLY SEPARATION INCENTIVE PROGRAM.

39.16

39.17

(a) Notwithstanding any provision of law to the contrary, the board may offer a targeted early separation incentive program for its employees.

39.18

(b) The early separation incentive program may include one or both of the following:

39.19

(1) cash incentives, not to exceed one year of base salary; or

39.20

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(2) employer contributions to the postretirement health care savings plan established under section 352.98.

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(c) To be eligible to receive an incentive, an employee must be at least age 55 and must have at least five years of employment by the Minnesota State Colleges and Universities System. The board shall establish and periodically revise the eligibility requirements for system employees to receive an incentive. The board shall file a copy of its proposed revised eligibility requirements with the chairs and ranking members of the senate committee with higher education within its jurisdiction and the senate finance division with higher education within its jurisdiction and with the chair and ranking members of the committee in the house of representatives with higher education within its jurisdiction and of the house of representatives Committee on Ways and Means, at least 30 days before the final adoption of the proposed revised eligibility requirements by the board, shall post the same document on the system website at the same time, and shall hold a public hearing on the proposed

40.1 eligibility requirements. The type and any additional amount of the incentive to be offered
40.2 may vary by employee classification, as specified by the board.

40.3 (d) The president of a college or university, consistent with paragraphs (b) and (c), may
40.4 designate:

40.5 (1) specific departments or programs at the college or university whose employees are
40.6 eligible to be offered the incentive program; or

40.7 (2) positions at the college or university eligible to be offered the incentive program.

40.8 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

40.9 (1) system office divisions whose employees are eligible to be offered the incentive
40.10 program; or

40.11 (2) positions at the system office eligible to be offered the incentive program.

40.12 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
40.13 and must be in writing. The incentive may only be offered at the sole discretion of the
40.14 president of the applicable college or university.

40.15 (g) A decision by the president of a college or university or by the chancellor not to offer
40.16 an incentive may not be challenged.

40.17 (h) The cost of the incentive is payable by the college or university on whose behalf the
40.18 president offered the incentive or from the system office budget if the chancellor offered
40.19 the incentive. If a college or university is merged, the remaining cost of any early separation
40.20 incentive must be borne by the successor institution. If a college or university is closed, the
40.21 remaining cost of any early separation incentive must be borne by the board.

40.22 (i) Annually, the chancellor and the president of each college or university must report
40.23 on the number and types of early separation incentives which were offered and utilized
40.24 under this section. The report must be filed annually with the board and with the Legislative
40.25 Reference Library on or before September 1.

40.26 ~~(j) The early retirement incentive authority under this section expires on June 30, 2019.~~

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

40.28 Sec. 3. Minnesota Statutes 2018, section 354.05, subdivision 2a, is amended to read:

40.29 Subd. 2a. **Exceptions.** (a) Notwithstanding subdivision 2, a person specified in paragraph
40.30 (b) is not a member of the association except for purposes of Social Security coverage unless

41.1 the person is covered by section ~~354B.21~~ 354B.211, and elects coverage by the Teachers
41.2 Retirement Association.

41.3 (b) A teacher is excluded from association membership other than Social Security
41.4 coverage under paragraph (a) if the person is covered by the individual retirement account
41.5 plan established under chapter 354B.

41.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

41.7 Sec. 4. Minnesota Statutes 2018, section 354.51, subdivision 5, is amended to read:

41.8 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event
41.9 that full required member contributions are not deducted from the salary of a teacher,
41.10 payment of shortages in member deductions on salary earned are the sole obligation of the
41.11 employing unit and are payable by the employing unit upon notification by the executive
41.12 director of the shortage. The amount of the shortage shall be paid with interest at the
41.13 applicable annual rate or rates specified in section 356.59, subdivision 4, compounded
41.14 annually, from the end of the fiscal year in which the shortage occurred to the end of the
41.15 month in which payment is made and the interest must be credited to the fund. The employing
41.16 unit shall also pay the employer contributions as specified in section 354.42, subdivisions
41.17 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within
41.18 60 days of notification, and if the executive director does not use the recovery procedure
41.19 in section 354.512, the executive director shall certify the amount of the shortage to the
41.20 applicable county auditor, who shall spread a levy in the amount of the shortage payment
41.21 over the taxable property of the taxing district of the employing unit if the employing unit
41.22 is supported by property taxes. Payment may not be made for shortages in member deductions
41.23 on salary paid or payable under paragraph (b) or for shortages in member deductions for
41.24 persons employed by the Minnesota State Colleges and Universities system in a faculty
41.25 position or in an eligible unclassified administrative position and whose employment was
41.26 less than 25 percent of a full academic year, exclusive of the summer session, for the
41.27 applicable institution that exceeds the most recent 36 months.

41.28 (b) For a person who is employed by the Minnesota State Colleges and Universities
41.29 system in a faculty position or in an eligible unclassified administrative position and whose
41.30 employment was less than 25 percent of a full academic year, exclusive of the summer
41.31 session, for the applicable institution, upon the person's election under section ~~354B.21~~
41.32 354B.211 of retirement coverage under this chapter, the shortage in member deductions on
41.33 the salary for employment by the Minnesota State Colleges and Universities system institution
41.34 of less than 25 percent of a full academic year, exclusive of the summer session, for the

42.1 applicable institution for the most recent 36 months and the associated employer contributions
 42.2 must be paid by the Minnesota State Colleges and Universities system institution, plus
 42.3 interest at the applicable annual rate or rates specified in section 356.59, subdivision 4,
 42.4 compounded annually, from the end of the fiscal year in which the shortage occurred to the
 42.5 end of the month in which the Teachers Retirement Association coverage election is made.
 42.6 An individual electing coverage under this paragraph shall repay the amount of the shortage
 42.7 in member deductions, plus interest, through deduction from salary or compensation
 42.8 payments within the first year of employment after the election under section ~~354B.21~~
 42.9 354B.211, subject to the limitations in section 16D.16. The Minnesota State Colleges and
 42.10 Universities system may use any means available to recover amounts which were not
 42.11 recovered through deductions from salary or compensation payments. No payment of the
 42.12 shortage in member deductions under this paragraph may be made for a period longer than
 42.13 the most recent 36 months.

42.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

42.15 Sec. 5. Minnesota Statutes 2018, section 354A.011, subdivision 27, is amended to read:

42.16 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
 42.17 school district, ~~other than a charter school, located in the corporate limits of:~~

42.18 (1) Independent School District No. 625, St. Paul, as any of the following:

42.19 ~~(1) (i)~~ (i) a full-time employee in a position for which a valid license from the state
 42.20 ~~Department of Education~~ Professional Educator Licensing and Standards Board is required;

42.21 ~~(2) an employee of the teachers retirement fund association located in the city of St.~~
 42.22 ~~Paul;~~

42.23 ~~(3) (ii)~~ (ii) a part-time employee in a position for which a valid license from the state
 42.24 ~~Department of Education~~ Professional Educator Licensing and Standards Board is required;

42.25 or

42.26 ~~(4) (iii)~~ (iii) a part-time employee in a position for which a valid license from the state
 42.27 ~~Department of Education~~ Professional Educator Licensing and Standards Board is required

42.28 who also renders other nonteaching services for the school district, unless the board of
 42.29 trustees of the teachers retirement fund association determines that the combined employment
 42.30 is on the whole so substantially dissimilar to teaching service that the service may not be
 42.31 covered by the association;

42.32 (2) the teachers retirement fund association located in the city of St. Paul as an employee;
 42.33 or

43.1 (3) the Minnesota State Colleges and Universities as an employee who has continuing
 43.2 coverage under this chapter through section 354B.211, subdivision 3, paragraph (c).

43.3 (b) The term does not mean any person who renders service in the school district as any
 43.4 of the following:

43.5 (1) an independent contractor or the employee of an independent contractor;

43.6 (2) an employee who is a full-time teacher covered by the Teachers Retirement
 43.7 Association under chapter 354;

43.8 (3) an employee who is exempt from licensure pursuant to section 122A.30; or

43.9 ~~(4) an employee who is a teacher in a technical college located in a city of the first class~~
 43.10 ~~unless the person elects coverage by the first class city teacher retirement fund association~~
 43.11 ~~under section 354B.21, subdivision 2;~~

43.12 ~~(5) a teacher employed by a charter school, irrespective of the location of the school;~~

43.13 ~~(6) an employee who is a part-time teacher in a technical college in the city of St. Paul~~
 43.14 ~~and who has elected coverage by the first class city teacher retirement fund association~~
 43.15 ~~under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular~~
 43.16 ~~nonteaching occupation of the person; (ii) the applicable technical college stipulates annually~~
 43.17 ~~in advance that the part-time teaching service will not exceed 300 hours in a fiscal year;~~
 43.18 ~~and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which~~
 43.19 ~~the certification applies; or~~

43.20 ~~(7)~~ (4) a person who is receiving a retirement annuity from the teachers retirement fund
 43.21 association and is employed after retirement by the school district associated with the
 43.22 retirement fund association.

43.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

43.24 Sec. 6. Minnesota Statutes 2018, section 354B.20, subdivision 4, is amended to read:

43.25 Subd. 4. **Covered employment.** ~~(a)~~ "Covered employment" means employment by a
 43.26 ~~person eligible for coverage by this retirement program under section 354B.21 in a faculty~~
 43.27 ~~position or in an eligible unclassified administrative position~~ an employee in the fiscal year
 43.28 in which the employee first attains eligible employee status, as determined under section
 43.29 354B.211, subdivision 1, and thereafter all employment by that individual in an eligible
 43.30 unclassified administrative position as defined in subdivision 6 or in an eligible unclassified
 43.31 faculty position as defined in subdivision 6a.

44.1 ~~(b) "Covered employment" does not mean employment specified in paragraph (a) by a~~
 44.2 ~~faculty member employed in the Minnesota State Colleges and Universities system if the~~
 44.3 ~~person's initial appointment is specified as constituting less than 25 percent of a full academic~~
 44.4 ~~year, exclusive of summer session, for the applicable institution.~~

44.5 **EFFECTIVE DATE.** This section is effective July 1, 2019.

44.6 Sec. 7. Minnesota Statutes 2018, section 354B.20, is amended by adding a subdivision to
 44.7 read:

44.8 Subd. 6a. **Eligible unclassified faculty position.** "Eligible unclassified faculty position"
 44.9 means employment by an employing unit in:

44.10 (1) a classification under section 179A.10, subdivision 2, included in the:

44.11 (i) state university instructional unit;

44.12 (ii) state university administrative unit; or

44.13 (iii) state college instructional unit; or

44.14 (2) an employment position that meets the definition of "teacher" under section 354.05,
 44.15 subdivision 2, or 354A.011, subdivision 27.

