

## STATE OF MINNESOTA

## EIGHTY-FIRST SESSION — 2000

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 ONE HUNDRED SEVENTEENTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 9, 2000

The House of Representatives convened at 11:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Pastor Tim Rehwaldt, Praise Lutheran Church, Eagan, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dorman	Holberg	Lieder	Ozment	Storm
Abrams	Dorn	Holsten	Lindner	Paulsen	Swapinski
Anderson, B.	Entenza	Howes	Luther	Pawlenty	Swenson
Anderson, I.	Erhardt	Huntley	Mahoney	Paymar	Sykora
Bakk	Erickson	Jaros	Mares	Pelowski	Tingelstad
Biernat	Finseth	Jennings	Mariani	Peterson	Tomassoni
Bishop	Folliard	Johnson	Marko	Pugh	Trimble
Boudreau	Fuller	Juhnke	McCollum	Rest	Tuma
Bradley	Gerlach	Kahn	McElroy	Reuter	Tunheim
Broecker	Gleason	Kalis	McGuire	Rhodes	Van Dellen
Buesgens	Goodno	Kelliher	Milbert	Rifenberg	Vandever
Carlson	Gray	Kielkucki	Molnau	Rostberg	Wagenius
Carruthers	Greenfield	Knoblach	Mulder	Rukavina	Wejzman
Cassell	Greiling	Koskinen	Mullery	Schumacher	Wenzel
Chaudhary	Gunther	Krinkie	Murphy	Seifert, J.	Westerberg
Clark, J.	Haake	Kubly	Ness	Seifert, M.	Westfall
Clark, K.	Haas	Kuisle	Nornes	Skoe	Westrom
Daggett	Hackbarth	Larsen, P.	Olson	Skoglund	Wilkin
Davids	Harder	Larson, D.	Opatz	Smith	Winter
Dawkins	Hasskamp	Leighton	Osskopp	Solberg	Workman
Dehler	Hausman	Lenczewski	Osthoff	Stanek	Spk. Sviggum
Dempsey	Hilty	Leppik	Otremba	Stang	

A quorum was present.

Orfield and Wolf were excused.

Seagren was excused until 12:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kubly moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

## REPORTS OF CHIEF CLERK

S. F. No. 3100 and H. F. No. 3349, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Skoe moved that the rules be so far suspended that S. F. No. 3100 be substituted for H. F. No. 3349 and that the House File be indefinitely postponed. The motion prevailed.

**PETITIONS AND COMMUNICATIONS**

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

May 5, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Sviggum:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 2833, relating to crime; authorizing certain behavioral data on students to be disclosed to the juvenile justice system; providing that when a juvenile has been adjudicated delinquent for certain violations of criminal law that the disposition order shall be shared with certain school officials, law enforcement, and specified others; providing for data sharing between probation officers and school officials for juveniles on probation.

Sincerely,

JESSE VENTURA  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2000 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2000</i>	<i>Date Filed 2000</i>
	2833	451	10:47 a.m. May 5	May 5
3300		452	10:47 a.m. May 5	May 5
3386		453	10:46 a.m. May 5	May 5
2570		454	10:49 a.m. May 5	May 5
2521		455	10:50 a.m. May 5	May 5
1870		456	10:50 a.m. May 5	May 5
3257		457	10:51 a.m. May 5	May 5

Sincerely,

MARY KIFFMEYER  
Secretary of State

### REPORTS OF STANDING COMMITTEES

Pawlenty from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 2693, A bill for an act relating to taxation; making technical and administrative changes and corrections to certain tax and revenue recapture provisions; authorizing the attorney general to compromise certain fees, surcharges, and assessments; amending Minnesota Statutes 1998, sections 8.30; 270.072, subdivision 2, and by adding a subdivision; 270A.07, subdivision 1; 273.111, subdivision 3; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.60, subdivision 14; 290.01, subdivision 19c; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22; 290.92, subdivisions 3, 28, and 29; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.25, subdivision 34; 297B.03; 297F.01, subdivisions 7, 14, and by adding subdivisions; and 297F.13, subdivision 4; Minnesota Statutes 1999 Supplement, sections 270A.07, subdivision 2; 273.13, subdivision 24; 287.01, subdivision 2; 289A.20, subdivision 4; 289A.55, subdivision 9; 298.24, subdivision 1; and

477A.03, subdivision 2; Laws 1988, chapter 645, section 3, as amended; Laws 1999, chapters 112, section 1, subdivision 1; 243, articles 1, section 2; 6, section 18; repealing Minnesota Statutes 1998, sections 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; and 273.1316.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 297F.01, subdivision 7, is amended to read:

Subd. 7. [CONSUMER.] "Consumer" means ~~any person~~ an individual who has title to or possession of cigarettes or tobacco products ~~in storage, for use or other~~ personal consumption ~~in this state~~ rather than for sale.

Sec. 2. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 9a. [INVOICE.] "Invoice" means a detailed list of cigarettes and tobacco products purchased or sold in this state that contains the following information:

(1) name of seller;

(2) name of purchaser;

(3) date of sale;

(4) invoice number;

(5) itemized list of goods sold including brands of cigarettes and number of cartons of each brand, unit price, and identification of tobacco products by name, quantity, and unit price; and

(6) any rebates, discounts, or other reductions.

Sec. 3. Minnesota Statutes 1998, section 297F.01, subdivision 14, is amended to read:

Subd. 14. [RETAILER.] "Retailer" means a person required to be licensed under chapter 461 engaged in this state in the business of selling, or offering to sell, cigarettes or tobacco products to consumers.

Sec. 4. Minnesota Statutes 1998, section 297F.01, subdivision 17, is amended to read:

Subd. 17. [STAMP.] "Stamp" means the adhesive stamp supplied by the commissioner of revenue for use on cigarette packages or any other indicia adopted by the commissioner to indicate that the tax has been paid.

Sec. 5. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 21a. [UNLICENSED SELLER.] "Unlicensed seller" means anyone who is not licensed under section 297F.03 or 461.12 to sell the particular product to the purchaser or possessor of the product.

Sec. 6. Minnesota Statutes 1998, section 297F.08, subdivision 2, is amended to read:

Subd. 2. [TAX DUE; CIGARETTES.] Notwithstanding any other provisions of this chapter, the tax due on the return is based upon actual ~~heat-applied~~ stamps purchased during the reporting period.

Sec. 7. Minnesota Statutes 1998, section 297F.08, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF PROCEEDS.] The commissioner shall use the amounts appropriated by law to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

Sec. 8. Minnesota Statutes 1998, section 297F.08, subdivision 8, is amended to read:

Subd. 8. [SALE OF STAMPS.] The commissioner may sell ~~heat-applied~~ stamps on a credit basis under conditions prescribed by the commissioner. The commissioner shall sell the stamps at a price which includes the tax after giving effect to the discount provided in subdivision 7. The commissioner shall recover the actual costs of the stamps from the distributor. The commissioner shall annually establish the maximum amount of ~~heat-applied~~ stamps that may be purchased each month.

Sec. 9. Minnesota Statutes 1999 Supplement, section 297F.08, subdivision 8a, is amended to read:

Subd. 8a. [REVOLVING ACCOUNT.] A ~~heat-applied~~ cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge distributors for the tax value of the stamps they receive along with the commissioner's cost to purchase the stamps and ship them to the distributor. The stamp purchase and shipping costs recovered must be credited to the revolving account and are appropriated to the commissioner for the further purchases and shipping costs. The revolving account is initially funded by a \$40,000 transfer from the department of revenue.

Sec. 10. Minnesota Statutes 1998, section 297F.08, subdivision 9, is amended to read:

Subd. 9. [TAX STAMPING MACHINES.] The commissioner shall require any person licensed as a distributor to stamp packages with a ~~heat-applied~~ tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall also supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 7. If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

Sec. 11. Minnesota Statutes 1998, section 297F.13, subdivision 4, is amended to read:

Subd. 4. [RETAILER AND SUBJOBBER TO PRESERVE PURCHASE INVOICES.] Every retailer and subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased. ~~The invoices shall show the name and address of the seller and the date of purchase.~~

The retailer and subjobber shall preserve a legible copy of each invoice for one year from the date of ~~purchase the invoice.~~ The retailer and subjobber shall preserve copies of the invoices at each retail location or at a central location provided that the invoice must be produced and made available at a retail location within one hour when requested by the commissioner or duly authorized agents and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this chapter and sections 325D.30 to 325D.42, at any time during usual business hours, the commissioner, or duly authorized agents and employees, may enter any place of business of a retailer or subjobber without a search warrant and inspect the premises, the records required to be kept under this chapter, and the packages of cigarettes, tobacco products, and vending devices contained on the premises.

Sec. 12. Minnesota Statutes 1998, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) Cigarette packages or tobacco products obtained from an unlicensed seller.

(g) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(h) Tobacco products on which the tax has not been paid by a licensed distributor.

(i) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller as required under section 297F.13, subdivision 4.

(j) Cigarette packages which have been imported into the United States in violation of United States Code, title 26, section 5754. All cigarettes held in violation of that section shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

Sec. 13. Minnesota Statutes 1998, section 297F.21, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.]

(a) Within ten days after the seizure of any alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the commissioner a demand for a judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 60 days, shall institute an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The court shall decide whether the alleged contraband is contraband, as defined in subdivision 1.

(b) The action must be brought in the name of the state and must be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved.

(c) When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either:

- (1) deliver the forfeited property to the commissioner of human services for use by patients in state institutions;
- (2) cause it to be destroyed; or
- (3) cause it to be sold at public auction as provided by law.

(d) If a demand for judicial determination is made and no action commenced as provided in this subdivision, the property must be released by the commissioner and returned to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided in the case of a judgment of forfeiture. ~~When the commissioner is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by this chapter, the commissioner shall release the property seized without further legal proceedings.~~

Sec. 14. [325D.091] [UNLAWFUL CIGARETTE TRADE PRACTICES.]

Subdivision 1. [PROHIBITIONS.] (a) It is unlawful for any person to sell or distribute in this state; to acquire, hold, own, possess, or transport, for sale or distribution in this state; or to import, or cause to be imported, into this state for sale or distribution in this state, any cigarettes:

(1) the package of which:

(i) bears any statement, label, stamp, sticker, or notice indicating that the manufacturer did not intend the cigarettes to be sold, distributed, or used in the United States, including, but not limited to, labels stating "For Export Only," "U.S. Tax-Exempt," "For Use Outside U.S.," or similar wording; or

(ii) does not comply with all requirements imposed by or pursuant to federal law regarding warnings and other information on packages of cigarettes manufactured, packaged, or imported for sale, distribution, or use in the United States, including, but not limited to, the precise warning labels specified in the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1333;

(2) imported into the United States in violation of United States Code, title 26, section 5754, or any other federal law or regulation; or

(3) for which there has not been submitted to the secretary of the United States Department of Health and Human Services the list or lists of the ingredients added to tobacco in the manufacture of the cigarettes required by the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1335a.

(b) It is unlawful for any person to alter the package of any cigarettes, prior to sale or distribution to the ultimate consumer, so as to remove, conceal, or obscure:

(1) any statement, label, stamp, sticker, or notice described in paragraph (a), clause (1), item (i); or

(2) any health warning that is not specified in, or does not conform with the requirements of the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1333.

(c) If cigarettes are sold or distributed under any trade name, trade dress, or trademark that is the same as, or is confusingly similar to, any trade name, trade dress, or trademark used for other cigarettes previously sold or distributed, it is unlawful for a wholesaler, as defined in section 325D.32, subdivision 4, or a retailer, as defined in section 325D.32, subdivision 5, to sell the cigarettes at a price lower than the minimum price presently permitted under sections 325D.30 to 325D.42 for the cigarettes which were previously sold or distributed in this state. For purposes of this subdivision, "previously sold or distributed" means cigarettes using a trade name, trade dress, or trademark that were sold or distributed in this state before January 1, 1998. No provision of sections 325D.30 to 325D.42 authorizes or permits sales of cigarettes, subject to this paragraph, at prices lower than the minimum prices under this paragraph. The commissioner of revenue is not responsible for enforcing this paragraph. None of the enforcement mechanisms or remedies under sections 325D.30 to 325D.42 apply to violations of this paragraph.

Subd. 2. [PRIVATE CAUSE OF ACTION.] (a) In addition to any other private remedy provided by law, any person that sustains economic damages or commercial injury as a result of any violation of subdivision 1 may bring an action for appropriate injunctive or other equitable relief, actual damages, if any, sustained by reason of the violation, and, as determined by the court, interest on the damages from the date of the complaint, taxable costs, and reasonable attorney fees.