44.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

44.17 Sec. 8. Minnesota Statutes 2018, section 354B.20, subdivision 7, is amended to read:

44.18 Subd. 7. **Employing unit.** "Employing unit," if the agency employs any persons covered
 44.19 by the individual retirement account plan under section ~~354B.21~~ 354B.211, means:

44.20 (1) the board;

44.21 (2) the Minnesota Office of Higher Education; and

44.22 (3) the Higher Education Facilities Authority.

44.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

44.24 Sec. 9. Minnesota Statutes 2018, section 354B.20, subdivision 12, is amended to read:

44.25 Subd. 12. **Participant.** "Participant" means a person who is employed in covered
 44.26 employment by the board and who elects coverage by the plan under section ~~354B.21~~
 44.27 354B.211.

44.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

45.1 Sec. 10. **[354B.211] COVERAGE.**

45.2 Subdivision 1. **Eligibility.** (a) The following persons are eligible to have coverage by
45.3 the individual retirement account plan or coverage by another plan as further specified in
45.4 this section:

45.5 (1) employees who are employed for at least 25 percent of a full academic year, exclusive
45.6 of the summer session, in eligible unclassified faculty positions under section 354B.20,
45.7 subdivision 6a; and

45.8 (2) employees who are employed for at least 25 percent of a full fiscal year in eligible
45.9 unclassified administrative positions under section 354B.20, subdivision 6.

45.10 (b) An employee who becomes eligible under clause (1) or (2) remains eligible regardless
45.11 of (i) a break in service, or (ii) the percentage of full time worked in any covered employment.

45.12 Subd. 2. **Default coverage.** (a) The default retirement coverage specified under this
45.13 subdivision for an eligible employee applies to all covered employment unless the eligible
45.14 employee makes a coverage election under subdivision 4.

45.15 (b) The individual retirement account plan is the default coverage if:

45.16 (1) the eligible employee does not have continuing coverage under subdivision 3; and

45.17 (2) the eligible employee:

45.18 (i) was employed before July 1, 2011; or

45.19 (ii) is employed on or after July 1, 2011 and does not have allowable service credit or
45.20 an account in any retirement plan listed in section 356.30, subdivision 3.

45.21 (c) The Teachers Retirement Association is the default coverage if the eligible employee
45.22 (1) does not have continuing coverage under subdivision 3, paragraphs (c) or (d), (2) is
45.23 employed on or after July 1, 2011, and (3) has allowable service credit or an account in any
45.24 retirement plan listed in section 356.30, subdivision 3.

45.25 (d) At the time of hire, the employee must certify to the employer the existence of any
45.26 allowable service credit or an account within any plan listed in section 356.30, subdivision
45.27 3. If an employee fails to provide certification, the Minnesota State Colleges and Universities
45.28 system and its board shall be held harmless and, notwithstanding any law to the contrary,
45.29 any resulting cost or financial liability becomes the employee's responsibility.

45.30 Subd. 3. **Coverage continuation; certain technical college employees.** (a) If an
45.31 employee was employed in a technical college faculty position with Teachers Retirement

46.1 Association coverage on or before June 30, 1997, that coverage continues for all covered
46.2 employment unless the employee elects coverage under paragraph (e).

46.3 (b) If an employee was employed in a technical college faculty position on or before
46.4 June 30, 1995, and covered by a former first class city teacher retirement fund association,
46.5 the Teachers Retirement Association shall provide coverage for all covered employment
46.6 unless the employee elects coverage under paragraph (e).

46.7 (c) If an employee was employed in a technical college faculty position with St. Paul
46.8 Teachers Retirement Fund Association coverage on or before June 30, 1995, that coverage
46.9 continues for all covered employment unless the employee elects coverage under paragraph
46.10 (e).

46.11 (d) If an employee was employed in a technical college position with Public Employee
46.12 Retirement Association coverage on or before June 30, 1995, that coverage continues for
46.13 all covered employment unless the employee elects coverage under paragraph (e).

46.14 (e) If an employee under this subdivision changes employment within the Minnesota
46.15 State Colleges and Universities system, the employee is authorized to elect prospective
46.16 coverage by the individual retirement account plan pursuant to subdivision 4 for all
46.17 subsequent covered employment.

46.18 **Subd. 4. Coverage; election for new employment position.** (a) Unless a timely coverage
46.19 election is made as specified below, an eligible employee retains the default coverage
46.20 specified in subdivision 2 for all covered employment.

46.21 (1) An eligible employee who has default coverage with the individual retirement account
46.22 plan under subdivision 2 may elect prospective Teachers Retirement Association coverage.

46.23 (2) An eligible employee who has default coverage with the Teachers Retirement
46.24 Association under subdivision 2 may elect prospective coverage by the individual retirement
46.25 account plan.

46.26 (b) An election under paragraph (a) must be made within one year of commencing
46.27 covered employment. If an election is not made within one year of commencing covered
46.28 employment and the employee separated from such covered employment prior to completion
46.29 of the year, an election may be made within 90 days of returning to covered employment.

46.30 (c) Except as provided in subdivision 6, purchasing service credit in the Teachers
46.31 Retirement Association for any period of Minnesota State Colleges and Universities system
46.32 employment occurring before the election under this section is prohibited.

47.1 (d) An election made under this subdivision is irrevocable unless a subsequent election
47.2 is made under subdivision 6.

47.3 Subd. 5. **Required notice.** (a) No later than 90 days before the end of any applicable
47.4 election period specified in this section, the employer must provide an eligible employee
47.5 the following information:

47.6 (1) the eligible employee's default retirement coverage;

47.7 (2) the form for electing alternative coverage other than the default coverage; and

47.8 (3) the website addresses for the plan providing default coverage and comparable
47.9 information for the applicable optional coverage.

47.10 (b) The election of coverage forms must include a certification statement that the
47.11 employee has received and reviewed materials on the alternative and default coverages prior
47.12 to making the election.

47.13 Subd. 6. **Coverage; election for tenure.** (a) A faculty member, defined as a person
47.14 employed in an eligible unclassified faculty position under section 354B.20, subdivision
47.15 6a, who is a member of the individual retirement account plan may elect to transfer retirement
47.16 coverage to the Teachers Retirement Association within one year of the faculty member
47.17 first achieving tenure or its equivalent at a Minnesota state college or university.

47.18 (b) A faculty member electing Teachers Retirement Association coverage must purchase
47.19 service credit in the Teachers Retirement Association for the entire period of time covered
47.20 under the individual retirement account plan. The purchase payment amount must be
47.21 determined under section 356.551. The Teachers Retirement Association may charge a
47.22 faculty member transferring coverage a reasonable fee to cover the costs associated with
47.23 computing the actuarial cost of purchasing service credit and making the transfer.

47.24 (c) A faculty member purchasing service credit in the Teachers Retirement Association
47.25 may use:

47.26 (1) any balances in the faculty member's individual retirement account plan or higher
47.27 education supplemental retirement plan established under chapter 354C; or

47.28 (2) any source specified in section 356.441, subdivision 1.

47.29 If the total amount of payments under this paragraph are less than the total purchase payment
47.30 amount under section 356.551, and the employee fails to make timely payments as determined
47.31 by the Teachers Retirement Association, all payment amounts must be refunded to the
47.32 applicable source.

48.1 Subd. 7. Coverage; acting, interim, or temporary appointments. An employee on a
 48.2 leave of absence from a classified position who is appointed to an acting, interim, or
 48.3 temporary unclassified position retains the retirement coverage that the employee had in
 48.4 the prior classified position for up to one year of covered employment. If the employee
 48.5 continues in the unclassified position, the employee has the option to make an election under
 48.6 subdivision 4, provided no previous election had been made under that subdivision.

48.7 Subd. 8. Coverage; certain part-time employees. Notwithstanding subdivision 1, an
 48.8 employee in a part-time eligible unclassified administrative position or eligible unclassified
 48.9 faculty position that constitutes less than 25 percent of a full academic year is eligible for
 48.10 Teachers Retirement Association coverage for all covered employment if the person certifies
 48.11 to the employer existing membership in the Teachers Retirement Association.

48.12 EFFECTIVE DATE. This section is effective July 1, 2019.

48.13 Sec. 11. Minnesota Statutes 2018, section 354B.22, subdivision 2, is amended to read:

48.14 Subd. 2. **Public pension coverage as condition of employment.** Coverage by a public
 48.15 pension plan under section ~~354B.21~~ 354B.211 is a condition of initial employment or
 48.16 continued employment ~~as a faculty member in an eligible unclassified faculty position or~~
 48.17 an eligible unclassified administrative position by the board or other employing unit.

48.18 EFFECTIVE DATE. This section is effective July 1, 2019.

48.19 Sec. 12. Minnesota Statutes 2018, section 354B.23, subdivision 1, is amended to read:

48.20 Subdivision 1. **Member contribution rate.** (a) Except for a participant described under
 48.21 paragraph (b), the member contribution rate for participants in the individual retirement
 48.22 account plan is ~~4.5 percent of salary~~ equal to the coordinated employee contribution rate in
 48.23 section 354.42, subdivision 2.

48.24 (b) The member contribution rate is the rate described in paragraph (c) for a participant
 48.25 in the individual retirement account plan who:

48.26 (1) achieved tenure or its equivalent at a Minnesota state college or university before
 48.27 July 1, 2018; or

48.28 (2) is an employee in an eligible unclassified administrative position, is not a faculty
 48.29 member, and first contributed to the individual retirement account plan before July 1, 2018.

48.30 (c) The member contribution rate for a participant described in paragraph (b) is the
 48.31 following percentage of salary:

49.1	<u>from July 1, 2019, to June 30, 2020</u>	<u>5.15</u>
49.2	<u>from July 1, 2020, to June 30, 2021</u>	<u>5.80</u>
49.3	<u>from July 1, 2021, to June 30, 2022</u>	<u>6.45</u>
49.4	<u>from July 1, 2022, to June 30, 2023</u>	<u>7.10</u>
49.5	<u>from July 1, 2023, to June 30, 2024</u>	<u>7.75</u>

49.6 After June 30, 2024, the member contribution rate is the rate specified in paragraph (a).

49.7 **EFFECTIVE DATE.** This section is effective July 1, 2019.

49.8 Sec. 13. Minnesota Statutes 2018, section 355.01, subdivision 3c, is amended to read:

49.9 Subd. 3c. **Higher education employee.** "Higher education employee" means an employee
 49.10 of the state of Minnesota who performs services in a Minnesota State Colleges and
 49.11 Universities system in a position covered by the individual retirement account plan under
 49.12 section ~~354B.21~~ 354B.211 and who remains a member of the Teachers Retirement
 49.13 Association for purposes of Social Security coverage only.

49.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

49.15 Sec. 14. Minnesota Statutes 2018, section 355.091, is amended to read:

49.16 **355.091 DIVISION OF RETIREMENT PLANS.**

49.17 (a) The public retirement plans enumerated in paragraph (b) must be divided into two
 49.18 parts in accordance with section 218(d)(6)(c) of the Social Security Act, with one part
 49.19 composed of plan members who did not elect Social Security coverage in the applicable
 49.20 referendum and the other part composed of plan members who did elect Social Security
 49.21 coverage in the applicable referendum.

49.22 (b) The applicable public retirement plans are:

49.23 (1) the elective state officers retirement plan;

49.24 (2) the judges retirement plan;

49.25 (3) the legislators retirement plan;

49.26 (4) the Minneapolis Teachers Retirement Fund Association;

49.27 (5) the general employees retirement plan of the Public Employees Retirement
 49.28 Association;

49.29 (6) the St. Paul Teachers Retirement Fund Association; and

49.30 (7) the Teachers Retirement Association.

50.1 (c) Plan participants and persons electing participation under section ~~354B.21~~ 354B.211
 50.2 remain members of the Teachers Retirement Association for purposes of Social Security
 50.3 coverage only, and remain covered by the applicable agreement entered into under section
 50.4 355.01, but are not members of the Teachers Retirement Association for any other purpose
 50.5 while employed in covered employment.

50.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

50.7 Sec. 15. **REPEALER.**

50.8 Minnesota Statutes 2018, sections 354B.20, subdivision 8; and 354B.21, subdivisions
 50.9 1, 1a, 2, 3, 3a, 3b, 4, 5, 6, and 7, are repealed.

50.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

50.11 **ARTICLE 6**

50.12 **GENERALLY APPLICABLE RETIREMENT PLAN CHANGES**

50.13 Section 1. Minnesota Statutes 2018, section 356.219, subdivision 3, is amended to read:

50.14 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include a
 50.15 written statement of the investment policy. Following that initial report, subsequent reports
 50.16 must include investment policy changes and the effective date of each policy change rather
 50.17 than a complete statement of investment policy, unless the state auditor requests submission
 50.18 of a complete current statement. The report must also include the information required by
 50.19 the following paragraphs, as applicable.

50.20 (b) If, after four years of reporting under this paragraph, the total portfolio time weighted
 50.21 rate of return, net of all investment related costs and fees, provided by the public pension
 50.22 plan differs by no more than 0.1 percent from the comparable return for the plan calculated
 50.23 by the Office of the State Auditor, and if a public pension plan has a total market value of
 50.24 ~~\$25,000,000~~ \$50,000,000 or more as of the beginning of the calendar year, and if the public
 50.25 pension plan's annual audit is performed by the state auditor or by the legislative auditor,
 50.26 the report required by subdivision 1 must include the market value of the total portfolio and
 50.27 the market value of each asset class included in the pension fund as of the beginning of the
 50.28 calendar year and as of the end of the calendar year. At the discretion of the state auditor,
 50.29 the public pension plan may be required to submit the market value of the total portfolio
 50.30 and the market value of each investment account, investment portfolio, or asset class included
 50.31 in the pension fund for each month, and the amount and date of each injection and withdrawal
 50.32 to the total portfolio and to each investment account, investment portfolio, or asset class. If

51.1 the market value of a public pension plan's fund drops below ~~\$25,000,000~~ \$50,000,000 in
51.2 a subsequent year, it must continue reporting under this paragraph for any subsequent year
51.3 in which the public pension plan is not fully invested as specified in subdivision 1, paragraph
51.4 (b), except that if the public pension plan's annual audit is not performed by the state auditor
51.5 or legislative auditor, paragraph (c) applies.

51.6 (c) If paragraph (b) would apply if the annual audit were provided by the state auditor
51.7 or legislative auditor, the report required by subdivision 1 must include the market value
51.8 of the total portfolio and the market value of each asset class included in the pension fund
51.9 as of the beginning of the calendar year and for each month, and the amount and date of
51.10 each injection and withdrawal to the total portfolio and to each investment account,
51.11 investment portfolio, or asset class.

51.12 (d) For public pension plans to which paragraph (b) or (c) applies, the report required
51.13 by subdivision 1 must also include a calculation of the total time-weighted rate of return
51.14 available from index-matching investments assuming the asset class performance targets
51.15 and target asset mix indicated in the written statement of investment policy. The provided
51.16 information must include a description of indices used in the analyses and an explanation
51.17 of why those indices are appropriate. This paragraph does not apply to any fully invested
51.18 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of Investment
51.19 under this paragraph is limited to information on the Minnesota public pension plans required
51.20 to be invested by the State Board of Investment under section 11A.23.

51.21 (e) If a public pension plan has a total market value of less than ~~\$25,000,000~~ \$50,000,000
51.22 as of the beginning of the calendar year and was never required to file under paragraph (b)
51.23 or (c), the report required by subdivision 1 must include the amount and date of each total
51.24 portfolio injection and withdrawal. In addition, the report must include the market value of
51.25 the total portfolio as of the beginning of the calendar year and for each quarter.

51.26 (f) Any public pension plan reporting under paragraph (b) or (c) must include computed
51.27 time-weighted rates of return with the report, in addition to all other required information,
51.28 as applicable. The chief administrative officer of the public pension plan submitting the
51.29 returns must certify, on a form prescribed by the state auditor, that the returns have been
51.30 computed by the pension plan's investment performance consultant or custodial bank. The
51.31 chief administrative officer of the public pension plan submitting the returns also must
51.32 certify that the returns are net of all costs and fees, including investment management fees,
51.33 and that the procedures used to compute the returns are consistent with Bank Administration
51.34 Institute studies of investment performance measurement and presentation standards set by

52.1 the CFA Institute. If the certifications required under this paragraph are not provided, the
52.2 reporting requirements of paragraph (c) apply.

52.3 (g) For public pension plans reporting under paragraph (e), the public pension plan must
52.4 retain supporting information specifying the date and amount of each injection and
52.5 withdrawal to each investment account and investment portfolio. The public pension plan
52.6 must also retain the market value of each investment account and investment portfolio at
52.7 the beginning of the calendar year and for each quarter. Information that is required to be
52.8 collected and retained for any given year or years under this paragraph must be submitted
52.9 to the Office of the State Auditor if the Office of the State Auditor requests in writing that
52.10 the information be submitted by a public pension plan or plans, or be submitted by the State
52.11 Board of Investment for any plan or plans for which the State Board of Investment is the
52.12 investment authority under this section. If the state auditor requests information under this
52.13 subdivision, and the public plan fails to comply, the pension plan is subject to penalties
52.14 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

52.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

52.16 Sec. 2. Minnesota Statutes 2018, section 356.551, subdivision 2, is amended to read:

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

52.23 (b) Calculation of this amount must be made using the ~~preretirement interest rate~~
52.24 investment return assumption applicable to the public pension plan specified in section
52.25 356.215, subdivision 8, and the mortality table adopted for the public pension plan.

52.26 (1) Unless clause (2) applies, the calculation must assume continuous future service in
52.27 the public pension plan until, and retirement at, the age at which the minimum requirements
52.28 of the fund for normal retirement or retirement with an annuity unreduced for retirement at
52.29 an early age, including section 356.30, are met with the additional service credit purchased.
52.30 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
52.31 is greater, and a future salary history that includes annual salary increases at the applicable
52.32 salary increase rate for the plan specified in section 356.215, subdivision 8.

53.1 (2) This clause applies when the calculation is being done for purposes of section
53.2 353.0141, subdivision 3. The calculation must include continuous future service in the
53.3 public pension plan until, and retirement at, any age at or after which the minimum
53.4 requirements of the fund for early retirement or retirement with an annuity unreduced for
53.5 retirement at an early age, including section 356.30, are met with the additional service
53.6 credit purchased. The calculation must be determined using the retirement age that provides
53.7 the most valuable benefit to the member. The calculation must also assume a full-time
53.8 equivalent salary, or actual salary, whichever is greater, and a future salary history that
53.9 includes annual salary increases at the applicable salary increase rate for the plan specified
53.10 in section 356.215, subdivision 8.

53.11 (c) The prior service credit purchase amount may not be less than the amount determined
53.12 by applying, for each year or fraction of a year being purchased, the sum of the employee
53.13 contribution rate, the employer contribution rate, and the additional employer contribution
53.14 rate, if any, applicable during that period, to the person's annual salary during that period,
53.15 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual
53.16 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,
53.17 compounded annually, from the end of the year in which contributions would otherwise
53.18 have been made to the date on which the payment is received.

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

53.23 (e) However, the current employer or the prior employer may, at its discretion, pay all
53.24 or any portion of the payment amount that exceeds an amount equal to the employee
53.25 contribution rates in effect during the period or periods of prior service applied to the actual
53.26 salary rates in effect during the period or periods of prior service, plus interest at the
53.27 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
53.28 applies, compounded annually, from the date on which the contributions would otherwise
53.29 have been made to the date on which the payment is made. If the employer agrees to
53.30 payments under this subdivision, the purchaser must make the employee payments required
53.31 under this subdivision within 90 days of the prior service credit authorization. If that
53.32 employee payment is made, the employer payment under this subdivision must be remitted
53.33 to the chief administrative officer of the public pension plan within 60 days of receipt by
53.34 the chief administrative officer of the employee payments specified under this subdivision.

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

54.1 **Sec. 3. [356.97] INFORMATION SERVICES AND TECHNOLOGY.**

54.2 The executive directors subject to the standard of fiduciary conduct under chapter 356A
 54.3 and the boards to which they report are exempt from the requirements of chapter 16E. An
 54.4 executive director or board may use services provided by the Office of MN.IT Services.