(b) If the trier of fact finds that the violation is egregious, it may increase the recovery to an amount not in excess of three times the actual damages sustained by reason of the violation. The trier of fact may, in addition, award exemplary damages for violations of subdivision 1, paragraph (c), equal to the difference between the permitted legal price and the actual price for the sales.

Subd. 3. [APPLICABILITY.] This section does not apply to cigarettes imported or reimported into the United States for personal use and cigarettes sold or intended to be sold as duty-free merchandise by a duty-free sales enterprise in accordance with the provisions of United States Code, title 19, section 1555(b), and any implementing regulations; unless the cigarettes are brought back into the customs territory for resale within the customs territory.

Subd. 4. [VIOLATION.] A violation of this section is a misdemeanor.

Sec. 15. [EFFECTIVE DATE.]

Sections 2, 11, and 14 are effective July 1, 2000. The rest of this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to taxation and regulation of cigarettes and tobacco; making technical and administrative changes in the tobacco tax; defining terms; authorizing the use of heat applied stamps; defining contraband; prohibiting sales of certain cigarettes; providing a private cause of action for violations; amending Minnesota Statutes 1998, sections 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; Minnesota Statutes 1999 Supplement, section 297F.08, subdivision 8a; proposing coding for new law in Minnesota Statutes, chapter 325D."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pawlenty from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 4147, A bill for an act proposing an amendment to the Minnesota Constitution; providing for a unicameral legislature; changing article IV; article V, sections 3 and 5; article VIII, sections 1 and 6; article IX, sections 1 and 2; and article XI, section 5; amending Minnesota Statutes 1998, sections 2.021; and 2.031, subdivision 1.

Reported the same back with the following amendments:

Page 3, line 1, strike everything after "effect"

Page 3, lines 2 and 3, strike the old language and delete the new language and insert "until the beginning of the next biennial session of the legislature."

Page 3, line 8, before "they" insert "in the legislature"

Page 10, line 4, before the question mark, insert ", and that the four-year term of members of the legislature be overlapped so that some of the members stand for election every two years"

Amend the title as follows:

Page 1, line 3, after "legislature" insert "with overlapped terms"

With the recommendation that when so amended the bill pass.

#### MINORITY REPORT

May 9, 2000

We, the undersigned, being a minority of the Committee on Rules and Legislative Administration, recommend that H. F. No. 4147 be re-referred to the Committee on Ways and Means, without recommendation.

Signed:

JOHN TUMA  
LOREN SOLBERG

#### CALL OF THE HOUSE

On the motion of Bishop and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Daggett	Greenfield	Juhnke	Marko	Pawlenty
Abrams	Davids	Greiling	Kahn	McCollum	Paymar
Anderson, B.	Dawkins	Gunther	Kalis	McElroy	Pelowski
Anderson, I.	Dehler	Haake	Kelliher	McGuire	Peterson
Bakk	Dempsey	Haas	Kielkucki	Milbert	Pugh
Biernat	Dorman	Hackbarth	Koskinen	Molnau	Rest
Bishop	Dorn	Harder	Kubly	Mullery	Reuter
Boudreau	Entenza	Hasskamp	Kuisle	Murphy	Rhodes
Bradley	Erhardt	Hausman	Larsen, P.	Ness	Rifenberg
Broecker	Erickson	Hilty	Larson, D.	Nornes	Rostberg
Buesgens	Finseth	Holberg	Leighton	Olson	Rukavina
Carlson	Folliard	Holsten	Lenczewski	Opatz	Schumacher
Carruthers	Fuller	Howes	Lieder	Osskopp	Seifert, J.
Cassell	Gerlach	Huntley	Lindner	Osthoff	Seifert, M.
Chaudhary	Gleason	Jaros	Luther	Otremba	Skoe
Clark, J.	Goodno	Jennings	Mahoney	Ozment	Skoglund
Clark, K.	Gray	Johnson	Mares	Paulsen	Smith

Solberg	Swapinski	Tomassoni	Vandev eer	Westfall	Spk. Sviggum
Stanek	Swenson	Trimble	Wagenius	Westrom	
Stang	Sykora	Tuma	Wenzel	Wilkin	
Storm	Tingelstad	Tunheim	Westerberg	Winter	

Abrams moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Tuma and Solberg moved that the Minority Report on H. F. No. 4147 be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

The Speaker called Abrams to the Chair.

The question recurred on the Tuma and Solberg motion and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 76 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dorn	Holberg	Leppik	Otremba	Swapinski
Anderson, I.	Entenza	Huntley	Lieder	Paymar	Swenson
Bakk	Erhardt	Jennings	Mahoney	Pelowski	Tomassoni
Biernat	Finseth	Johnson	Mariani	Peterson	Trimble
Bishop	Folliard	Juhnke	McCollum	Pugh	Tuma
Boudreau	Fuller	Kahn	McGuire	Reuter	Tunheim
Bradley	Gleason	Kalis	Molnau	Rifenberg	Wagenius
Broecker	Gray	Kelliher	Mullery	Rukavina	Wejcman
Carlson	Greenfield	Koskinen	Murphy	Seagren	Wilkin
Clark, K.	Gunther	Krinkie	Ness	Skoe	Winter
Davids	Haas	Kubly	Nornes	Skoglund	Workman
Dawkins	Hasskamp	Kuisle	Olson	Smith	
Dorman	Hilty	Leighton	Osthoff	Solberg	

Those who voted in the negative were:

Abeler	Clark, J.	Goodno	Howes	Lenczewski	Mulder
Abrams	Daggett	Greiling	Jaros	Lindner	Opatz
Buesgens	Dehler	Haake	Kielkucki	Luther	Osskopp
Carruthers	Dempsey	Hackbarth	Knoblach	Marko	Ozment
Cassell	Erickson	Harder	Larsen, P.	McElroy	Paulsen
Chaudhary	Gerlach	Hausman	Larson, D.	Milbert	Pawlenty

Rest	Schumacher	Stanek	Sykora	Vandev eer	Westfall
Rhodes	Seifert, J.	Stang	Tingelstad	Wenzel	Westrom
Rostberg	Seifert, M.	Storm	Van Dellen	Westerberg	Spk. Sviggum

The motion prevailed and the Minority Report on H. F. No. 4147 was substituted for the Majority Report and the Minority Report was adopted. H. F. No. 4147 was re-referred to the Committee on Ways and Means, without recommendation.

The Speaker resumed the Chair.

### **SECOND READING OF SENATE BILLS**

S. F. Nos. 3100 and 2693 were read for the second time.

### **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Buesgens, Gerlach, Wilkin, Krinkie and Holberg introduced:

H. F. No. 4175, A bill for an act relating to the legislature; confining regular legislative sessions to odd-numbered years; amending Minnesota Statutes 1998, section 3.011.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Broecker introduced:

H. F. No. 4176, A resolution memorializing the Congress of the United States to remove restrictions on medical savings accounts.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Paulsen introduced:

H. F. No. 4177, A bill for an act relating to taxation; providing retailers a deduction from the amount of sales tax remitted to compensate for costs of collecting the tax; amending Minnesota Statutes 1998, section 289A.31, subdivision 7.

The bill was read for the first time and referred to the Committee on Taxes.

### **CALL OF THE HOUSE LIFTED**

Bishop moved that the call of the House be suspended. The motion prevailed and it was so ordered.

**MESSAGES FROM THE SENATE**

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3839, A bill for an act relating to health; modifying provisions for speech-language pathologists, audiologists, unlicensed mental health practitioners, alcohol and drug counselors, and hearing instrument dispensers; requiring a study; extending a board; amending Minnesota Statutes 1998, sections 148.512, subdivision 5; 148.515, subdivision 3; 148.517, by adding a subdivision; 148.518, subdivision 2; 148.5193, subdivisions 1, 2, 4, 6, and by adding a subdivision; 148.5196, subdivision 3; 148B.60, subdivision 3; 148B.68, subdivision 1; 148B.69, by adding a subdivision; 148B.71, subdivision 1; 148C.01, subdivisions 2, 7, 9, 10, and by adding a subdivision; 148C.03, subdivision 1; 148C.04, by adding subdivisions; 148C.06, subdivisions 1 and 2; 148C.09, subdivisions 1 and 1a; 148C.10, by adding a subdivision; 148C.11, subdivision 1; 153A.13, subdivision 9, and by adding subdivisions; 153A.14, subdivisions 1, 2a, 2h, 4, 4a, and by adding subdivisions; and 153A.15, subdivision 1; Laws 99, chapter 223, article 2, section 81, as amended; repealing Minnesota Statutes 1998, sections 148.5193, subdivisions 3 and 5; and 148C.04, subdivision 5.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has reconsidered the vote whereby S. F. No. 2845 was repassed and has also reconsidered the vote whereby the recommendations and the Conference Committee report were adopted on April 27, 2000.

S. F. No. 2845, A bill for an act relating to crimes; increasing criminal penalties and driver license sanctions for underage persons who use any type of false identification to purchase or attempt to purchase alcoholic beverages or tobacco; authorizing peace officers to transport alleged truants from the child's home to school or to a truancy service center; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 1a, 2, and 3; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 260C.143, subdivision 4; and 340A.503, subdivision 6.

As requested by the House, the Senate has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has reconsidered the vote whereby S. F. No. 3036 was repassed and has also reconsidered the vote whereby the recommendations and the Conference Committee report were adopted on April 27, 2000.

S. F. No. 3036, A bill for an act relating to natural resources; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; modifying definition of peace officer; providing civil penalties; appropriating money; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, sections 169.1217, subdivision 9; and 169.123, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97A.

As requested by the House, the Senate has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2893, A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Hottinger; Johnson, D. H., and Janezich.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

McElroy moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2893. The motion prevailed.

The following Conference Committee Reports were received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2826

A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 3; 201.171; 203B.02, by adding a subdivision; 203B.06, subdivision 6; 204B.09, subdivision 1a; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204B.45, subdivision 1; 204C.32, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections

10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, sections 203B.02, subdivision 1a; 204B.09, subdivision 2; and 204B.45, subdivision 1a.

May 2, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

We, the undersigned conferees for H. F. No. 2826, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2826 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 10A.31, subdivision 3a, is amended to read:

Subd. 3a. [QUALIFICATION OF POLITICAL PARTIES.] (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if the secretary of state certifies to the commissioner of revenue by July 1 of the taxable year that the party satisfies the following conditions:

(1) in the last general election, the party ran a candidate for the office of governor and lieutenant governor, secretary of state, state auditor, or attorney general, who received votes in each county that in the aggregate total at least one percent of the total number of individuals who voted in the election;

(2) it is a political party, not a principal campaign committee; and

(3) it has held a state convention in the last two years and an officer of the party has filed with the secretary of state a certification to that effect.

The secretary of state shall notify each minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

Sec. 2. Minnesota Statutes 1998, section 103C.305, subdivision 6, is amended to read:

Subd. 6. [VACANCY.] (a) If a vacancy occurs in the office of an elected supervisor more than 56 days before the next state primary, the district board shall fill the vacancy by appointment. The supervisor appointed shall hold office until ~~December 31~~ the first Monday in January following the next general election. A successor shall be elected at the general election following the appointment and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

(b) If a vacancy occurs less than 56 days before the next state primary, the district board shall fill the vacancy by appointment. The appointed supervisor shall hold office until the expiration of the term or until ~~December 31~~ the first Monday in January following the second succeeding general election, whichever is shorter. A successor shall be elected at the general election preceding expiration of the appointed term and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

(c) All terms under this subdivision continue until a successor has been elected and has qualified.

Sec. 3. Minnesota Statutes 1998, section 103C.315, subdivision 2, is amended to read:

Subd. 2. [TERMS.] The two supervisors appointed by the state board upon the establishment of a district ~~shall~~ serve terms ending on ~~December 31~~ the first Monday in January following the next general election after their appointment. Their successors shall be elected for terms of four years:

~~A supervisor shall hold office commencing on the first Monday in January and~~ until a successor is elected or appointed and has qualified. Vacancies in the office of supervisor appointed by the state board shall be filled by the state board.

Sec. 4. Minnesota Statutes 1998, section 123B.09, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARD MEMBERSHIP.] The care, management, and control of independent districts is vested in a board of directors, to be known as the school board. The term of office of a member shall be four years commencing on the first Monday in January and until a successor qualifies. The membership of the board shall consist of six elected directors together with such ex officio member as may be provided by law. The board may submit to the electors at any school election the question whether the board shall consist of seven members. If a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a four-year term and thereafter the board shall consist of seven members.

Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 5. Minnesota Statutes 1998, section 201.061, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION BY ELECTION JUDGES; PROCEDURES.] Registration at the polling place on election day shall be conducted by the election judges. The election judge who registers an individual at the polling place on election day shall not handle that voter's ballots at any time prior to the opening of the ballot box after the voting ends. Registration cards and forms for oaths shall be available at each polling place. If an individual who registers on election day proves residence by oath of a registered voter, the form containing the oath shall be attached to the individual's registration card ~~until the individual's address is verified by the county auditor~~. Registration cards completed on election day shall be forwarded to the county auditor who shall add the name of each voter to the registration system unless the information forwarded is substantially deficient. A county auditor who finds an election day registration substantially deficient shall give written notice to the individual whose registration is found deficient. An election day registration shall not be found deficient solely because the individual who provided proof of residence was ineligible to do so.

Sec. 6. Minnesota Statutes 1999 Supplement, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION PROCEDURES.] Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided in the rules of the secretary of state and shall furnish them to any person on request. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

(a) the county auditor of the county where the applicant maintains residence; or

(b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be ~~accepted~~ approved if it is timely received, signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. The application may contain a request for the voter's date of birth, which must not be made available for public inspection. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device, at the discretion of the auditor or clerk. An application mailed or returned in person to the county auditor or municipal clerk on behalf of a voter by a person other than the voter must be deposited in the mail or returned in person to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

Sec. 7. Minnesota Statutes 1998, section 203B.06, subdivision 6, is amended to read:

Subd. 6. [REQUESTS FROM ABROAD.] If an application for absentee ballots requests delivery of absentee ballots to a point outside the continental United States, the absentee ballots ~~shall~~ must be sent by air mail. The transmittal and return envelopes ~~shall be marked with the words "OFFICIAL ELECTION BALLOTING MATERIAL -- VIA AIR MAIL."~~ must contain the text or symbol or both prescribed by the United States Postal Service for transmitting election mail outside the continental United States. Priority in mailing shall be given to all ballots sent by air mail.

Sec. 8. Minnesota Statutes 1999 Supplement, section 203B.085, is amended to read:

203B.085 [COUNTY AUDITOR'S OFFICE TO REMAIN OPEN DURING CERTAIN HOURS PRECEDING ELECTION.]

The county auditor's office in each county must be open for acceptance of absentee ballot applications and casting of absentee ballots from 10:00 a.m. to 3:00 p.m. on Saturday and until 5:00 p.m. on Monday immediately preceding a primary, special, or general election. Town clerks' offices must be open for absentee voting from 10:00 a.m. to 12:00 noon on the Saturday before a town general election held in March. The school district clerk, when performing the county auditor's election duties, need not comply with this section.

Sec. 9. Minnesota Statutes 1998, section 204B.09, subdivision 1a, is amended to read:

Subd. 1a. [ABSENT CANDIDATES.] A candidate for special district, county, state, or federal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. Nominating petitions may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

Sec. 10. Minnesota Statutes 1998, section 204B.09, subdivision 2, is amended to read:

Subd. 2. [OTHER ELECTIONS.] Affidavits of candidacy and nominating petitions for city, town or other elective offices shall be filed during the time and with the official specified in chapter 205 or other applicable law or charter, except as provided for a special district candidate under subdivision 1a. Affidavits of candidacy and applications filed on behalf of eligible voters for school board office shall be filed during the time and with the official specified in chapter 205A or other applicable law.

Sec. 11. Minnesota Statutes 1998, section 204B.09, is amended by adding a subdivision to read:

Subd. 3. [WRITE-IN CANDIDATES.] A candidate for state or federal office who wants write-in votes for the candidate to be counted must file a written request with the filing office for the office sought no later than the day before the general election. The filing officer shall provide copies of the form to make the request.

Sec. 12. Minnesota Statutes 1998, section 204B.12, subdivision 1, is amended to read:

Subdivision 1. [BEFORE PRIMARY.] A candidate may withdraw from the primary ballot by filing an affidavit of withdrawal with the same official who received the affidavit of candidacy. The affidavit shall request that official to withdraw the candidate's name from the ballot and shall be filed no later than ~~three~~ two days after the last day for filing for the office.

Sec. 13. Minnesota Statutes 1998, section 204B.14, subdivision 2, is amended to read:

Subd. 2. [SEPARATE PRECINCTS; COMBINED POLLING PLACE.] (a) The following shall constitute at least one election precinct:

(1) each city ward; and

(2) each town and each statutory city.

(b) A single, accessible, combined polling place may be established no later than June 1 of any year:

(1) for any city of the third or fourth class, any town, or any city having territory in more than one county, in which all the voters of the city or town shall cast their ballots;

(2) for two contiguous precincts in the same municipality that have a combined total of fewer than 500 registered voters; or

(3) for up to four contiguous municipalities located entirely outside the metropolitan area, as defined by section 473.121, subdivision 2, that are contained in the same ~~congressional, legislative, and county commissioner~~ district.

A copy of the ordinance or resolution establishing a combined polling place must be filed with the county auditor within 30 days after approval by the governing body. A polling place combined under clause (3) must be approved by the governing body of each participating municipality. A municipality withdrawing from participation in a combined polling place must do so by filing a resolution of withdrawal with the county auditor no later than May 1 of any year.

The secretary of state shall provide a separate polling place roster for each precinct served by the combined polling place. A single set of election judges may be appointed to serve at a combined polling place. The number of election judges required must be based on the total number of persons voting at the last similar election in all precincts to be voting at the combined polling place. Separate ballot boxes must be provided for the ballots from each precinct. The results of the election must be reported separately for each precinct served by the combined polling place, except in a polling place established under clause (2) where one of the precincts has fewer than ten registered voters, in which case the results of that precinct must be reported in the manner specified by the secretary of state.

Sec. 14. Minnesota Statutes 1998, section 204B.14, subdivision 5, is amended to read:

Subd. 5. [PRECINCT BOUNDARIES; DESCRIPTION; MAPS.] When a precinct boundary has been changed, the municipal clerk shall immediately notify the secretary of state. ~~Upon receipt of this notice or a notice of annexation from the Minnesota municipal board, the secretary of state shall provide the municipal clerk with a base map on which the clerk shall note the boundary change.~~ The clerk shall ~~return the file a~~ file a corrected base map to ~~with~~ the secretary of state within 30 days after the boundary change was made. Upon request, the secretary of state shall provide a base map to the municipal clerk. The secretary of state shall update the precinct boundary database, prepare a corrected precinct map, and provide the corrected precinct map to the county auditor and the municipal clerk who shall make them available for public inspection. The county auditor shall prepare and file precinct boundary maps for precincts in unorganized territories in the same manner as provided for precincts in municipalities. For every election held in the municipality the election judges shall be furnished precinct maps as

provided in section 201.061, subdivision 6. If a municipality changes the boundary of an election precinct, the county auditor shall notify each school district with territory affected by the boundary change at least 30 days before the effective date of the change.

Sec. 15. Minnesota Statutes 1998, section 204B.14, subdivision 6, is amended to read:

Subd. 6. [PRECINCT BOUNDARIES TO FOLLOW PHYSICAL FEATURES.] (a) Unless a precinct consists entirely of unorganized territory or more than one precinct is entirely included within one census block, for the first two years following a decennial census an election precinct boundary must follow a census block line.

(b) The boundaries of election precincts ~~shall~~ must follow visible, clearly recognizable physical features. If it is not possible to establish the boundary between any two adjacent precincts along such features, the boundary around the two precincts combined shall be established in the manner provided in the rules of the secretary of state to comply with the provisions of this subdivision. The maps required by subdivision 5 shall clearly indicate which boundaries do not follow visible, clearly recognizable physical features.

(c) For the purposes of this subdivision, "visible, clearly recognizable physical feature" means a street, road, boulevard, parkway, river, stream, shoreline, drainage ditch, railway right-of-way, or any other line which is clearly visible from the ground. A street or other roadway which has been platted but not graded is not a visible, clearly recognizable physical feature for the purposes of this subdivision.

(d) If the secretary of state determines that a precinct boundary does not comply with this subdivision, the secretary of state shall send a notice to the county auditor or municipal clerk specifying the action needed to correct the precinct boundary. If, after 60 days, the county or municipal governing body has not taken action to correct the precinct boundary, the secretary of state shall correct the precinct boundary and notify the county auditor or municipal clerk of the action taken.

(e) If a visible, clearly recognizable physical feature is not available for use as a precinct boundary, an alternate boundary used by the United States Bureau of the Census may be authorized by the secretary of state.

Sec. 16. Minnesota Statutes 1998, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LOCATION.] The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day. The polling place for a precinct in a city or in a school district located in whole or in part in the metropolitan area defined by section 473.121 shall be located within the boundaries of the precinct or within 3,000 feet of one of those boundaries unless a single polling place is designated for a city pursuant to section 204B.14, subdivision 2, or a school district pursuant to section 205A.11. The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within a town or within a school district located outside the metropolitan area defined by section 473.121, then the polling place for a town or school district may be located outside the town or school district within five miles of one of the boundaries of the town or school district.

Sec. 17. Minnesota Statutes 1998, section 204B.18, subdivision 1, is amended to read:

Subdivision 1. [BOOTHES.] Each polling place must contain a number of voting booths in proportion to the number of individuals eligible to vote in the precinct. Each booth must be at least six feet high, three feet deep and two feet wide with a shelf at least two feet long and one foot wide placed at a convenient height for writing. The booth shall be provided with a door or curtains. Each accessible polling place must have at least one accessible voting booth or other accessible voting station. All booths or stations must be constructed so that a voter is free from observation while marking ballots. In all other polling places every effort must be made to provide at least one accessible voting booth or other accessible voting station. During the hours of voting, the booths or stations must

have instructions, a pencil, and other supplies needed to mark the ballots. If needed, a chair must be provided for elderly and handicapped voters to use while in the voting booth. All ballot boxes, voting booths, voting stations, and election judges must be in open public view in the polling place.

Sec. 18. Minnesota Statutes 1998, section 204B.19, subdivision 6, is amended to read:

Subd. 6. [HIGH SCHOOL STUDENTS.] Notwithstanding any other requirements of this section, a student enrolled in a high school in Minnesota who has attained the age of 16 is eligible to be appointed as a without party affiliation trainee election judge in the municipality county in which the student resides. The student must meet qualifications for trainee election judges specified in rules of the secretary of state. A student appointed as a trainee election judge may be excused from school attendance during the hours that the student is serving as a trainee election judge if the student submits a written request signed and approved by the student's parent or guardian to be absent from school and a certificate from the appointing authority stating the hours during which the student will serve as a trainee election judge to the principal of the school at least ten days prior to the election. Students shall not serve as trainee election judges after 10:00 p.m. Notwithstanding section 177.24 to the contrary, trainee election judges may be paid not less than two-thirds of the minimum wage for a large employer. The principal of the school may approve a request to be absent from school conditioned on acceptable academic performance and the requirement that the student must have completed or be enrolled in a course of study in government at the time of service as a trainee election judge.

Sec. 19. Minnesota Statutes 1998, section 204B.40, is amended to read:

204B.40 [BALLOTS; ELECTION RECORDS AND OTHER MATERIALS; DISPOSITION; INSPECTION OF BALLOTS.]

The county auditors ~~and~~ municipal clerks, and school district clerks shall retain all election materials returned to them after any election for at least one year 22 months from the date of that election. ~~The county auditor may also retain election materials from school district elections.~~ All election materials involved in a contested election shall must be retained for one year 22 months or until the contest has been finally determined, whichever is later. Abstracts filed by canvassing boards shall be retained permanently by any officer with whom those abstracts are filed. Election materials no longer required to be retained pursuant to this section shall be disposed of in accordance with sections 138.163 to 138.21. Sealed envelopes containing voted ballots must be retained unopened, except as provided in this section, in a secure location. The county auditor, municipal clerk, or school district clerk shall not permit any voted ballots to be tampered with or defaced.

After the time for filing a notice of contest for an election has passed, the secretary of state may open the sealed ballot envelopes and inspect the ballots for that election maintained by the county auditors, municipal clerks, or school district clerks for the purpose of monitoring and evaluating election procedures. No inspected ballot may be marked or identified in any manner. After inspection, all ballots must be returned to the ballot envelope and the ballot envelope must be securely resealed.