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

54.6 **Sec. 4. CITY OF ST. PAUL; ST. PAUL SCHOOL DISTRICT; TEMPORARY**
 54.7 **SUPPLEMENTAL PENSION PLAN CONTRIBUTION RESTRICTION**
 54.8 **EXEMPTION.**

54.9 Notwithstanding Minnesota Statutes, section 356.24, subdivision 1, until June 30, 2020,
 54.10 the city of St. Paul and Independent School District No. 625, St. Paul, shall be permitted to
 54.11 levy taxes for or contribute public funds to a supplemental pension or deferred compensation
 54.12 plan established, maintained, and operated in addition to a primary pension program for the
 54.13 benefit of the governmental subdivision employees if and to the extent permitted or allocated
 54.14 under the applicable collective bargaining agreements to any of the following retirement
 54.15 funds:

54.16 (1) the international union of operating engineers pension fund;

54.17 (2) the International Association of Machinists national pension fund;

54.18 (3) the laborers national industrial pension fund or a laborers local pension fund;

54.19 (4) the plumbers and pipefitters national pension fund or a plumbers and pipefitters local
 54.20 pension fund;

54.21 (5) the sheet metal workers national defined benefit pension fund, a sheet metal workers
 54.22 local defined benefit pension fund, or a sheet metal workers local defined contribution
 54.23 retirement fund;

54.24 (6) the elevator constructors national pension fund or the elevator constructors annuity
 54.25 and 401(k) retirement plan;

54.26 (7) the national electrical benefit fund, an electricians local defined benefit pension fund,
 54.27 or an electricians local defined contribution pension fund;

54.28 (8) the carpenters and joiners defined benefit pension fund or the carpenters and joiners
 54.29 defined contribution pension fund;

54.30 (9) the sprinkler fitters national defined benefit pension fund or the sprinkler fitters
 54.31 supplemental defined contribution pension fund;

55.1 (10) the painters and allied trades national pension fund or a painters and allied trades
 55.2 local pension fund; or

55.3 (11) the national roofing industry pension fund or a roofers local defined contribution
 55.4 fund.

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

55.6 Sec. 5. **DIRECTION TO PREPARE DRAFT LEGISLATION.**

55.7 Representatives of the city of St. Paul, Independent School District No. 625, St. Paul,
 55.8 and the local trade unions participating in the funds listed in section 4 shall work with the
 55.9 staff of the Legislative Commission on Pensions and Retirement to prepare draft legislation
 55.10 for consideration during the 2020 legislative session and submit the draft legislation to the
 55.11 executive director of the Legislative Commission on Pensions and Retirement no later than
 55.12 November 30, 2019. The draft legislation must eliminate the need to identify in Minnesota
 55.13 Statutes, section 356.24, specific multiemployer funds in which the city of St. Paul or
 55.14 Independent School District No. 625, St. Paul, participate, including the funds listed in
 55.15 section 4, by:

55.16 (1) excluding from eligibility under a pension plan administered by the public employees
 55.17 retirement association or the teachers retirement association, as applicable, any employee
 55.18 accruing a retirement benefit under a multiemployer fund in which the city of St. Paul or
 55.19 Independent School District No. 625, St. Paul, participate, including the funds listed in
 55.20 section 4, who is or becomes employed by the city of St. Paul and Independent School
 55.21 District No. 625, St. Paul, for any year that the employee participates in the multiemployer
 55.22 fund; or

55.23 (2) requiring reporting to the Legislative Commission on Pensions and Retirement or
 55.24 another entity with oversight information on the specific funds, including funding information
 55.25 for each fund, annual contribution rates per employee, and the number of employees
 55.26 participating; or

55.27 (3) providing other safeguards that take into account the needs of the city of St. Paul,
 55.28 Independent School District No. 625, St. Paul, the trade unions, and the state of Minnesota
 55.29 with regard to the use of public funds for supplemental pension and deferred compensation
 55.30 plans.

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

56.1 **ARTICLE 7**56.2 **SESSION LAW FOR ONE PERSON**56.3 **Section 1. TRA COVERAGE ELECTION AUTHORITY FOR CERTAIN**
56.4 **MINNESOTA STATE EMPLOYEE.**

56.5 (a) Notwithstanding any provision of law to the contrary, an eligible person described
56.6 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
56.7 Association upon making an election under paragraph (c). An eligible person is further
56.8 authorized to purchase service credit in the Teachers Retirement Association subject to the
56.9 requirements in paragraph (d).

56.10 (b) An eligible person is a person who:

56.11 (1) was born on January 18, 1966;

56.12 (2) was first employed as an academic advisor on January 3, 1995, covered by the higher
56.13 education individual retirement account plan;

56.14 (3) was employed as an academic advisor with Metropolitan State University on March
56.15 20, 2019, with retirement coverage in the higher education individual retirement account
56.16 plan; and

56.17 (4) was not offered an election of Teachers Retirement Association coverage as authorized
56.18 by Minnesota Statutes, section 354B.21, so remained in the higher education individual
56.19 retirement account plan.

56.20 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
56.21 person must submit a written application to the executive director of the Teachers Retirement
56.22 Association on a form provided by the Teachers Retirement Association. The application
56.23 must include all documentation of the applicability of this section and any other relevant
56.24 information that the executive director may require. Membership in the Teachers Retirement
56.25 Association commences no later than 60 days after the date on which the executive director
56.26 receives the written application under this paragraph.

56.27 (d) An eligible person is granted service credit for past Minnesota State system
56.28 employment from January 3, 1995, until the date on which the executive director receives
56.29 the written application specified under paragraph (c) if the eligible person elects to purchase
56.30 past service credit on the written application and the following conditions are met:

56.31 (1) The eligible person makes a contribution to the Teachers Retirement Association
56.32 equal to the excess, if any, of the employee contributions that the eligible person would
56.33 have made if covered by the Teachers Retirement Association from January 3, 1995, over

57.1 the employee contributions that the eligible person made to the higher education individual
57.2 retirement account plan. The contribution must include the applicable annual compound
57.3 interest at the rate or rates specified in Minnesota Statutes, section 356.59, subdivision 4,
57.4 computed from the date the contribution would have been made if deducted from salary
57.5 until paid. The total amount to be paid under this clause shall be determined by the executive
57.6 director of the Teachers Retirement Association, who shall provide written notification of
57.7 the amount required under this clause to the eligible person.

57.8 (2) The Teachers Retirement Association receives an amount equal to the value of the
57.9 eligible person's account in the higher education individual retirement account plan on the
57.10 day that the application under paragraph (c) is received by the executive director of the
57.11 Teachers Retirement Association. The executive director of the Teachers Retirement
57.12 Association has the sole discretion to accept or not accept a transfer of the eligible person's
57.13 account in the higher education individual retirement account plan. If the executive director
57.14 determines that the Teacher's Retirement Association will accept the transfer, the value of
57.15 the eligible person's account in the higher education individual retirement account plan shall
57.16 be transferred to the Teachers Retirement Association. If the executive director does not
57.17 accept the transfer, the eligible person may complete purchase of the past service credit by
57.18 transferring an amount equal to the value of the eligible person's account in the higher
57.19 education individual retirement account plan to the Teachers Retirement Association as if
57.20 it were a payment permitted under Minnesota Statutes, section 354.105.

57.21 (e) If the eligible person elects to purchase past service credit under paragraph (d), the
57.22 Teachers Retirement Association must determine the required purchase payment amount
57.23 under Minnesota Statutes, section 356.551, for the eligible person's service credit purchase
57.24 under paragraph (d).

57.25 (f) From the total amount computed under paragraph (e), the executive director of the
57.26 Teachers Retirement Association must subtract the amounts received under paragraph (d).
57.27 The Minnesota State system must transmit the remaining amount, if any, to the executive
57.28 director of the Teachers Retirement Association within 60 days following the receipt of
57.29 payments under paragraph (d).

57.30 (g) The authority to make a retirement coverage election or purchase of past service
57.31 credit under this section expires one year from the effective date of this section.

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

58.1 **ARTICLE 8**

58.2 **TECHNICAL CORRECTIONS**

58.3 Section 1. Minnesota Statutes 2018, section 3.85, subdivision 2, is amended to read:

58.4 Subd. 2. **Powers.** The commission shall make a continuing study and investigation of
58.5 retirement benefit plans applicable to nonfederal government employees in this state. The
58.6 powers and duties of the commission include, but are not limited to the following:

58.7 (a) studying retirement benefit plans applicable to nonfederal government employees
58.8 in Minnesota, including federal plans available to the employees;

58.9 (b) making recommendations within the scope of its study, including attention to financing
58.10 of the various pension funds and financing of accrued liabilities;

58.11 (c) considering all aspects of pension planning and operation and making
58.12 recommendations designed to establish and maintain sound pension policy for all funds;

58.13 ~~(d) filing a report at least biennially to each session of the legislature;~~

58.14 ~~(e)~~ (d) analyzing each item of proposed pension and retirement legislation, including
58.15 amendments to each, with particular reference to analysis of their cost, actuarial soundness,
58.16 and adherence to sound pension policy, and reporting its findings to the legislature;

58.17 ~~(f)~~ (e) creating and maintaining a library for reference concerning pension and retirement
58.18 matters, including information about laws and systems in other states; and

58.19 ~~(g)~~ (f) studying, analyzing, and preparing reports in regard to subjects certified to the
58.20 commission for study.

58.21 Sec. 2. Minnesota Statutes 2018, section 69.031, subdivision 5, is amended to read:

58.22 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
58.23 firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter
58.24 retirement plan under chapter 353G, the executive director shall credit the fire state aid
58.25 against future municipal contribution requirements under section 353G.08 and shall notify
58.26 the municipality or independent nonprofit firefighting corporation of the fire state aid so
58.27 credited at least annually. If the municipality or the independent nonprofit firefighting
58.28 corporation is not covered by the voluntary statewide lump-sum volunteer firefighter
58.29 retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire
58.30 state aid to the treasurer of the duly incorporated firefighters' relief association if there is
58.31 one organized and the association has filed a financial report with the municipality. If the
58.32 relief association has not filed a financial report with the municipality, the municipal treasurer

59.1 shall delay transmission of the fire state aid to the relief association until the complete
59.2 financial report is filed. If the municipality or independent nonprofit firefighting corporation
59.3 is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan,
59.4 if there is no relief association organized, or if the association has dissolved or has been
59.5 removed as trustees of state aid, then the treasurer of the municipality shall deposit the
59.6 money in the municipal treasury and the money may be disbursed only for the purposes and
59.7 in the manner set forth in section 424A.08 or for the payment of the employer contribution
59.8 requirement with respect to firefighters covered by the public employees police and fire
59.9 retirement plan under section 353.65, subdivision 3.

59.10 (b) For a municipality in which police retirement coverage is provided by the public
59.11 employees police and fire fund and all peace officers are members of the fund, including
59.12 municipalities covered by section 353.665, the total state aid must be applied toward the
59.13 municipality's employer contribution to the public employees police and fire fund under
59.14 sections 353.65, subdivision 3, and 353.665, ~~subdivision~~ subdivisions 8 and 8a.

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

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

59.22 (e) The police state aid apportioned to the Departments of Public Safety and Natural
59.23 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
59.24 management and budget for transfer to the funds and accounts from which the salaries of
59.25 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner
59.26 of revenue shall certify to the commissioners of public safety, natural resources, and
59.27 management and budget the amounts to be transferred from the appropriation for police
59.28 state aid. The commissioners of public safety and natural resources shall certify to the
59.29 commissioner of management and budget the amounts to be credited to each of the funds
59.30 and accounts from which the peace officers employed by their respective departments are
59.31 paid. Each commissioner shall allocate the police state aid first for employer contributions
59.32 for employees funded from the general fund and then for employer contributions for
59.33 employees funded from other funds. For peace officers whose salaries are paid from the
59.34 general fund, the amounts transferred from the appropriation for police state aid must be
59.35 canceled to the general fund.