Sec. 20. Minnesota Statutes 1998, section 204C.32, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CANVASS.] The county canvassing board shall meet at the county auditor's office on or before the third day following the state primary. After taking the oath of office, the canvassing board shall publicly canvass the election returns delivered to the county auditor. The board shall complete the canvass no later than the third day following the state primary and shall promptly prepare and file with the county auditor a report that states:

- (a) The number of individuals voting at the election in the county, and in each precinct;
- (b) The number of individuals registering to vote on election day and the number of individuals registered before election day in each precinct;

(c) For each major political party, the names of the candidates running for each partisan office and the number of votes received by each candidate in the county and in each precinct;

(d) The names of the candidates of each major political party who are nominated; and

(e) The number of votes received by each of the candidates for nonpartisan office in each precinct in the county and the names of the candidates nominated for nonpartisan office.

Upon completion of the canvass, the county auditor shall mail or deliver a notice of nomination to each nominee for county office voted for only in that county. The county auditor shall transmit one of the certified copies of the county canvassing board report for state and federal offices to the secretary of state by express mail or similar service immediately upon conclusion of the county canvass. The secretary of state shall mail a notice of nomination to each nominee for state or federal office.

Sec. 21. Minnesota Statutes 1998, section 204C.33, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CANVASS.] The county canvassing board shall meet at the county auditor's office on or before the seventh day following the state general election. After taking the oath of office, the board shall promptly and publicly canvass the general election returns delivered to the county auditor. Upon completion of the canvass, the board shall promptly prepare and file with the county auditor a report which states:

(a) The number of individuals voting at the election in the county and in each precinct;

(b) The number of individuals registering to vote on election day and the number of individuals registered before election day in each precinct;

(c) The names of the candidates for each office and the number of votes received by each candidate in the county and in each precinct;

(d) The number of votes counted for and against a proposed change of county lines or county seat; and

(e) The number of votes counted for and against a constitutional amendment or other question in the county and in each precinct.

The result of write-in votes cast on the general election ballots must be compiled by the county auditor before the county canvass, except that write-in votes for a candidate for state or federal office must not be counted unless the candidate has timely filed a request under section 204B.09, subdivision 3. The county auditor shall arrange for each municipality to provide an adequate number of election judges to perform this duty or the county auditor may appoint additional election judges for this purpose. The county auditor may open the envelopes or containers in which the voted ballots have been sealed in order to count and record the write-in votes and must reseal the voted ballots at the conclusion of this process.

Upon completion of the canvass, the county canvassing board shall declare the candidate duly elected who received the highest number of votes for each county and state office voted for only within the county. The county auditor shall transmit one of the certified copies of the county canvassing board report for state and federal offices to the secretary of state by express mail or similar service immediately upon conclusion of the county canvass.

Sec. 22. Minnesota Statutes 1998, section 204C.37, is amended to read:

204C.37 [COUNTY CANVASS; RETURN OF REPORTS TO SECRETARY OF STATE.]

Two copies of the reports required by sections 204C.32, subdivision 1 and 204C.33, subdivision 1 shall be certified under the official seal of the county auditor. Each copy shall be enclosed in an envelope addressed to the secretary of state, with the county auditor's name and official address and the words "Election Returns" endorsed on the

envelope. ~~The copies shall~~ copy of the canvassing board report not sent by express mail and the precinct summary statements must be mailed or delivered to the secretary of state ~~and, if mailed, shall be forwarded by different mails.~~ If neither copy is received by the secretary of state within ten days following the applicable election, the secretary of state shall immediately notify the county auditor, who shall deliver another copy to the secretary of state by special messenger.

Sec. 23. Minnesota Statutes 1998, section 204D.13, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF OFFICES.] The candidates for partisan offices shall be placed ~~first~~ on the white ballot ~~and shall appear~~ in the following order: senator in Congress shall be first; representative in Congress, second; state senator, third; and state representative, fourth. The candidates for state offices shall follow in the order specified by the secretary of state. Candidates for governor and lieutenant governor shall appear so that a single vote may be cast for both offices.

Sec. 24. Minnesota Statutes 1998, section 204D.25, subdivision 1, is amended to read:

Subdivision 1. [FORM.] Except as provided in subdivision 2, the county auditor shall prepare separate ballots for a special primary and special election as required by sections 204D.17 to 204D.27. The ballots shall be headed "Special Primary Ballot" or "Special Election Ballot" as the case may be, followed by the date of the special primary or special election. Immediately below the title of each office to be filled shall be printed the words "To fill vacancy in term expiring .....", with the date of expiration of the term and any other information that is necessary to distinguish the office from any other office to be voted upon at the same election. For a special primary or special election, the instructions to voters may use the singular tense when referring to candidates and offices when only one office is to be filled at the special election. Otherwise the form of the ballots shall comply as far as practicable with the laws relating to ballots for state primaries and state general elections. The county auditor shall post a sample of each ballot in the auditor's office as soon as prepared and not later than four days before the special primary or special election. Publication of the sample ballot for a special primary or special election is not required.

Sec. 25. Minnesota Statutes 1998, section 204D.27, subdivision 8, is amended to read:

Subd. 8. [CERTIFICATE OF CONGRESSIONAL ELECTION.] No certificate of election in a special election for senator or representative in Congress may be issued by the ~~county auditor of any county or by the~~ secretary of state to any individual declared elected by the county or state canvassing board until seven days after the canvassing board has canvassed the returns and declared the results of the election. In case of a contest the certificate may not be issued until the district court determines the contest.

Sec. 26. Minnesota Statutes 1998, section 205.13, is amended by adding a subdivision to read:

Subd. 1b. [ABSENT CANDIDATES.] A candidate for municipal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. In cities of the first class, and in any city where the use of nominating petitions is permitted under the city's charter, a nominating petition for a candidate who will be absent from the state during the filing period may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

Sec. 27. Minnesota Statutes 1998, section 205.13, subdivision 6, is amended to read:

Subd. 6. [WITHDRAWAL.] A candidate for a municipal elective office may withdraw from the election by filing an affidavit of withdrawal with the municipal clerk ~~by 12 o'clock noon of the day~~ no later than 5:00 p.m. two days after the last day for filing affidavits of candidacy. Thereafter, no candidate may file an affidavit of withdrawal.

Sec. 28. Minnesota Statutes 1998, section 205.17, subdivision 1, is amended to read:

Subdivision 1. [SECOND, THIRD, AND FOURTH CLASS CITIES; TOWNS.] In all statutory and home rule charter cities of the second, third and fourth class, and in all towns, for the municipal general election, the municipal clerk shall have printed on light green paper the official ballot containing the names of all candidates for municipal offices. The ballot shall be printed in ~~blocks~~ quantities of 25, 50, or 100, shall be headed "City or Town Election Ballot," shall state the name of the city or town and the date of the election, and shall conform in other respects to the white ballot used at the state general election. The names shall be arranged on city ballots in the manner provided for the state elections. On town ballots names of the candidates for each office shall be arranged either:

- (1) alphabetically according to the candidates' surnames; or
- (2) in the manner provided for state elections if the town electors chose at the town's annual meeting to arrange the names in that way for at least two consecutive years.

Sec. 29. Minnesota Statutes 1998, section 205A.06, is amended by adding a subdivision to read:

Subd. 1c. [ABSENT CANDIDATES.] A candidate for the office of school board member who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state.

Sec. 30. Minnesota Statutes 1998, section 205A.06, subdivision 5, is amended to read:

Subd. 5. [WITHDRAWAL.] A candidate for a school district elective office may withdraw from the election by filing an affidavit of withdrawal with the school district clerk ~~by 12:00 noon of the day no later than 5:00 p.m. two days~~ after the last day for filing affidavits of candidacy. After that date, no candidate may file an affidavit of withdrawal.

Sec. 31. Minnesota Statutes 1998, section 206.90, subdivision 6, is amended to read:

Subd. 6. [BALLOTS.] In precincts using optical scan voting systems, a single ballot card on which all ballot information is included must be printed in black ink on white colored material except that marks not to be read by the automatic tabulating equipment may be printed in another color ink.

When optical scan ballots are used, the offices to be elected must appear in the following order: federal offices; state legislative offices; constitutional offices; proposed constitutional amendments; county offices and questions; municipal offices and questions; school district offices and questions; special district offices and questions; and judicial offices.

On optical scan ballots, the names of candidates and the words "yes" and "no" for ballot questions must be printed as close to their corresponding vote targets as possible.

The line on an optical scan ballot for write-in votes must contain the words "write-in, if any."

If a primary ballot contains both a partisan ballot and a nonpartisan ballot, the instructions to voters must include a statement that reads substantially as follows: "THIS BALLOT CARD CONTAINS A PARTISAN BALLOT AND A NONPARTISAN BALLOT. ON THE PARTISAN BALLOT YOU ARE PERMITTED TO VOTE FOR CANDIDATES OF ONE POLITICAL PARTY ONLY." If a primary ballot contains political party columns on both sides of the ballot, the instructions to voters must include a statement that reads substantially as follows: "ADDITIONAL POLITICAL PARTIES ARE PRINTED ON THE OTHER SIDE OF THIS BALLOT. VOTE FOR ONE POLITICAL PARTY ONLY." At the bottom of each political party column on the primary ballot, the ballot must contain a statement that reads substantially as follows: "CONTINUE VOTING ON THE NONPARTISAN BALLOT." The instructions in section 204D.08, subdivision 4, do not apply to optical scan partisan primary ballots.

Sec. 32. Minnesota Statutes 1999 Supplement, section 367.03, subdivision 4, is amended to read:

Subd. 4. [OFFICERS; NOVEMBER ELECTION.] Supervisors and other town officers in towns that hold the town general election in November shall be elected for terms of four years commencing on the first Monday in January and until their successors are elected and qualified. The clerk and treasurer shall be elected in alternate years.

Sec. 33. Minnesota Statutes 1998, section 447.32, subdivision 1, is amended to read:

Subdivision 1. [TERMS OF OFFICE.] Each hospital district shall be governed by a hospital board composed of one member elected from each city and town in the district and one member elected at large. A member's term of office is four years commencing on the first Monday in January and until a successor qualifies. At the first election, however, members must be elected for terms set by the governing body calling the election, so that half the terms, as nearly as may be, expire on ~~December 31~~ the first Monday in January of the next ~~even-numbered~~ odd-numbered year and the remaining terms expire two years from that date. After that, before a member's term expires, a new member shall be elected for a term of four years from the expiration date.

If a member dies, resigns, fails to qualify, or moves from the hospital district, a successor may be appointed by a majority of the remaining members of the board. The successor shall hold office until ~~December 31~~ the first Monday in January after the next regular hospital district election. At the election a successor must be elected to fill the unexpired term.

When an additional city or town is annexed to the district, in accordance with section 447.36, its governing body shall by resolution appoint a member to the board. The member shall hold office until ~~December 31~~ the first Monday in January after the next regular hospital district election. At the election a successor must be elected for a term of either two or four years, to be set by the hospital board so that the number of members of the board whose terms expire in any later year will not exceed one-half of the members plus one.

Sec. 34. Minnesota Statutes 1999 Supplement, section 447.32, subdivision 4, is amended to read:

Subd. 4. [CANDIDATES; BALLOTS; CERTIFYING ELECTION.] A person who wants to be a candidate for the hospital board shall file an affidavit of candidacy for the election either as member at large or as a member representing the city or town where the candidate resides. The affidavit of candidacy must be filed with the city or town clerk not more than ten weeks nor less than eight weeks before the election. The city or town clerk must forward the affidavits of candidacy to the clerk of the hospital district or, for the first election, the clerk of the most populous city or town immediately after the last day of the filing period. A candidate may withdraw from the election by filing an affidavit of withdrawal with the clerk of the district no later than ~~12:00 p.m. on the day~~ 5:00 p.m. two days after the last day to file affidavits of candidacy.

Voting must be by secret ballot. The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers. Ballots must be printed on tan paper and prepared as provided in the rules of the secretary of state. The ballots must be marked and initialed by at least two judges as official ballots and used exclusively at the election. Any proposition to be voted on may be printed on the ballot provided for the election of officers. The hospital board may also authorize the use of voting systems subject to chapter 206. Enough election judges may be appointed to receive the votes at each polling place. The election judges shall act as clerks of election, count the ballots cast, and submit them to the board for canvass.

After canvassing the election, the board shall issue a certificate of election to the candidate who received the largest number of votes cast for each office. The clerk shall deliver the certificate to the person entitled to it in person or by certified mail. Each person certified shall file an acceptance and oath of office in writing with the clerk within 30 days after the date of delivery or mailing of the certificate. The board may fill any office as provided in subdivision 1 if the person elected fails to qualify within 30 days, but qualification is effective if made before the board acts to fill the vacancy.

Sec. 35. [REPEALER.]

Minnesota Statutes 1998, section 204B.45, subdivision 1a, is repealed."

Delete the title and insert:

"A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 4; 203B.06, subdivision 6; 204B.09, subdivisions 1a, 2, and by adding a subdivision; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204C.32, subdivision 1; 204C.33, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections 10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, section 204B.45, subdivision 1a."

We request adoption of this report and repassage of the bill.

House Conferees: MARTY SEIFERT, ERIK PAULSEN AND STEPHEN G. WENZEL.

Senate Conferees: CAL LARSON, CAROL FLYNN AND JOHN MARTY.

Seifert, M., moved that the report of the Conference Committee on H. F. No. 2826 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2826, A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 3; 201.171; 203B.02, by adding a subdivision; 203B.06, subdivision 6; 204B.09, subdivision 1a; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204B.45, subdivision 1; 204C.32, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections 10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, sections 203B.02, subdivision 1a; 204B.09, subdivision 2; and 204B.45, subdivision 1a.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Boudreau	Chaudhary	Dempsey	Folliard	Greiling
Abrams	Bradley	Clark, J.	Dorman	Fuller	Gunther
Anderson, B.	Broecker	Clark, K.	Dorn	Gerlach	Haake
Anderson, I.	Buesgens	Daggett	Entenza	Gleason	Haas
Bakk	Carlson	Davids	Erhardt	Goodno	Hackbarth
Biernat	Carruthers	Dawkins	Erickson	Gray	Harder
Bishop	Cassell	Dehler	Finseth	Greenfield	Hasskamp

Hausman	Koskinen	Marko	Otremba	Seagren	Trimble
Hilty	Krinkie	McCollum	Ozment	Seifert, J.	Tuma
Holberg	Kubly	McElroy	Paulsen	Seifert, M.	Tunheim
Holsten	Kuisle	McGuire	Pawlenty	Skoe	Van Dellen
Howes	Larsen, P.	Milbert	Paymar	Skoglund	Vandever
Huntley	Larson, D.	Molnau	Pelowski	Smith	Wagenius
Jaros	Leighton	Mulder	Peterson	Solberg	Wejman
Jennings	Lenczewski	Mullery	Pugh	Stanek	Wenzel
Johnson	Leppik	Murphy	Rest	Stang	Westerberg
Juhnke	Lieder	Ness	Reuter	Storm	Westfall
Kahn	Lindner	Nornes	Rhodes	Swapinski	Westrom
Kalis	Luther	Olson	Rifenberg	Swenson	Wilkin
Kelliher	Mahoney	Opatz	Rostberg	Sykora	Winter
Kielkucki	Mares	Osskopp	Rukavina	Tingelstad	Workman
Knoblach	Mariani	Osthoff	Schumacher	Tomassoni	Spk. Sviggum

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2891

A bill for an act relating to transportation; appropriating money for state road construction, public transit, and other purposes; establishing an intergovernmental cooperative facilities loan fund; establishing a major transportation projects commission; restricting expenditures for commuter rail and light rail transit; canceling bonding authorization for light rail transit; directing a study of freeway ramp meters in the metropolitan area; providing for a grant to the University of Minnesota for design and engineering of personal rapid transit; directing a study of high-occupancy vehicle lane use by certain vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for commuter rail plan dispute resolution; providing for inspection of vehicles of motor carriers; requiring the budget for light rail transit to include cost of utility relocation; requiring a municipality to issue permits for a specific business or use that uses river transportation as a major mode of transportation once a special permit has been issued and an environmental assessment worksheet has been completed; expanding eligibility for replacement transit service program; requiring a report on metro mobility; establishing working group to assess impact of DM&E rail line project; requiring study and legislative report on statewide public safety radio system; clarifying a definition of state license and service fees; sunsetting a department fee and an account; amending Minnesota Statutes 1998, sections 16A.6701, subdivision 1; 161.32, by adding a subdivision; 168.27, subdivision 8; 168A.29, subdivision 1; 169.781, by adding a subdivision; 174.35; 216B.16, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.388, subdivision 2; Minnesota Statutes 1999 Supplement, sections 168.17; 174.88; 174.86, subdivision 2, and by adding a subdivision; and 221.0252, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 174; and 462; repealing Minnesota Statutes 1998, section 299A.70.

May 8, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

We, the undersigned conferees for H. F. No. 2891, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2891 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the state agencies or officials indicated, to be spent for the purposes indicated, for fiscal year 2001.

SUMMARY

TRANSPORTATION	\$566,551,000
METROPOLITAN COUNCIL	20,000,000
PUBLIC SAFETY	119,000
TRADE AND ECONOMIC DEVELOPMENT	750,000
FINANCE	15,100,000
TOTAL	\$602,520,000
Trunk Highway Bond Proceeds Account	100,100,000
Trunk Highway Fund	102,298,000
General Fund	400,122,000

APPROPRIATIONS

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Sec. 2. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section	566,551,000
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Summary by Fund

Trunk Highway Bond Proceeds Account	100,100,000	
Trunk Highway Fund	102,179,000	
General Fund	364,372,000	
Subd. 2. Trunk Highway Construction		100,000,000

This appropriation is from the bond proceeds account in the trunk highway fund.

## APPROPRIATIONS

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This appropriation is available for expenditure beginning July 1, 2000.

The commissioner may not spend more than \$14,000,000 of this appropriation for program delivery.

This appropriation is for reconstruction and replacement of key bridges on the state trunk highway system; for construction, improvement, and maintenance of the interregional corridor system as identified by the commissioner; for the improvement of highways classified as bottlenecks by the commissioner; for providing highway-related advantages for transit; and for acquisition of properties necessary to locate, construct, reconstruct, improve, and maintain the trunk highway system. Before this appropriation may be used, the commissioner of transportation must demonstrate to the commissioner of finance that the proposed use of debt financing to accelerate the project is a cost-effective investment of state funds.

## Subd. 3. State Road Construction

359,000,000

## Summary by Fund

Trunk Highway	76,500,000
General	282,500,000

## (a) Of this appropriation:

(1) \$177,000,000 is for state trunk highway improvements within the seven-county metropolitan area primarily for the purpose of improving traffic flow and expanding highway capacity by eliminating traffic bottlenecks;

(2) \$177,000,000 is for improvements on state trunk highways outside the seven-county metropolitan area that the commissioner designates as at-risk interregional corridors; and

(3) \$5,000,000 is for bus transit ways or highway-related transit advantages.

(b) Of the appropriations under this section, the commissioner may not spend more than \$50,000,000 for program delivery.

(c) The appropriation under this section is available through June 30, 2003. On July 1, 2003, any part of this appropriation not spent cancels to the trunk highway fund. The commissioner shall report by February 1, 2003, to the chairs of the senate and house of representatives committees having jurisdiction over transportation policy and transportation finance on any projects

## APPROPRIATIONS

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that the department of transportation has scheduled to be constructed with this appropriation that the commissioner determines will be canceled or delayed as a result of any part of this appropriation canceling to the trunk highway fund. For purposes of this paragraph, money encumbered by the commissioner for a trunk highway project is considered to be spent.

## Subd. 4. Report on Projects

The commissioner shall by August 1 of each calendar year from 2000 to 2002 report to the chairs of the senate and house of representatives committees with jurisdiction over transportation policy and finance on the status of each project that is financed in whole or in part from the money appropriated under subdivisions 2 and 3. For each such project the report must identify: (1) the estimated full cost; (2) a schedule for completion; (3) the current status of right-of-way acquisition and environmental review; and (4) the project's status in the commissioner's current statewide transportation improvement program.

## Subd. 5. Local Roads

30,000,000

Of this appropriation, the commissioner shall transfer \$23,800,000 to the county state-aid highway fund and \$6,200,000 to the municipal state-aid street fund. These amounts are added to the appropriation for local roads in Laws 1999, chapter 238, article 1, subdivision 6. This appropriation is available until spent.

## Subd. 6. Trunk Highway Facility Projects

25,674,000

The appropriations in this subdivision are from the trunk highway fund.

## (a) St. Cloud Headquarters Addition

10,350,000

To design, construct, furnish, and equip an addition to and remodeling of the St. Cloud headquarters building.

## (b) Detroit Lakes Headquarters Addition

8,724,000

To construct an addition to and remodel the Detroit Lakes district headquarters building.

## (c) Regional Transportation Management Center

5,000,000

## APPROPRIATIONS

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To design, construct, furnish, and equip a regional transportation management center and integrate it with the existing metropolitan headquarters building in Roseville. This appropriation anticipates up to \$15,774,000 in matching federal money. Within three years of the date on which occupation of the new transportation management center has been completed, the commissioner must sell the building that was being used as the traffic management center on the effective date of this act to an entity other than the state or a state agency. This requirement does not apply if the commissioner determines that no offers made to the commissioner for purchase of the building will return fair market value for it.

(d) Moorhead Truck Station

1,600,000

To construct, furnish, and equip a new truck station building in Moorhead in partnership with the city of Moorhead and Clay county.

(e) The \$514,000 appropriation in Laws 1996, chapter 463, section 19, subdivision 5, clause (20), for the addition to the Dilworth truck station is canceled.

Subd. 7. Rail Service Improvement

5,000,000

For purposes defined under the rail service improvement program under Minnesota Statutes, sections 222.46 to 222.63.

Subd. 8. North Star Corridor North Extension Study

100,000

To study the feasibility of extending the North Star commuter rail corridor between Minneapolis and St. Cloud north of the city of Little Falls. This appropriation must be used to match federal funds.

Subd. 9. DM&E Working Group

100,000

(a) The commissioner of transportation or the commissioner's designee shall convene a multiagency working group consisting of the commissioners of public safety, pollution control agency, agriculture, trade and economic development, and transportation, and director of Minnesota Planning, or their designees. The director of Minnesota Planning or the director's designee shall serve as chair of the working group.

(b) The working group will complete the following tasks:

(1) evaluate the environmental impact statement of the surface transportation board (STB) concerning the DM&E rail line project, summarize its findings and directives, and determine

## APPROPRIATIONS

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whether and to what extent the STB's assessment may have failed in identifying the DM&E rail line project's impact on the state; and

(2) develop and present recommendations to the legislature of how to maximize opportunities to move Minnesota products to market on the DM&E railroad while minimizing environmental, social, and other public costs.

(c) Included in the evaluation and recommendations must be methods to:

(1) maximize the volume of Minnesota products shipped on the DM&E rail line including consideration of modifications to ports and other infrastructure which could enhance and benefit the state;

(2) assure appropriate environmental protections are used to minimize land use, protect wetlands, and mitigate noise or other environmental impacts;

(3) involve local units of government in siting issues and right-of-way acquisitions; and

(4) determine what direct and indirect costs are likely to accrue to local units of government and private property owners as a result of the project, including, but not limited to, costs for mitigation, right-of-way acquisitions, and crossing safety.

(d) The commissioners shall directly negotiate and advocate with the rail line to assure timely access for shipping Minnesota products and to assure minimal environmental and social impact. The working group shall present an interim report to the legislature by January 15, 2001, and a final report to the legislature no later than six months following the date of issuance of the STB's draft environmental impact statement.

## Subd. 10. Port Development Assistance

2,000,000

For port development assistance grants. The grants must be made to political subdivisions for capital improvements constructed after the effective date of this appropriation under Minnesota Statutes, chapter 457A. Any improvement made with the proceeds of these grants must be owned by a public body.

## Subd. 11. Local Bridge Replacement and Rehabilitation

39,000,000

To match federal money and to replace or rehabilitate local deficient bridges.

## APPROPRIATIONS

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Political subdivisions may use grants made under this subdivision to construct or reconstruct bridges, including:

- (1) matching federal aid grants to construct or reconstruct key bridges;
- (2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;
- (3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and
- (4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more economical than replacing the existing bridge.

Subd. 12. Sales Tax 4,800,000

For payment of sales tax that may not be paid from the trunk highway fund.

Subd. 13. Transit 872,000

For grants to public transit systems under Minnesota Statutes, section 174.24, to acquire rolling stock and intelligent transportation system technologies, and for operating assistance. Priority must be given to projects to match available federal money. Up to \$450,000 may be used for transit operating assistance. This appropriation does not add to the agency's budget base.

Subd. 14. Major Projects Commission 5,000

From the trunk highway fund for expenses relating to the major transportation projects commission, including expenses of nonlegislative members.