60.1 Sec. 3. Minnesota Statutes 2018, section 69.051, subdivision 3, is amended to read:

60.2 Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative
60.3 officer of each municipality which has an organized fire department but which does not
60.4 have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws
60.5 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or
60.6 (c) shall annually prepare a detailed financial report of the receipts and disbursements by
60.7 the municipality for fire protection service during the preceding calendar year on a form
60.8 prescribed by the state auditor. The financial report must contain any information which
60.9 the state auditor deems necessary to disclose the sources of receipts and the purpose of
60.10 disbursements for fire protection service. The financial report must be signed by the municipal
60.11 clerk or clerk-treasurer of the municipality. The financial report must be filed by the
60.12 municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The
60.13 municipality does not qualify initially to receive, and is not entitled subsequently to retain,
60.14 state aid under this chapter if the financial reporting requirement or the applicable
60.15 requirements of this chapter or any other statute or special law have not been complied with
60.16 or are not fulfilled.

60.17 (b) Each municipality that has an organized fire department and provides retirement
60.18 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
60.19 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained
60.20 in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed
60.21 financial report if the executive director of the Public Employees Retirement Association
60.22 certifies compliance by the municipality with the requirements of sections 353G.04 and
60.23 353G.08, paragraph (e), and certifies ~~conformity~~ compliance by the applicable fire chief
60.24 with the requirements of section 353G.07.

60.25 (c) Each municipality qualifies to receive fire state aid under this chapter without filing
60.26 a financial report under paragraph (a) if the municipality:

60.27 (1) has an organized fire department;

60.28 (2) does not have a volunteer firefighters relief association directly associated with its
60.29 fire department;

60.30 (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan
60.31 under chapter 353G;

60.32 (4) provides retirement coverage to its firefighters through the public employees police
60.33 and fire retirement plan under sections 353.63 to 353.68; and

61.1 (5) is certified by the executive director of the Public Employees Retirement Association
61.2 to the state auditor to have had an employer contribution under section 353.65, subdivision
61.3 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire
61.4 state aid for the immediately prior calendar year.

61.5 Sec. 4. Minnesota Statutes 2018, section 352.22, is amended by adding a subdivision to
61.6 read:

61.7 Subd. 3b. **Segmented annuity.** (a) If a person otherwise entitled to an annuity has more
61.8 than one period of uninterrupted service, the person is entitled to augmentation under
61.9 subdivision 3a for each period of uninterrupted service. "Uninterrupted service" for the
61.10 purpose of this subdivision means periods of covered employment during which the employee
61.11 has not been separated from state service for more than two years. The formula percentages
61.12 used for each period of uninterrupted service must be those applicable to a new employee.
61.13 The mortality and investment rate of return assumptions used to compute the annuity must
61.14 be those in effect when the employee files an application for annuity.

61.15 (b) If a person repays a refund, the service restored by the repayment must be considered
61.16 continuous with the next period of service for which the employee has credit with this
61.17 system.

61.18 (c) The requirements and provisions for retirement before normal retirement age in
61.19 sections 352.115, subdivision 1, and 352.116 also apply to an employee fulfilling the
61.20 requirements with a combination of service as provided in this subdivision.

61.21 (d) This subdivision does not reduce the annuity otherwise payable under this chapter.

61.22 Sec. 5. Minnesota Statutes 2018, section 352.22, is amended by adding a subdivision to
61.23 read:

61.24 Subd. 3c. **Adjustment for certain deferred annuities.** The retirement annuity or
61.25 disability benefit of, or the survivor benefit payable on behalf of, a former state employee
61.26 who terminated service before July 1, 1997, which is not first payable until after June 30,
61.27 1997, must be increased on an actuarial equivalent basis to reflect the change in the
61.28 postretirement interest rate actuarial assumption under Laws 1997, chapter 233, section 58,
61.29 from five percent to six percent under a calculation procedure and the tables adopted by the
61.30 board and approved by the actuary retained under section 356.214.

62.1 Sec. 6. Minnesota Statutes 2018, section 352D.04, subdivision 2, is amended to read:

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

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

62.6 (c) The employer contribution is an amount equal to the following percentage of salary:

62.7	from July 1, 2018, through June 30, 2019	6 percent
62.8	after June 30, 2019	6.25 percent

62.9 (d) For members of the legislature, the contributions under this subdivision also must
62.10 be made on per diem payments received during a regular or special legislative session, but
62.11 may not be made on per diem payments received outside of a regular or special legislative
62.12 session, on the additional compensation attributable to a leadership position under section
62.13 3.099, subdivision 3, living expense payments under section 3.101, or special session living
62.14 expense payments under section 3.103.

62.15 (e) For a judge who is a member of the unclassified plan under section 352D.02,
62.16 subdivision 1, paragraph (c), clause ~~(16)~~ (15), the employee contribution rate is eight percent
62.17 of salary, and there is no employer contribution.

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

62.20 Sec. 7. Minnesota Statutes 2018, section 353.01, subdivision 2b, is amended to read:

62.21 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
62.22 participate as members of the association with retirement coverage by the general employees
62.23 retirement plan, the local government correctional employees retirement plan under chapter
62.24 353E, or the public employees police and fire retirement plan:

62.25 (1) persons whose annual salary from one governmental subdivision never exceeds an
62.26 amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
62.27 employee or \$3,800 if the person is a school year employee. If annual compensation from
62.28 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
62.29 year or a school year, whichever applies, after being stipulated in advance not to exceed the
62.30 applicable amount, the stipulation is no longer valid and contributions must be made on
62.31 behalf of the employee under section 353.27, subdivision 12, from the first month in which
62.32 the employee received salary exceeding \$425 in a month;

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

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

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

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

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

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

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

63.30 (9) persons who are:

63.31 (i) employed by a governmental subdivision who have not reached the age of 23 and
63.32 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis

64.1 at an accredited school, college, or university in an undergraduate, graduate, or
 64.2 professional-technical program, or at a public or charter high school;

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

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

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

64.11 (11) for the first three years of employment, foreign citizens who are employed by a
 64.12 governmental subdivision, ~~other than~~ except that the following foreign citizens are included
 64.13 employees under subdivision 2a:

64.14 (i) employees of Hennepin County or Hennepin Healthcare System, Inc.;

64.15 (ii) employees legally authorized to work in the United States for ~~under one or more~~
 64.16 ~~work permits or initially issued or extended for a combined period of less than three years~~
 64.17 ~~of employment but upon extension of the work visas~~ or more; and

64.18 (iii) employees otherwise required to participate under federal law;

64.19 (12) public hospital employees who elected not to participate as members of the
 64.20 association before 1972 and who did not elect to participate from July 1, 1988, to October
 64.21 1, 1988;

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

64.29 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
 64.30 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
 64.31 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
 64.32 and may be a member of the Public Employees Retirement Association and a participant
 64.33 in the general employees retirement plan or the public employees police and fire plan,

65.1 whichever applies, on the basis of compensation received from public employment activities
65.2 other than those as a volunteer firefighter;

65.3 (15) pipefitters and associated trades personnel employed by Independent School District
65.4 No. 625, St. Paul, with coverage under a collective bargaining agreement by the Pipefitters
65.5 Local 455 pension plan who were either first employed after May 1, 1997, or, if first
65.6 employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article
65.7 2, section 12;

65.8 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
65.9 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
65.10 have retirement coverage under a collective bargaining agreement by the Electrical Workers
65.11 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
65.12 pension plan applicable to Carpenters Local 322 who were either first employed after May
65.13 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
65.14 chapter 461, article 7, section 5;

65.15 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
65.16 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
65.17 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
65.18 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
65.19 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
65.20 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
65.21 plan who were either first employed after May 1, 2001, or if first employed before May 2,
65.22 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
65.23 section 6;

65.24 (18) plumbers who are employed by the Metropolitan Airports Commission, with
65.25 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
65.26 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
65.27 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
65.28 6;

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

65.32 (20) persons who are provided supported employment or work-study positions by a
65.33 governmental subdivision and who participate in an employment or industries program
65.34 maintained for the benefit of these persons where the governmental subdivision limits the

66.1 position's duration to up to five years, including persons participating in a federal or state
66.2 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
66.3 relief program where the training or work experience is not provided as a part of, or for,
66.4 future permanent public employment;

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

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

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

66.9 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
66.10 Transit Commission who are members of the International Brotherhood of Teamsters Local
66.11 638 and who are, by virtue of that employment, members of the International Brotherhood
66.12 of Teamsters Central States pension plan;

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

66.17 (26) laborers and associated trades personnel employed by the city of St. Paul or
66.18 Independent School District No. 625, St. Paul, who are designated as temporary employees
66.19 under a collective bargaining agreement and have retirement coverage by the Minnesota
66.20 Laborers Pension Fund who were either first employed on or after June 1, 2018, or, if first
66.21 employed before June 1, 2018, who elected to be excluded under Laws 2018, chapter 211,
66.22 article 16, section 13.

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

66.26 Sec. 8. Minnesota Statutes 2018, section 353.34, subdivision 2, is amended to read:

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

66.31 (b) Annual compound interest rates on a refund under paragraph (a) shall be as follows:

66.32 (1) six percent to June 30, 2011;

67.1 (2) four percent after June 30, 2011, to June 30, 2018; and

67.2 (3) three percent after June 30, 2018.

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

67.6 (d) If the refund payable to a member is based on employee deductions that are
67.7 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
67.8 invalid employee deductions is ~~four~~ three percent.

67.9 Sec. 9. Minnesota Statutes 2018, section 353E.05, is amended to read:

67.10 **353E.05 AUGMENTATION IN CERTAIN CASES.**

67.11 Unless prior service has been transferred or unless a combined service annuity under
67.12 section 356.30 has been elected, an employee who becomes a local government correctional
67.13 employee after being a member of the Public Employees Retirement Association or the
67.14 public employees police and fire fund is covered under section ~~353.71~~ 353.34, subdivision
67.15 ~~2~~ 3, with respect to that prior service. An employee who becomes a member of the Public
67.16 Employees Retirement Association or the public employees police and fire plan after being
67.17 a local government correctional employee is also covered under section ~~353.71~~ 353.34,
67.18 subdivision ~~2~~ 3, with respect to that prior service, unless calculated under section 356.30.

67.19 Sec. 10. Minnesota Statutes 2018, section 354.105, is amended to read:

67.20 **354.105 PAYMENTS USING PRETAX TRANSFERS.**

67.21 If a current or past member is making a payment to the Teachers Retirement Association
67.22 to receive service credit under a provision of this chapter, chapter 356, or applicable special
67.23 law, and this payment is to be made by a transfer of pretax assets authorized under section
67.24 356.441, payment is authorized after the due date, but not to exceed 90 days, provided that
67.25 the authorization for the asset transfer has been received by the applicable third-party
67.26 administrator by the due date, and the payment must include interest at a the applicable
67.27 monthly rate of ~~0.708~~ percent per month or rates specified in section 356.59, subdivision
67.28 4, compounded annually, from the due date through the end of the month in which the
67.29 Teachers Retirement Association receives the payment.

68.1 Sec. 11. Minnesota Statutes 2018, section 354.42, subdivision 2, is amended to read:

68.2 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
68.3 following percentage of the member's salary:

68.4	Period	Basic Program	Coordinated Program
68.5	from July 1, 2014, through June 30, 2023	11 percent	7.5 percent
68.6	after June 30, 2023	11.25 percent	7.75 percent

68.7 (b) When an employee contribution rate changes for a fiscal year, the new contribution
68.8 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
68.9 reported.

68.10 ~~(e) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a,~~
68.11 ~~4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted~~
68.12 ~~accordingly.~~

68.13 ~~(d)~~ (c) This contribution must be made by deduction from salary. Where any portion of
68.14 a member's salary is paid from other than public funds, the member's employee contribution
68.15 must be based on the entire salary received.

68.16 Sec. 12. Minnesota Statutes 2018, section 354.42, subdivision 3, is amended to read:

68.17 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School
68.18 District No. 1, Minneapolis, is an amount equal to the applicable following percentage of
68.19 salary of each coordinated member and the applicable percentage of salary of each basic
68.20 member specified in paragraph (c).

68.21 The additional employer contribution to the fund by Special School District No. 1,
68.22 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a
68.23 coordinated member or who is a basic member.

68.24 (b) The regular employer contribution to the fund by Independent School District No.
68.25 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or
68.26 new law coordinated member specified for the coordinated program in paragraph (c).

68.27 (c) The employer contribution to the fund for every other employer is an amount equal
68.28 to the applicable following percentage of the salary of each coordinated member and the
68.29 applicable following percentage of the salary of each basic member:

68.30	Period	Coordinated Member	Basic Member
68.31	from July 1, 2014, through June 30, 2018	7.5 percent	11.5 percent
68.32	from July 1, 2018, through June 30, 2019	7.71 percent	11.71 percent

69.1	from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
69.2	from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
69.3	from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
69.4	from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
69.5	after June 30, 2023	8.75 percent	12.75 percent

69.6 (d) When an employer contribution rate changes for a fiscal year, the new contribution
69.7 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
69.8 reported.

69.9 ~~(e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a,~~
69.10 ~~4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted~~
69.11 ~~accordingly.~~

69.12 Sec. 13. Minnesota Statutes 2018, section 354.42, subdivision 7, is amended to read:

69.13 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken
69.14 from the salary of an employee for the retirement fund in excess of amounts required must
69.15 be refunded to the employee upon the discovery of the error and after the verification of
69.16 the error by the employing unit making the deduction. The corresponding excess employer
69.17 contribution and excess additional employer contribution amounts attributable to the
69.18 erroneous salary deduction must be refunded to the employing unit.

69.19 (b) If salary deductions and employer contributions were erroneously transmitted to the
69.20 retirement fund and should have been transmitted to the plan covered by chapter 352D,
69.21 353D, 354B, or 354D, the executive director must transfer these salary deductions and
69.22 employer contributions to the account of the appropriate person under the applicable plan.
69.23 The transfer to the applicable defined contribution plan account must include interest at the
69.24 applicable monthly rate of 0.71 percent per month or rates specified in section 356.59,
69.25 subdivision 4, compounded annually, from the first day of the month following the month
69.26 in which coverage should have commenced in the defined contribution plan until the end
69.27 of the month in which the transfer occurs.

69.28 (c) A potential transfer under paragraph (b) that would cause the plan to fail to be a
69.29 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
69.30 made by the executive director. Within 30 days after being notified by the Teachers
69.31 Retirement Association of an unmade potential transfer under this paragraph, the employer
69.32 of the affected person must transmit an amount representing the applicable salary deductions
69.33 and employer contributions, without interest, to the account of the applicable person under
69.34 the appropriate plan. The retirement association must provide a credit for the amount of the

70.1 erroneous salary deductions and employer contributions against future contributions from
70.2 the employer.

70.3 (d) If a salary warrant or check from which a deduction for the retirement fund was taken
70.4 has been canceled or the amount of the warrant or if a check has been returned to the funds
70.5 of the employing unit making the payment, a refund of the amount deducted, or any portion
70.6 of it that is required to adjust the salary deductions, must be made to the employing unit.

70.7 (e) Erroneous direct payments of member-paid contributions or erroneous salary
70.8 deductions that were not refunded during the regular payroll cycle processing must be
70.9 refunded to the member, plus interest computed using the rate and method specified in
70.10 section 354.49, subdivision 2.

70.11 (f) Any refund under this subdivision that would cause the plan to fail to be a qualified
70.12 plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded
70.13 and instead must be credited against future contributions payable by the employer. The
70.14 employer is responsible for refunding to the applicable employee any amount that was
70.15 erroneously deducted from the salary of the employee, with interest as specified in paragraph
70.16 (e).

70.17 (g) If erroneous employee deductions and employer contributions are caused by an error
70.18 in plan coverage involving the plan and any other plan specified in section 356.99, that
70.19 section applies.

70.20 Sec. 14. Minnesota Statutes 2018, section 354.49, subdivision 3, is amended to read:

70.21 Subd. 3. **Refund in certain instances.** Any person not covered by the formula program
70.22 who has attained normal retirement age with less than the minimum service required for an
70.23 annuity and who ceases to be a member because of termination of teaching service is entitled
70.24 upon application to a refund in an amount equal to the person's accumulated deductions
70.25 plus interest at the rates used to compute annuities under section 354.44, subdivision 2 in
70.26 lieu of a proportionate annuity pursuant to section 356.32. If a person who has attained
70.27 normal retirement age is eligible for an annuity or is covered by the formula program, the
70.28 refund is an amount equal to the accumulated deductions credited to the person's account
70.29 as of June 30, 1957, and after July 1, 1957, the accumulated deductions plus interest ~~at the~~
70.30 ~~rate of six percent compounded annually. For the purpose of this subdivision, interest must~~
70.31 ~~be computed on fiscal year end balances to the first day of the month in which the refund~~
70.32 ~~is issued~~ computed as provided under subdivision 2.

71.1 Sec. 15. Minnesota Statutes 2018, section 354.49, subdivision 4, is amended to read:

71.2 Subd. 4. **Termination of membership.** Membership in the retirement association of
 71.3 any person shall terminate under the following conditions: (1) if a person takes a ~~refundment~~
 71.4 refund pursuant to this section; (2) when a person's retirement annuity first begins to accrue
 71.5 as provided in section 354.44, subdivisions 1 and 4; (3) upon the person's ceasing to be a
 71.6 "teacher" whether by resignation, dismissal, or termination of temporary or provisional
 71.7 employment for the purpose of determining eligibility for disability or survivorship benefits
 71.8 as provided in sections 354.48, subdivision 1 and 354.46, subdivision 1, respectively.

71.9 Sec. 16. Minnesota Statutes 2018, section 354B.23, subdivision 5, is amended to read:

71.10 Subd. 5. **Omitted member deductions.** (a) If the employing unit that employs a plan
 71.11 participant fails to deduct the member contribution from the participant's salary and a period
 71.12 of less than 60 days from the date on which the deduction should have been made has
 71.13 elapsed, the employing unit must obtain the omitted member deduction by an additional
 71.14 payroll deduction during the pay period next following the discovery of the omission.

71.15 (b) If the employing unit of a plan participant fails to deduct the member contribution
 71.16 from the participant's salary and that omission continues for at least 60 days from the date
 71.17 on which the deduction should have been made, the employing unit must pay the amount
 71.18 representing the omitted member contribution, and the full required employer contribution,
 71.19 plus ~~compound~~ interest at ~~an~~ the applicable annual rate of 8.5 percent or rates specified in
 71.20 section 356.59, subdivision 4, compounded annually. The contributions and any interest
 71.21 must be made within one year of the date on which the omission was discovered.

71.22 Sec. 17. Minnesota Statutes 2018, section 354C.12, subdivision 2, is amended to read:

71.23 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the supplemental
 71.24 retirement plan as provided in section 354C.11 fails to deduct the member basic contribution
 71.25 from the covered employee's salary and a period of less than 60 days from the date on which
 71.26 the deduction should have been made has elapsed, the employer must obtain the omitted
 71.27 member deduction by an additional payroll deduction during the pay period next following
 71.28 the discovery of the omission. If the employer fails to deduct the member basic contribution
 71.29 from the covered employee's salary and that omission continues for at least 60 days from
 71.30 the date on which the member basic contribution deduction should have been made, the
 71.31 employer must pay the amount representing the omitted member basic contribution, and
 71.32 the full required omitted employer basic contribution, plus ~~compound~~ interest at ~~an~~ the
 71.33 applicable annual rate of 8.5 percent or rates specified in section 356.59, subdivision 4,

72.1 compounded annually. The contributions must be made within one year of the date on which
72.2 the omission was discovered.

72.3 Sec. 18. Minnesota Statutes 2018, section 356.215, subdivision 11, is amended to read:

72.4 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
72.5 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
72.6 reporting purposes indicating the additional annual contribution sufficient to amortize the
72.7 unfunded actuarial accrued liability and must contain an exhibit ~~for contribution~~
72.8 ~~determination purposes~~ indicating the additional contribution sufficient to amortize the
72.9 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph
72.10 ~~(e)~~ (a), but excluding the legislators retirement plan, the Bloomington Fire Department
72.11 Relief Association, and the local monthly benefit volunteer firefighter relief associations,
72.12 the additional contribution must be calculated on a level percentage of covered payroll basis
72.13 by the established date for full funding in effect when the valuation is prepared, assuming
72.14 annual payroll growth at the applicable percentage rate set forth in the appendix described
72.15 in subdivision 8, paragraph (d) (c). For ~~all other retirement plans and for the legislators~~
72.16 retirement plan, the additional annual contribution must be calculated on a level annual
72.17 dollar amount basis.