Sec. 3. METROPOLITAN COUNCIL TRANSIT

Subdivision 1. To the metropolitan council for the purposes specified in this section 20,000,000

Subd. 2. Bus Garages 10,000,000

To construct bus garages. This appropriation is available until spent.

## APPROPRIATIONS

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Subd. 3. Bus Transit Ways 6,300,000

For engineering, design, and construction of bus transit ways, including, but not limited to, acquisition of land and rights-of-way. This appropriation is available until spent.

Subd. 4. Metropolitan Transit Operations 3,700,000

This appropriation does not add to the agency's budget base.

Sec. 4. PUBLIC SAFETY 119,000

Subdivision 1. Driver's License Photographic Equipment 119,000

For grants to driver's license agents to pay monthly lease and maintenance costs of photo identification equipment.

Subd. 2. Training Facility

The unobligated balance of the appropriation in Laws 1998, chapter 404, section 21, subdivision 2, for the Camp Ripley training facility, is canceled.

Sec. 5. TRADE AND ECONOMIC DEVELOPMENT 750,000

To the commissioner of trade and economic development for a grant to the Upper Minnesota Valley Regional Development Commission for the Minnesota River Tourism Initiative serving six rural Minnesota counties and multiple communities in west central Minnesota. The grant must be used for planning, predesign, and design of three staffed travel information centers.

Sec. 6. FINANCE 15,100,000

## Summary by Fund

Trunk Highway Bond

Proceeds Account	100,000
General Fund	15,000,000

Subdivision 1. Bond Sale Expenses 100,000

This appropriation is from the bond proceeds account in the trunk highway fund for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Subd. 2. Transportation Revolving Loan Fund 15,000,000

For transfer to the highway account in the transportation revolving loan fund.

## Sec. 7. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in this act from the trunk highway bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$100,100,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the trunk highway fund.

## Sec. 8. [COMMISSIONER OF TRANSPORTATION; RAMP METER STUDY.]

(a) Notwithstanding other law to the contrary, the commissioner shall order that all meters on access ramps to a freeway or expressway, as defined in Minnesota Statutes, section 160.02, display flashing yellow lights for a period of time determined by the commissioner.

This section does not prohibit temporary closure or other traffic flow restrictions of access ramps to a freeway or expressway in the interests of public safety.

(b) The commissioner shall study and report to the legislature by February 1, 2001, the traffic flow and highway safety results on expressways and freeways for the period of the study. The department shall gather and compile any relevant facts, comparisons, statistics, or other relevant data and report its findings of fact and conclusions.

## Sec. 9. [REPORT; METRO MOBILITY.]

(a) The metropolitan council shall report to the chairs of the senate and house of representatives committees having jurisdiction over transportation policy and transportation finance on the future of the metro mobility paratransit system. The report must include options, alternatives, and strategies for:

(1) increasing the availability of metro mobility service to meet present and anticipated demand;

(2) integrating metro mobility service into the new and expanded transit services described in the council's regional transit master plan;

(3) integration of private taxi services to provide a more efficient pick up and delivery system, and potential savings from doing so; and

(4) changes in state or federal law, including, but not limited to, changes in fare structure and requirements, to increase effectiveness of the service.

(b) In conducting the study and preparing the report, the council shall consult with its transportation accessibility advisory council.

(c) The council shall submit the report by February 1, 2001.

## Sec. 10. [PUBLIC SAFETY RADIO SYSTEM STUDY.]

Subdivision 1. [PLANNING COMMITTEE.] The commissioners of administration, transportation, and public safety shall convene a planning committee to report to the legislature on a plan for development of an 800 megahertz, statewide, shared public safety radio system. The planning committee shall provide a means for inclusion of input from representatives of local governments and major system user groups.

Subd. 2. [REPORT CONTENTS.] The committee shall review:

- (1) current and future needs and capacities of radio systems in outstate areas;
- (2) the potential for implementation of a multi-agency and multijurisdictional shared radio system;
- (3) potential guidelines for governance and system participation by state and local units of government; and
- (4) statutory changes required to implement a statewide, 800 megahertz, shared public safety radio system.

Subd. 3. [REVIEW CONSIDERATIONS.] In performing the duties under this section, the planning committee may consider:

- (1) assessment of current uses, needs, and capacities, including growth and expansion capacities, by each local government and by each major user group;
- (2) estimates of future needs by each local government and by each major user group;
- (3) estimates by each local government and by each major user group of the anticipated level and timeline for utilizing the radio system;
- (4) analysis of the expected costs of implementing the radio system; and
- (5) proposed funding mechanisms, including options for allocating costs among local governments and user groups.

Subd. 4. [PUBLIC MEETINGS.] After completing its duties under subdivisions 2 and 3, the planning committee shall prepare a draft report to local governments and major user groups in all outstate areas. The draft report must also be made available to the public. After preparing and disseminating the draft report and before presenting the final report to the legislature, the planning committee shall meet with representatives of local governments and user groups in each department of public safety radio communication district to explain the report and seek comment.

Subd. 5. [REPORT.] By February 1, 2001, the commissioner of administration shall report to the legislature on the findings and recommendations of the planning committee. The report must also identify any changes in statutory authority and funding options necessary to provide for implementation of the statewide, 800 megahertz, shared, public safety radio system.

Sec. 11. [LIGHT RAIL; FEDERAL FUNDS.]

The commissioner of transportation may not apply to the federal government for any federal funds for light rail transit in the Hiawatha Avenue corridor other than federal funds that under federal law or regulation may only be used for transit capital projects. This section does not prohibit the commissioner from using federal funds that are identified in the 2001-2003 statewide transportation improvement program for the Hiawatha Avenue corridor highway and light rail project.

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

Sec. 12. Laws 1999, chapter 238, article 2, section 93, is amended to read:

Sec. 93. [EFFECTIVE DATE.]

Sections 21 and 22 are effective the day following final enactment, ~~and are repealed on July 31, 2000.~~ Sections 2, 15, 32, 33, 35 to 67, 72, 74, 75, 77, and 85 are effective January 1, 2000. Sections 7 to 14 are effective July 1, 2000. Section 27 is effective July 1, 1999, for Minnesota identification cards issued on and after that date. Sections 4, 5, and 30 are effective July 1, 2001.

Sec. 13. Minnesota Statutes 1998, section 161.32, is amended by adding a subdivision to read:

Subd. 7. [APPROVAL AND PAYMENT OF SUPPLEMENTAL AGREEMENTS.] Notwithstanding any law to the contrary, when goods or services are provided to the commissioner under an agreement supplemental to a contract for work on a trunk highway, the commissioner or designee may approve the supplemental agreement. Payment of valid state obligations must be made within 30 days of approval of the work or submission by the contractor of an invoice indicating completion of work, whichever occurs later.

Sec. 14. Minnesota Statutes 1998, section 167.50, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE AND SALE.] The bonds shall be issued and sold upon ~~sealed~~ competitive bids after published notice. The bonds shall be issued and sold at the times and prices (not less than par and accrued interest), in the form and denominations, bearing interest at the rate or rates, maturing on dates, with or without option of prior redemption upon notice and at specified times and prices, payable at a bank or banks, within or without the state, with provisions for registration, conversion, and exchange and for the issuance of temporary bonds or notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further provisions, as the commissioner of finance may determine, subject to the approval of the attorney general (but not subject to the provisions of chapter 14, including 14.386). Each bond shall mature within 20 years from its date of issue and shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures of these officers on the face of and any interest coupons appurtenant to any bond, and their seals may be printed, lithographed, stamped, engraved, or otherwise reproduced thereon, provided that the signature of one of the officers, or of an authorized representative of a corporate registrar or other agent designated by the commissioner of finance to authenticate the bonds, shall be manually subscribed on the face of each bond.

Sec. 15. Minnesota Statutes 1999 Supplement, section 168.17, is amended to read:

168.17 [SUSPENSION OF REGISTRATION.]

(a) All registrations and issue of number plates shall be subject to amendment, suspension, modification or revocation by the registrar summarily for any violation of or neglect to comply with the provisions of this chapter or when the transferee fails to comply with section 168A.10, subdivision 2, within 30 days of the date of sale.

(b) The registrar may suspend the registration of a motor vehicle if the tax on the vehicle was paid by means of a dishonored check to a deputy motor vehicle registrar. The registrar may continue a suspension under this paragraph until the registrar is informed by the deputy motor vehicle registrar that the dishonored check has been paid in full.

(c) In any case where the proper registration of a motor vehicle is dependent upon procuring information entailing such delay as to unreasonably deprive the owner of the use of the motor vehicle, the registrar may issue a tax receipt and plates conditionally.

(d) In any case when revoking a registration for cause, the registrar shall have authority to demand the return of the number plates and registration certificates, and, if necessary, to seize the number plates issued for such registration.

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

Sec. 16. Minnesota Statutes 1998, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] ~~(a)~~ (a) Salespeople and other employees of licensed dealers under this section ~~shall~~ are not ~~be~~ required to obtain individual licenses.

~~(b)~~ (b) Isolated or occasional sales or leases of new or used motor vehicles ~~shall be~~ are exempt from the provisions of this section. A person who makes only isolated or occasional sales or leases is not required to be licensed under this section, is not considered to be in the business of selling or leasing motor vehicles, and does not qualify to

receive dealer plates under subdivision 16. "Isolated or occasional sales or leases" means: ~~(i)~~ (1) the sale or lease of a motor vehicle with an actual cash value of \$1,000 or less made by a charitable organization; ~~(ii)~~ (2) the sale, purchase, or lease of not more than five motor vehicles in a 12-month period, other than pioneer or classic motor vehicles as defined in section 168.10, subdivisions 1a and 1b, or ~~(iii)~~ (3) sales by a licensed auctioneer selling motor vehicles at an auction if, in the ordinary course of the auctioneer's business, the sale of motor vehicles is incidental to the sale of other real or personal property. For purposes of this subdivision, a charitable organization means a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code.

(c) A person whose sales of new and used motor vehicles consist solely of sales to political subdivisions and their agencies of vehicles used solely as firefighting equipment is not required to obtain a license under this section. The person may apply for and receive in-transit plates under subdivision 17 in the same manner as licensed motor vehicle dealers for the purpose of allowing firefighting equipment to be transported from the dealer's source of supply or other place of storage to the dealer's place of business, to another place of storage, or directly to the purchaser.

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

Sec. 17. Minnesota Statutes 1998, section 169.781, is amended by adding a subdivision to read:

Subd. 10. [EXEMPTION.] This section does not apply to a vehicle operated by a motor carrier of passengers, as defined in section 221.011, subdivision 48, if the vehicle has been inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months.

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

Sec. 18. Minnesota Statutes 1999 Supplement, section 171.061, subdivision 4, is amended to read:

Subd. 4. [FEE; EQUIPMENT.] (a) The agent may charge and retain a filing fee of \$3.50 for each application. Except as provided in paragraph (b), the fee shall cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

~~(b) An agent with photo identification equipment provided by the department before January 1, 1999, may retain the photo identification equipment until the agent's appointment terminates. The department shall maintain the photo identification equipment for these all agents appointed as of January 1, 2000. An agent appointed before January 1, 1999, who does not have photo identification equipment provided by the department, and any new agent appointed after December 31, 1998, shall procure and maintain photo identification equipment. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 1999 2000. All photo identification equipment must be compatible with standards established by the department.~~

(c) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county shall retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota state retirement system, or membership in the public employees retirement association.

(d) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (c).

**EFFECTIVE DATE:** This section is effective retroactively from January 1, 2000.

## Sec. 19. [174.55] [MAJOR TRANSPORTATION PROJECTS COMMISSION.]

Subdivision 1. [CREATION AND PURPOSE.] A major transportation projects commission is created to review and comment on proposed major transportation projects in which the department of transportation is involved.

Subd. 2. [COMPOSITION.] The major transportation projects commission is composed of the governor or the governor's designee; four citizen members appointed by the governor and serving at the pleasure of the governor; seven senators appointed by the subcommittee on committees of the committee on rules and administration, three of whom must not be members of the senate majority party; and seven members of the house of representatives appointed by the speaker, three of whom must not be members of the house majority party. The commissioner of transportation shall serve as a nonvoting member unless the commissioner is the governor's designee. The commission shall elect a chair from among its members. Nongovernment members of the commission shall receive compensation in accordance with section 15.059, subdivision 3.

Subd. 3. [DUTIES.] The major transportation projects commission shall review each report submitted under subdivision 4 and shall make comments on the report to the governor and legislature by September 30 of each year.

Subd. 4. [COMMISSIONER REPORT.] The commissioner of transportation shall report to the commission not later than July 15 of each year. The report must consist of a listing of candidate projects that meet the criteria of major transportation projects within the definition in subdivision 5, and a listing of proposed projects for study that the commissioner believes have the potential of being major transportation projects but do not have draft environmental impact statements. The report must include the commissioner's plan for funding and implementation of each project.

Subd. 5. [MAJOR TRANSPORTATION PROJECT.] A major transportation project is a project that meets each of the following criteria:

- (1) involves the department of transportation;
- (2) has a total cost of more than \$5,000,000;
- (3) is a critical element of the transportation system of its region and the state; and
- (4) has a completed draft environmental impact statement.

Subd. 6. [CONSTRUCTION OF TRANSPORTATION PROJECTS.] The department may not construct a major transportation project without first submitting the project to the major transportation projects commission. Within any six-year period, the department may not construct a transportation project consisting of separate contiguous projects that do not individually qualify as major transportation projects, but which in their entirety would constitute a major transportation project, without first submitting the project to the major transportation projects commission.

**EFFECTIVE DATE:** This section is effective July 1, 2000, except that subdivision 6 is effective July 1, 2001.

Sec. 20. Minnesota Statutes 1999 Supplement, section 174.88, is amended to read:

## 174.88 [COMMUTER RAIL FUNDING.]

Subdivision 1. [FEDERAL FUND APPLICATIONS.] The commissioner, in cooperation with appropriate metropolitan planning organizations, may apply for funding from federal, state, regional, local, and private sources for commuter rail facility construction, operation, implementation, maintenance, and improvement.

Subd. 2. [EXPENDITURE OF STATE FUNDS.] The commissioner shall not spend any state funds for construction or equipment of commuter rail facilities unless the funds have been appropriated by law specifically for those purposes.

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

Sec. 21. Minnesota Statutes 1999 Supplement, section 221.0252, subdivision 7, is amended to read:

Subd. 7. [EXEMPTIONS FROM REGULATION.] Notwithstanding any other law, motor carriers of passengers are exempt from sections 221.121; 221.122; 221.123; ~~221.132~~; 221.151; 221.161; and 221.171.

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

Sec. 22. Minnesota Statutes 1998, section 221.131, subdivision 4, is amended to read:

Subd. 4. [FLOATER CARD; FEE.] The department may issue to carriers subject to subdivision 2 or 3 special "floater" identification cards up to a maximum of five per motor carrier. Floater cards may be freely transferred between vehicles that have evidence of being inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months, or have a current Commercial Vehicle Safety Alliance decal, and that are used under short-term leases by the motor carrier. The motor carrier shall pay a fee of \$100 for each floater card issued.

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

Sec. 23. Minnesota Statutes 1998, section 221.132, is amended to read:

221.132 [PREPAID TEMPORARY VEHICLE IDENTIFICATION CARD.]

For special or extraordinary events, the commissioner may issue a prepaid temporary vehicle identification card to a permit or certificate holder subject to section 221.131, subdivision 2 or 3, for a fee of \$5 per card. The card must be preprinted by the commissioner with the carrier's name, address, and permit or certificate number. The card may be used by the motor carrier to whom it is issued to identify a vehicle temporarily added to its fleet, if the vehicle has evidence of being inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months, or has a current Commercial Vehicle Safety Alliance decal. The card must be executed by the motor carrier by dating and signing the card and describing the vehicle in which it will be carried. The identification card is valid for a period of ten days from the date the motor carrier places on the card when the card is executed. The card must be used within one year from the date of issuance by the commissioner. The card may not be used if the permit or certificate is not in full force and effect. The card may not be transferred. The commissioner may not refund the cost of unused prepaid temporary vehicle identification cards.

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

Sec. 24. Minnesota Statutes 1998, section 473.405, subdivision 4, is amended to read:

Subd. 4. [TRANSIT SYSTEMS.] The council may engineer, construct, equip, and operate transit and paratransit systems, projects, or any parts thereof, including road lanes or rights of way, terminal facilities, maintenance and garage facilities, ramps, parking areas, and any other facilities useful for or related to any public transit or paratransit system or project. The council may sell or lease naming rights with regard to light rail transit stations and apply revenues from sales or leases to light rail transit operating costs.

## ARTICLE 2

### TRUNK HIGHWAY FUND

Section 1. [PROHIBITION AGAINST APPROPRIATIONS FROM TRUNK HIGHWAY FUND.]

To ensure compliance with the Minnesota Constitution, article XIV, sections 2, 5, and 6, the commissioner of finance, agency directors, and legislative commission personnel may not include in the biennial budget for fiscal years 2002 and 2003, or in any budget thereafter, expenditures from the trunk highway fund for a nonhighway

purpose as jointly determined by the commissioner of finance and the attorney general. For purposes of this section, an expenditure for a nonhighway purpose is any expenditure not for construction, improvement, or maintenance of highways. At the time of submission of the biennial budget proposal to the legislature, the commissioner of finance and the attorney general shall report to the senate and house of representatives transportation committees concerning any expenditure that is proposed to be appropriated from the trunk highway fund, if that expenditure is similar to those reduced or eliminated in sections 5 to 20. The report must explain the highway purpose of the proposed expenditure.

Sec. 2. Minnesota Statutes 1999 Supplement, section 144E.29, is amended to read:

144E.29 [FEES.]

(a) The board shall charge the following fees:

(1) initial application for and renewal of an ambulance service license, \$150;

(2) each ambulance operated by a licensee, \$96. The licensee shall pay an additional \$96 fee for the full licensing period or \$8 per month for any fraction of the period for each ambulance added to the ambulance service during the licensing period;

(3) initial application for and renewal of approval for a training program, \$100; and

(4) duplicate of an original license, certification, or approval, \$25.

(b) With the exception of paragraph (a), clause (5), all fees are for a two-year period. All fees are nonrefundable.

(c) Fees collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund.

Sec. 3. Minnesota Statutes 1999 Supplement, section 144E.31, subdivision 3, is amended to read:

Subd. 3. [FINE.] (a) The board may order a fine concurrently with the issuance of a correction order, or after the licensee or training program has not corrected the violation within the time specified in the correction order.

(b) A licensee or training program that is ordered to pay a fine shall be notified of the order by certified mail. The notice shall be mailed to the address shown on the application or the last known address of the licensee or training program. The notice shall state the reasons the fine was ordered and shall inform the licensee or training program of the right to a contested case hearing under chapter 14.

(c) A licensee or training program may appeal the order to pay a fine by notifying the board by certified mail within 15 calendar days after receiving the order. A timely appeal shall stay payment of the fine until the board issues a final order.

(d) A licensee or training program shall pay the fine assessed on or before the payment date specified in the board's order. If a licensee or training program fails to fully comply with the order, the board shall suspend the license or cancel approval until there is full compliance with the order.

(e) Fines shall be assessed as follows:

(1) \$150 for violation of section 144E.123;

(2) \$400 for violation of sections 144E.06, 144E.07, 144E.101, 144E.103, 144E.121, 144E.125, 144E.265, 144E.285, and 144E.305;

(3) \$750 for violation of rules adopted under section 144E.16, subdivision 4, clause (8); and

(4) \$50 for violation of all other sections under this chapter or rules adopted under this chapter that are not specifically enumerated in clauses (1) to (3).

(f) Fines collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund.

Sec. 4. Minnesota Statutes 1998, section 161.20, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS.] The commissioner may expend trunk highway funds only for trunk highway purposes. Payment of expenses related to sales tax, bureau of criminal apprehension laboratory, office of tourism kiosks, Minnesota safety council, tort claims, driver education programs, emergency medical services board, and Mississippi River parkway commission do not further a highway purpose and do not aid in the construction, improvement, or maintenance of the highway system.

Sec. 5. Laws 1999, chapter 216, article 1, section 1, is amended to read:

Section 1. [CRIMINAL JUSTICE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND				
	1999	2000	2001	TOTAL
General	\$ 2,074,000	\$ 547,845,000	<del>\$ 582,487,000</del> <u>\$ 584,143,000</u>	<del>\$1,130,332,000</del> <u>\$1,131,988,000</u>
Special Revenue		8,258,000	7,902,000	16,160,000
Environmental		44,000	46,000	90,000
State Government Special Revenue		7,000	7,000	14,000
Trunk Highway		1,626,000	<del>1,656,000</del> <u>-0-</u>	<del>3,282,000</del> <u>1,626,000</u>
TOTAL		\$ 557,780,000	\$ 592,098,000	\$1,149,878,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000 2001

Sec. 6. Laws 1999, chapter 216, article 1, section 7, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation 44,595,000 41,848,000

Summary by Fund

	2000	2001
General	42,398,000	<del>39,607,000</del> <u>41,263,000</u>

APPROPRIATIONS  
Available for the Year  
Ending June 30

	2000	2001
Special Revenue	520,000	532,000
State Government Special Revenue	7,000	7,000
Environmental	44,000	46,000
Trunk Highway	1,626,000	<del>1,656,000</del> -0-

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Sec. 7. Laws 1999, chapter 216, article 1, section 7, subdivision 3, is amended to read:

Subd. 3. Criminal Apprehension

Summary by Fund

General	23,327,000	<del>23,080,000</del>	<u>24,736,000</u>
Special Revenue	520,000		532,000
State Government Special Revenue	7,000		7,000
Trunk Highway	1,626,000		<del>1,656,000</del> -0-

\$99,000 the first year and \$99,000 the second year from the Bureau of Criminal Apprehension account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$421,000 the first year and \$433,000 the second year from the Bureau of Criminal Apprehension account in the special revenue fund are for laboratory activities.

\$5,000,000 the first year and \$4,000,000 the second year are for the statewide criminal and juvenile justice data information system upgrade.

\$210,000 the first year and \$210,000 the second year are to be transferred to the commissioner of corrections for a statewide probation system component of the criminal justice information system. This appropriation must be included in the budget base for the 2002-2003 biennium.

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000                      2001

\$500,000 the first year and \$55,000 the second year are for a lab information management system.

\$344,000 the first year and \$400,000 the second year are for laboratory supplies and equipment. This is a one-time appropriation.

\$800,000 the second year is for start-up costs, including employee hiring and training, for the northern BCA satellite laboratory facility in the city of Bemidji, for which predesign money was appropriated in Laws 1998, chapter 404, section 13, subdivision 11.

\$15,000 the first year is for the capitol security study described in article 5, section 13. This is a one-time appropriation.

\$125,000 the second year is to expand DNA testing of predatory offenders.

Sec. 8. Laws 1999, chapter 223, article 1, section 1, is amended to read:

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the fiscal year ending June 30, 2000, and "second year" means the fiscal year ending June 30, 2001.

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	\$21,000	\$224,507,000	<del>\$184,543,000</del> <u>\$185,309,000</u>	<del>\$409,071,000</del> <u>\$409,837,000</u>
Petroleum Tank Cleanup		1,015,000	1,045,000	2,060,000
Environmental Fund		700,000	700,000	1,400,000
TANF		6,000,000	4,000,000	10,000,000
Trunk Highway		745,000	<del>766,000</del> <u>-0-</u>	<del>1,511,000</del> <u>745,000</u>
Workers' Compensation		22,217,000	22,439,000	44,656,000

Special Revenue		100,000	-0-	100,000
Workforce Development Fund		17,993,000	12,557,000	30,550,000
TOTAL	\$21,000	\$273,277,000	\$226,050,000	\$499,348,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000                      2001

Sec. 9. Laws 1999, chapter 223, article 1, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation		56,880,000	46,056,000
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Summary by Fund

General	42,985,000	<del>32,590,000</del>	<u>33,356,000</u>
Trunk Highway	745,000	<del>766,000</del>	<u>-0-</u>
TANF	1,500,000		1,500,000
Environmental Fund	700,000		700,000
Workforce Development Fund	10,950,000		10,500,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Sec. 10. Laws 1999, chapter 223, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Tourism

	10,805,000	10,910,000
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Summary by Fund

General	10,060,000	<del>10,144,000</del>	<u>10,910,000</u>
Trunk Highway	745,000	<del>766,000</del>	<u>-0-</u>

To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities.

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000	2001
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For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the partnership program.