72.18 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),
72.19 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for
72.20 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing
72.21 annuities and benefits payable from the fund, a change in the actuarial cost method used in
72.22 calculating the actuarial accrued liability of all or a portion of the fund, or a combination
72.23 of the three, which change or changes by itself or by themselves without inclusion of any
72.24 other items of increase or decrease produce a net increase in the unfunded actuarial accrued
72.25 liability of the fund, the established date for full funding is the first actuarial valuation date
72.26 occurring after June 1, 2020.

72.27 (c) For any retirement plan, if there has been a change in any or all of the actuarial
72.28 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
72.29 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
72.30 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
72.31 or a combination of the three, and the change or changes, by itself or by themselves and
72.32 without inclusion of any other items of increase or decrease, produce a net increase in the
72.33 unfunded actuarial accrued liability in the fund, the established date for full funding must
72.34 be determined using the following procedure:

73.1 (i) the unfunded actuarial accrued liability of the fund must be determined in accordance
73.2 with the plan provisions governing annuities and retirement benefits and the actuarial
73.3 assumptions in effect before an applicable change;

73.4 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
73.5 needed to amortize the unfunded actuarial accrued liability amount determined under item
73.6 (i) by the established date for full funding in effect before the change must be calculated
73.7 using the ~~interest~~ investment return assumption specified in subdivision 8 in effect before
73.8 the change;

73.9 (iii) the unfunded actuarial accrued liability of the fund must be determined in accordance
73.10 with any new plan provisions governing annuities and benefits payable from the fund and
73.11 any new actuarial assumptions and the remaining plan provisions governing annuities and
73.12 benefits payable from the fund and actuarial assumptions in effect before the change;

73.13 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
73.14 needed to amortize the difference between the unfunded actuarial accrued liability amount
73.15 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
73.16 under item (iii) over a period of 30 years from the end of the plan year in which the applicable
73.17 change is effective must be calculated using the applicable ~~interest~~ investment return
73.18 assumption specified in subdivision 8 in effect after any applicable change;

73.19 (v) the level annual dollar or level percentage amortization contribution under item (iv)
73.20 must be added to the level annual dollar amortization contribution or level percentage
73.21 calculated under item (ii);

73.22 (vi) the period in which the unfunded actuarial accrued liability amount determined in
73.23 item (iii) is amortized by the total level annual dollar or level percentage amortization
73.24 contribution computed under item (v) must be calculated using the ~~interest~~ investment return
73.25 assumption specified in subdivision 8 in effect after any applicable change, rounded to the
73.26 nearest integral number of years, but not to exceed 30 years from the end of the plan year
73.27 in which the determination of the established date for full funding using the procedure set
73.28 forth in this clause is made and not to be less than the period of years beginning in the plan
73.29 year in which the determination of the established date for full funding using the procedure
73.30 set forth in this clause is made and ending by the date for full funding in effect before the
73.31 change; and

73.32 (vii) the period determined under item (vi) must be added to the date as of which the
73.33 actuarial valuation was prepared and the date obtained is the new established date for full
73.34 funding.

74.1 (d) For the general employees retirement plan of the Public Employees Retirement
74.2 Association, the established date for full funding is June 30, 2048.

74.3 (e) For the Teachers Retirement Association, the established date for full funding is June
74.4 30, 2048.

74.5 (f) For the correctional state employees retirement plan and the State Patrol retirement
74.6 plan of the Minnesota State Retirement System, the established date for full funding is June
74.7 30, 2048.

74.8 (g) For the judges retirement plan, the established date for full funding is June 30, 2048.

74.9 (h) For the local government correctional service retirement plan and the public employees
74.10 police and fire retirement plan, the established date for full funding is June 30, 2048.

74.11 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full
74.12 funding is June 30, 2048.

74.13 (j) For the general state employees retirement plan of the Minnesota State Retirement
74.14 System, the established date for full funding is June 30, 2048.

74.15 (k) For the retirement plans for which the annual actuarial valuation indicates an excess
74.16 of valuation assets over the actuarial accrued liability, the valuation assets in excess of the
74.17 actuarial accrued liability must be recognized as a reduction in the current contribution
74.18 requirements by an amount equal to the amortization of the excess expressed as a level
74.19 percentage of pay over a 30-year period beginning anew with each annual actuarial valuation
74.20 of the plan.

74.21 Sec. 19. Minnesota Statutes 2018, section 423A.02, subdivision 1, is amended to read:

74.22 Subdivision 1. **Amortization state aid.** (a) The cities of Fairmont and Minneapolis are
74.23 entitled, subject to subdivisions 2, 4, and 5, to receive amortization state aid under this
74.24 section.

74.25 (b) The total amount of amortization state aid to all entitled municipalities must not
74.26 exceed the appropriation under subdivision 3a.

74.27 (c) The amortization state aid amounts are:

74.28	City	Aid Amount
74.29	Fairmont	\$24,172
74.30	Minneapolis	\$2,728,547

75.1 If the amortization state aid amounts determined under this paragraph exceed the amount
75.2 appropriated for this purpose under subdivision 3a, the amortization state aid for actual
75.3 allocation must be reduced pro rata.

75.4 (d) Each municipality is eligible for an amortization state aid payment in a fiscal year
75.5 if:

75.6 (1) for Fairmont, the executive director of the Public Employees Retirement Association
75.7 certifies on or before June 30 that a municipal contribution with respect to the former
75.8 Fairmont Police Relief Association is payable in the upcoming fiscal year under section
75.9 353.665, subdivision 8, paragraph (c); and

75.10 (2) for Minneapolis, the executive director of the Public Employees Retirement
75.11 Association certifies on or before June 30 that an additional employer contribution with
75.12 respect to either the former Minneapolis Firefighters Relief Association or the former
75.13 Minneapolis Police Relief Association is payable in the upcoming fiscal year under section
75.14 353.665, subdivision 8, ~~paragraph (b)~~ 8a.

75.15 Payment of amortization state aid to municipalities must be made to the municipalities
75.16 involved in three equal installments on July 15, September 15, and November 15 annually.
75.17 Upon receipt of amortization state aid, the municipal treasurer shall transmit the aid amount
75.18 to the custodian of the local trust fund or to the executive director of the public employees
75.19 police and fire retirement fund, whichever applies, for immediate deposit.

75.20 (e) The commissioner of revenue shall administer the amortization state aid program.
75.21 The commissioner shall prescribe and periodically revise, as necessary, the required content
75.22 of the certifications for amortization state aid.

75.23 Sec. 20. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

75.24 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall
75.25 allocate the additional amortization state aid, if any, including any state aid in excess of the
75.26 limitation in subdivision 4, on the following basis:

75.27 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with
75.28 police and firefighter retirement coverage;

75.29 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer
75.30 firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

75.31 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police
75.32 and firefighter retirement coverage;

76.1 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment
76.2 performance requirement of paragraph (c) is met; and

76.3 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section
76.4 353.665, subdivision 8, paragraph (d).

76.5 If there is no additional employer contribution under section 353.665, subdivision 8,
76.6 ~~paragraph (b)~~ 8a, certified under subdivision 1, paragraph (d), clause (2), with respect to
76.7 the former Minneapolis Police Relief Association and the former Minneapolis Fire
76.8 Department Relief Association, the commissioner shall allocate that 47.1 percent of the aid
76.9 as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
76.10 Teachers Retirement Fund Association, and 30 percent as additional funding to support
76.11 minimum fire state aid for volunteer firefighter relief associations under section 69.021,
76.12 subdivision 7, paragraph (d). If there is no employer contribution by the city of Virginia
76.13 under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department
76.14 Relief Association certified on or before June 30 by the executive director of the Public
76.15 Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the
76.16 aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
76.17 Teachers Retirement Fund Association, and 30 percent as additional funding to support
76.18 minimum fire state aid for volunteer firefighter relief associations under section 69.021,
76.19 subdivision 7, paragraph (d).

76.20 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

76.21 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the
76.22 teacher's association five-year average time-weighted rate of investment return does not
76.23 equal or exceed the performance of a composite portfolio assumed passively managed
76.24 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
76.25 securities, and 30 percent in domestic stock calculated using the formula under section
76.26 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until
76.27 the five-year annual rate of investment return equals or exceeds the performance of that
76.28 composite portfolio.

76.29 (d) The amounts required under this subdivision are the amounts annually appropriated
76.30 to the commissioner of revenue under section 69.021, subdivision 11, paragraph (d), if any,
76.31 and the aid amounts in excess of the limitation in subdivision 4.

77.1 Sec. 21. Minnesota Statutes 2018, section 423A.02, subdivision 2, is amended to read:

77.2 Subd. 2. **Continued eligibility.** A municipality that received amortization aid in 2011
77.3 and is required to make a municipal contribution under section 353.665, subdivision 8,
77.4 paragraph ~~(b)~~, (c), or (d), or subdivision 8a, whichever applies, continues to qualify for
77.5 amortization state aid for the duration of the applicable municipal contribution.

77.6 Sec. 22. Minnesota Statutes 2018, section 423A.02, subdivision 4, is amended to read:

77.7 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid and
77.8 additional amortization aid under this section payable to a municipality to which section
77.9 353.665, subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a, applies, may not exceed
77.10 the amount of the additional municipal contribution payable by an individual municipality
77.11 under section 353.665, subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a.

77.12 (b) Any aid amount in excess of the limit under this subdivision for an individual
77.13 municipality must be redistributed to the other municipalities to which section 353.665,
77.14 subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a, applies. The excess aid must be
77.15 distributed in proportion to each municipality's additional municipal contribution under
77.16 section 353.665, subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a.

77.17 (c) When the total aid for each municipality under this section equals the limit under
77.18 paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

77.19 Sec. 23. **REVISOR'S INSTRUCTION.**

77.20 (a) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
77.21 Minnesota Statutes, the revisor of statutes shall replace references to "preretirement or
77.22 postretirement interest rate" with references to "investment return". The applicable provisions
77.23 of Minnesota Statutes are sections 3A.01, subdivision 1a; 352.01, subdivision 12; 353.01,
77.24 subdivision 14; 354.05, subdivision 7; and 490.121, subdivision 2a.

77.25 (b) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
77.26 Minnesota Statutes, the revisor of statutes shall replace references to "postretirement or
77.27 preretirement interest rate" with references to "investment return". The applicable provision
77.28 of Minnesota Statutes is section 353.665, subdivision 8.

77.29 (c) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
77.30 Minnesota Statutes, the revisor of statutes shall replace references to "postretirement interest
77.31 rate" with references to "investment return". The applicable provisions of Minnesota Statutes
77.32 are sections 3A.01, subdivision 1a; 3A.02, subdivision 1; 352.01, subdivision 12; 352.22,

78.1 subdivision 3a; 352B.08, subdivision 3; 353.01, subdivision 14; 353.30, subdivision 3;
78.2 353.34, subdivision 3; 354.05, subdivision 7; 354.44, subdivision 2; 354.45, subdivision 2;
78.3 354.55, subdivision 11; 490.121, subdivision 2a; and 490.124, subdivision 5.

78.4 (d) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
78.5 Minnesota Statutes, the revisor of statutes shall replace references to "preretirement interest
78.6 rate" with references to "investment return". The applicable provisions of Minnesota Statutes
78.7 are sections 353.665, subdivision 8; 356.215, subdivision 1; 356.551, subdivision 2; and
78.8 353F.025, subdivision 2.

78.9 (e) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
78.10 Minnesota Statutes, the revisor of statutes shall replace references to "postretirement interest"
78.11 with references to "investment return". The applicable provisions of Minnesota Statutes are
78.12 sections 354.07, subdivision 1; and 356.461, subdivision 1.

78.13 (f) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
78.14 Minnesota Statutes, the revisor of statutes shall replace references to "interest rate" with
78.15 references to "investment return". The applicable provisions of Minnesota Statutes are
78.16 sections 353G.05, subdivision 3; and 353G.08, subdivision 1a.

78.17 (g) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
78.18 Minnesota Statutes, the revisor of statutes shall replace references to "interest" with references
78.19 to "investment return". The applicable provision of Minnesota Statutes is section 352B.08,
78.20 subdivision 2b.

78.21 **Sec. 24. EFFECTIVE DATE.**

78.22 Sections 1 to 23 are effective the day following final enactment.

352F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

The reemployed annuitant earnings limitations of section 352.115, subdivision 10, apply to any service by a terminated hospital employee as an employee of Fairview, University of Minnesota Physicians, or University Affiliated Family Physicians.

353.371 POSTRETIREMENT OPTION.

Subd. 8. **Program expiration.** (a) Initial postretirement option employment agreements must not be entered into after June 30, 2019.

(b) This section expires on June 30, 2024.

353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.

Upon receipt of a determination that the voluntary statewide volunteer firefighter retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, the executive director, upon request, shall transfer a lump-sum service pension amount under sections 353G.08 and 353G.11 of a former volunteer firefighter who has terminated active firefighting services covered by the lump-sum retirement division of the statewide plan and who has attained the age of at least 50 years to the person's individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended. The transfer request must be in a manner prescribed by the executive director and must be filed by the former volunteer firefighter who has sufficient service credit to be entitled to a service pension or, following the death of a participating active firefighter, must be filed by the deceased firefighter's surviving spouse.

354B.20 DEFINITIONS.

Subd. 8. **Faculty.** "Faculty" means an employment position that meets the definition of either section 354.05, subdivision 2, or 354A.011, subdivision 27.

354B.21 COVERAGE.

Subdivision 1. **Eligibility.** The following persons are eligible to have coverage by the individual retirement account plan or coverage by another plan as further specified in this section:

(1) employees of the board who are employed as faculty in an employment classification included in the state university instructional unit or the state college instructional unit under section 179A.10, subdivision 2;

(2) the chancellor and employees of the board in eligible unclassified administrative positions;

(3) the employees in eligible unclassified administrative positions in the state universities;

(4) the employees in eligible unclassified administrative positions in the technical colleges; and

(5) the employees in eligible unclassified administrative positions of the Minnesota Office of Higher Education or of the community colleges.

Subd. 1a. **Required notice; counseling.** (a) No later than 90 days before the end of any applicable election period specified in this section, the employer must provide to a person beginning work in a position subject to this section for which an option to elect alternative retirement plan coverage is authorized the following information:

(1) the default retirement coverage;

(2) election procedures, if applicable, for electing coverage other than the default coverage; and

(3) the Web site and the telephone number for the plan providing default coverage and comparable information for the plan which the person is eligible to elect.

(b) The election of coverage forms must include a certification statement that the employee has received and reviewed materials on the optional coverage and the default coverage prior to making the election.

Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has the default coverage specified in subdivision 3, or other subdivisions of this section, whichever is applicable, and retains that coverage for the period of covered employment unless a timely election to change that coverage is made as specified in this section.

(b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect prospective Teachers Retirement Association plan coverage.

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(c) An eligible person under subdivision 3, paragraph (d), is authorized to elect prospective coverage by the plan established by this chapter.

(d) The election under paragraph (a) must be made within one year of commencing eligible Minnesota State Colleges and Universities system employment. If an election is not made within the specified election period due to a termination of Minnesota State Colleges and Universities system employment, an election may be made within 90 days of returning to eligible Minnesota State Colleges and Universities system employment. Except as specified in paragraph (f), all elections are irrevocable.

(e) Except as provided in paragraph (f), a purchase of service credit in the Teachers Retirement Association plan for any period or periods of Minnesota State Colleges and Universities system employment occurring before the election under this section is prohibited.

(f) Notwithstanding other paragraphs in this subdivision, a faculty member who is a member of the individual retirement account plan may elect to transfer retirement coverage to the teachers retirement plan within one year of the faculty member first achieving tenure or its equivalent at a Minnesota state college or university. The faculty member electing Teachers Retirement Association coverage under this paragraph must purchase service credit in the Teachers Retirement Association for the entire period of time covered under the individual retirement account plan and the purchase payment amount must be determined under section 356.551. The Teachers Retirement Association may charge a faculty member transferring coverage a reasonable fee to cover the costs associated with computing the actuarial cost of purchasing service credit and making the transfer. A faculty member transferring from the individual retirement account plan to the Teachers Retirement Association may use any balances to the credit of the faculty member in the individual retirement account plan, any balances to the credit of the faculty member in the higher education supplemental retirement plan established under chapter 354C, or any source specified in section 356.441, subdivision 1, to purchase the service credit in the Teachers Retirement Association. If the total amount of payments under this paragraph are less than the total purchase payment amount under section 356.551, the payment amounts must be refunded to the applicable source.

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

(b) If an eligible person is employed by the board before July 1, 2011, in an eligible unclassified administrative position or in a faculty position in a technical college, community college, or state university, the retirement coverage is by the plan established by this chapter, unless otherwise specified in this section.

(c) An eligible person described in paragraph (b), except that first employment by the board is on or after July 1, 2011, has retirement coverage by the plan established by this chapter if the eligible person has no:

(1) allowable service credit in any plan listed in section 356.30, subdivision 3; or

(2) prior employment covered by the state unclassified employees retirement program under chapter 352D.

(d) An eligible person described in paragraph (c) has retirement coverage by the Teachers Retirement Association if the person has:

(1) prior employment covered by the state unclassified employees retirement program under chapter 352D and has not withdrawn or transferred assets from that account; or

(2) allowable service credit in a plan listed in section 356.30, subdivision 3.

(e) To ensure that coverage is provided by the proper plan, the employee must certify to the board the existence of any service credit in any plan listed in section 356.30, subdivision 3, or whether the person retains a state unclassified employees retirement program account. If an employee fails to correctly certify prior membership in a plan or the existence of an unclassified program account, the Minnesota State Colleges and Universities system and its board shall be held harmless, and notwithstanding any law to the contrary, any resulting cost or financial liability becomes the employee's responsibility.

Subd. 3a. Plan coverage and election; certain past service technical college faculty. (a) Notwithstanding subdivision 3, if an employee of the board was employed in a faculty position in a technical college on June 30, 1997, with coverage by the Teachers Retirement Association, the employee retains that coverage. If the employee was a technical college faculty member on June

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30, 1995, covered by a first class city teacher retirement fund established under chapter 354A, the retirement coverage continues with the St. Paul Teachers Retirement Fund Association, whichever is applicable. If the person was a technical college faculty member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund Association or the former Duluth Teachers Retirement Fund Association, the Teachers Retirement Association shall provide coverage.

(b) An employee under paragraph (a) who has coverage by the St. Paul Teachers Retirement Fund Association retains that coverage for the duration of the person's employment by the board unless, within one year of a change in employment within the Minnesota State Colleges and Universities system, the person elects the individual retirement account plan for all future employment by the board. The election is irrevocable.

Subd. 3b. Coverage of certain former technical college faculty members. A person who was employed as a teacher by a technical college before July 1, 1995, and who subsequently is reclassified into a different employment position while continuing to perform the same or essentially the same employment duties and consequently shifts from the technical college instructional collective bargaining unit to another state collective bargaining unit retains coverage by the Teachers Retirement Association or the applicable first class city teachers retirement fund association, whichever applies.

Subd. 4. Coverage in the event of acting, interim, or temporary appointments. (a) A person previously employed by the board and subsequently appointed by the board to an acting, interim, or temporary faculty or eligible unclassified administrative position by the board retains the retirement coverage that the person had in the prior board position. If the participant's status becomes permanent, the participant has the option to make an election of retirement coverage appropriate to the retirement plan in which the employment position should have retirement coverage consistent with subdivision 2.

(b) A person who is appointed to an acting, interim, or temporary faculty position by the board and who was not employed in a faculty position by the board immediately before that appointment must elect coverage as provided in subdivision 2.

Subd. 5. Payment for certain prior uncovered service. (a) A person employed in a faculty position or in an eligible unclassified administrative position by the board who was initially excluded from participation in the individual retirement account plan coverage, who was not covered by any other Minnesota public pension plan for that service, and who is subsequently eligible to participate in the individual retirement account plan may make member contributions for that period of prior uncovered teaching employment or eligible unclassified administrative employment with the board.

(b) The member contributions for prior uncovered board service are the amount that the person would have paid if the prior service had been covered employment. The payment must be made to the individual retirement account plan administrator and may be made only by payroll deduction. The payment must be made by the later of:

- (1) 45 days of the start of covered employment; or
- (2) the end of the fiscal year in which covered employment began.

(c) The board must contribute an amount to match any contribution made by a plan participant under this subdivision.

(d) Payments of contributions for prior uncovered board service under this subdivision must be invested in the same manner as the regular contributions made by or on behalf of the plan participant.

Subd. 6. Continuation of coverage. Except as otherwise specified in this section, once a person is employed in a position that qualifies for participation in the individual retirement account plan and elects to participate in the plan, all subsequent service by the person as a faculty member or in an eligible unclassified administrative position employed by the board or other employing unit is covered by the individual retirement account plan.

Subd. 7. Coverage; certain part-time employees. A person employed in a part-time faculty position or in a part-time eligible unclassified administrative position who does not meet the definition of covered employment under section 354B.20, subdivision 4, because the employment does not meet the threshold required under that provision, must certify prior membership in the Teachers Retirement Association to the Minnesota State Colleges and Universities system. If the certification is incorrect, the employee, and not the employer, is required to pay interest on the employee and employer contributions, and, if applicable, on the employer additional contributions to the Teachers Retirement Association under section 354.52, subdivision 4.