Any unexpended money from general fund appropriations made under this subdivision does not cancel but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

This appropriation may be used for a grant to Minnesota Festivals and Events Association for the following purposes:

(1) for a partnership with the University of Minnesota's tourism center to build the methodology for a low-cost economic impact model that will allow festival and event managers to conduct research independently in their own communities;

(2) to promote regional workshops to increase production value and professionalism for events in the state, increase event service and entertainment value for local residents, build community awareness of opportunities to generate new tourism, and assure production of high quality, safe, and meaningful tourism products that are in line with the vision, mission, and growth goals of individual towns and cities in Minnesota;

(3) for a partnership with the University of Minnesota's tourism center to enhance professionalism via its certified festival manager program, training event managers and volunteer staff to implement value-added festivals and events for visitors to the state;

(4) for a partnership with the Minnesota office of tourism to publish a pull-out minimagazine advertising the statewide festivals and events calendar for the year; and

(5) to expand the Minnesota Festivals and Events Association website, to provide travel planners with more festival and event intensive links to communities hosting such activities.

\$250,000 in the first year is for a one-time grant for the purpose of the Upper Red Lake business loan program.

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000                      2001

\$829,000 the first year and \$829,000 the second year are for the Minnesota film board. \$329,000 of this appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation. Of this amount, \$500,000 the first year and \$500,000 the second year are for grants to the Minnesota film board for a film production jobs fund to stimulate feature film production in Minnesota. This appropriation is to reimburse film producers for two to five percent of documented wages which they paid to Minnesotans for film production after January 1, 1999.

\$100,000 the first year is for a grant to promote tourism in the Mille Lacs area. This is a one-time appropriation and is not added to the agency's budget base.

\$100,000 the first year is for a one-time grant to promote tourism in the areas near the northern border of Minnesota, including the Northwest Angle.

\$37,000 the first year is for a grant to the Mississippi River parkway commission.

Sec. 11. Laws 1999, chapter 238, article 1, section 1, is amended to read:

Section 1. [TRANSPORTATION AND OTHER AGENCIES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this act, mean that the appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively. If the figures are not used, the appropriations are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the year ending June 30, 2000, and the term "second year" means the year ending 30, 2001. Appropriations for the year ending June 30, 1999, are in addition to appropriations made in previous years.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$ 85,231,000	<del>\$ 80,853,000</del> <u>\$ 81,520,000</u>	<del>\$166,084,000</del> <u>\$166,751,000</u>
Airports	19,386,000	19,469,000	38,855,000
C.S.A.H.	365,063,000	366,624,000	731,687,000
Highway User	15,480,000	15,575,000	31,055,000

M.S.A.S.	105,549,000	107,394,000	212,943,000
Special Revenue	947,000	965,000	1,912,000
Trunk Highway	1,044,984,000	<del>1,056,111,000</del> <u>1,055,444,000</u>	<del>2,101,095,000</del> <u>2,100,428,000</u>
TOTAL	\$1,636,640,000	\$1,646,991,000	\$3,283,631,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000 2001

Sec. 12. Laws 1999, chapter 238, article 1, section 2, subdivision 12, is amended to read:

Subd. 12. Contingent Appropriation

The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, or (2) for trunk highway maintenance in order to meet an emergency, or (3) to pay tort or environmental claims. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 13. Laws 1999, chapter 238, article 1, section 5, is amended to read:

Sec. 5. MINNESOTA SAFETY COUNCIL 67,000 67,000

Summary by Fund

	<u>2000</u>	<u>2001</u>
<u>Trunk Highway</u>	<u>67,000</u>	<u>-0-</u>
<u>General</u>	<u>-0-</u>	<u>67,000</u>

~~This appropriation is from the trunk highway fund.~~

Sec. 14. Laws 1999, chapter 238, article 1, section 7, is amended to read:

Sec. 7. TORT CLAIMS 600,000 600,000

Summary by Fund

	<u>2000</u>	<u>2001</u>
<u>Trunk Highway</u>	<u>600,000</u>	<u>-0-</u>
<u>General</u>	<u>-0-</u>	<u>600,000</u>

To be spent by the commissioner of finance.

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000                      2001

~~This appropriation is from the trunk highway fund.~~

~~If the appropriation for either year is insufficient, the appropriation for the other year is available for it.~~

The commissioner shall transfer amounts from this appropriation to other state agencies as required to pay tort claims.

Sec. 15. Laws 1999, chapter 241, article 10, section 5, subdivision 2, is amended to read:

Subd. 2. [TEACHING AND LEARNING PROGRAM.] (a) For the teaching and learning program in the department of children, families, and learning:

\$9,979,000	.....	2000
\$9,926,000	.....	2001

(b) Any balance the first year does not cancel but is available in the second year.

(c) \$21,000 ~~each~~ the first year is from the trunk highway fund.

(d) \$673,000 in 2000 and \$678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

Sec. 16. Laws 1999, chapter 245, article 1, section 1, is amended to read:

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	\$2,650,812,000	<del>\$2,774,558,000</del> <u>\$2,776,331,000</u>	<del>\$5,425,370,000</del> <u>\$5,427,143,000</u>
State Government Special Revenue	36,424,000	36,103,000	72,527,000

Health Care Access	146,224,000	175,017,000	321,241,000
Trunk Highway	1,726,000	<del>1,773,000</del> -0-	<del>3,499,000</del> <u>1,726,000</u>
Lottery Prize	1,300,000	1,300,000	2,600,000
TOTAL	\$2,836,486,000	\$2,988,751,000	\$5,825,237,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000 2001

Sec. 17. Laws 1999, chapter 245, article 1, section 6, is amended to read:

Sec. 6. EMERGENCY MEDICAL SERVICES BOARD 2,420,000 2,467,000

Summary by Fund

General	694,000	<del>694,000</del> <u>2,467,000</u>
Trunk Highway	1,726,000	<del>1,773,000</del> <u>-0-</u>

[COMPREHENSIVE ADVANCED LIFE SUPPORT (CAL S).] Of the general fund appropriation, \$108,000 each year is for the board to establish a comprehensive advanced life support educational program under Minnesota Statutes, section 144E.37.

[EMERGENCY MEDICAL SERVICES GRANTS.] ~~Of the appropriation from the trunk highway fund; \$18,000 from the trunk highway fund~~ in fiscal year 2000 and \$36,000 ~~from the general fund~~ in fiscal year 2001 is to the board for grants to regional emergency medical services programs. ~~This~~ The second year appropriation shall become part of the base for the 2002-2003 biennium.

Sec. 18. Laws 1999, chapter 250, article 1, section 1, is amended to read:

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The "1999," "2000," and "2001," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	\$349,954,000	<del>\$308,497,000</del> <u>\$308,536,000</u>	<del>\$658,451,000</del> <u>\$658,490,000</u>
State Government Special Revenue	13,986,000	13,884,000	27,870,000

For 1999 - \$465,000

Health Care Access	1,842,000	1,871,000	3,713,000
Environmental	236,000	242,000	478,000
Solid Waste Fund	660,000	670,000	1,330,000
Lottery Prize Fund	110,000	-0-	110,000
Highway User Tax Distribution	2,129,000	2,173,000	4,302,000
Trunk Highway	39,000	<del>39,000</del> <u>-0-</u>	<del>78,000</del> <u>39,000</u>
Workers' Compensation	7,024,000	6,959,000	13,983,000
TOTAL	\$376,420,000	\$334,854,000	\$711,274,000

For 1999 - \$465,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000                      2001

Sec. 19. Laws 1999, chapter 250, article 1, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	58,340,000	63,117,000
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Summary by Fund

General	58,151,000	<del>62,928,000</del>	<u>\$62,967,000</u>
Health Care Access	150,000		150,000
Trunk Highway	39,000		<del>39,000</del> <u>-0-</u>

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Sec. 20. Laws 1999, chapter 250, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Legislative Coordinating Commission	13,841,000	14,924,000
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Summary by Fund

General	13,652,000	<del>14,735,000</del>	<u>14,774,000</u>
Health Care Access	150,000		150,000
Trunk Highway	39,000		<del>39,000</del> <u>-0-</u>

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000	2001
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\$5,600,000 the first year and \$6,372,000 the second year are for the office of the revisor of statutes.

\$1,184,000 the first year and \$1,217,000 the second year are for the legislative reference library.

\$4,963,000 the first year and \$5,096,000 the second year are for the office of the legislative auditor.

The legislative commission on pensions and retirement shall study and report to the legislature by January 15, 2000, on the comparability of pension and other postretirement benefits between public sector and private sector employees. When comparing the benefits, the commission shall select comparable job classifications and salary ranges. The study must compare pension portability, initial monthly benefits, average annual benefit increases, employer and employee contribution rates, availability of early retirement incentives, administrative costs, and other factors as necessary to compare benefits."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for transportation, public safety, and other purposes; modifying previous appropriations; providing for bonding for highways; requiring studies and reports; establishing working group to assess impact of DM&E rail line project; establishing major transportation projects commission; repealing sunset of provision authorizing certain lights on top of delivery vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for inspection of vehicles of motor carriers; providing for photo identification equipment for driver's license agents; restricting expenditures on commuter rail; restricting application for federal aid for Hiawatha Avenue light rail transit; modifying provisions relating to prepaid, temporary, vehicle identification cards for motor carrier vehicles; authorizing naming rights for light rail transit stations; restricting expenditures from trunk highway fund; amending Minnesota Statutes 1998, sections 161.20, subdivision 3; 161.32, by adding a subdivision; 167.50, subdivision 2; 168.27, subdivision 8; 169.781, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.405, subdivision 4; Minnesota Statutes 1999 Supplement, sections 144E.29; 144E.31, subdivision 3; 168.17; 171.061, subdivision 4; 174.88; and 221.0252, subdivision 7; Laws 1999, chapter 216, article 1, sections 1 and 7, subdivisions 1 and 3; chapter 223, article 1, sections 1 and 2, subdivisions 1 and 4; chapter 238, article 1, sections 1; 2, subdivision 12; 5; and 7; article 2, section 93; chapter 241, article 10, section 5, subdivision 2; chapter 245, article 1, sections 1 and 6; and chapter 250, article 1, sections 1 and 2, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 174."

We request adoption of this report and repassage of the bill.

House Conferees: CAROL L. MOLNAU, MICHELLE RIFENBERG, TOM WORKMAN, STEPHEN G. WENZEL AND BERNARD L. "BERNIE" LIEDER.

Senate Conferees: DEAN E. JOHNSON, CAROL FLYNN, MARK OURADA, CLAIRE A. ROBLING AND RANDY C. KELLY.

Molnau moved that the report of the Conference Committee on H. F. No. 2891 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

Leighton was excused between the hours of 12:55 p.m. and 2:10 p.m.

H. F. No. 2891, A bill for an act relating to transportation; appropriating money for state road construction, public transit, and other purposes; establishing an intergovernmental cooperative facilities loan fund; establishing a major transportation projects commission; restricting expenditures for commuter rail and light rail transit; canceling bonding authorization for light rail transit; directing a study of freeway ramp meters in the metropolitan area; providing for a grant to the University of Minnesota for design and engineering of personal rapid transit; directing a study of high-occupancy vehicle lane use by certain vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for commuter rail plan dispute resolution; providing for inspection of vehicles of motor carriers; requiring the budget for light rail transit to include cost of utility relocation; requiring a municipality to issue permits for a specific business or use that uses river transportation as a major mode of transportation once a special permit has been issued and an environmental assessment worksheet has been completed; expanding eligibility for replacement transit service program; requiring a report on metro mobility; establishing working group to assess impact of DM&E rail line project; requiring study and legislative report on statewide public safety radio system; clarifying a definition of state license and service fees; sunsetting a department fee and an account; amending Minnesota Statutes 1998, sections 16A.6701, subdivision 1; 161.32, by adding a subdivision; 168.27, subdivision 8; 168A.29, subdivision 1; 169.781, by adding a subdivision; 174.35; 216B.16, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.388, subdivision 2; Minnesota Statutes 1999 Supplement, sections 168.17; 174.88; 174.86, subdivision 2, and by adding a subdivision; and 221.0252, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 174; and 462; repealing Minnesota Statutes 1998, section 299A.70.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 96 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Huntley	Marko	Peterson	Swapinski
Abrams	Dorn	Jaros	McElroy	Pugh	Swenson
Anderson, I.	Erhardt	Jennings	Molnau	Rest	Sykora
Bakk	Finseth	Juhnke	Mulder	Rhodes	Tingelstad
Bishop	Fuller	Kalis	Mullery	Rifenberg	Tomassoni
Boudreau	Goodno	Kielkucki	Murphy	Rostberg	Trimble
Bradley	Gray	Knoblach	Ness	Rukavina	Tuma
Broecker	Gunther	Kubly	Nornes	Schumacher	Tunheim
Carlson	Haake	Kuisle	Opatz	Seagren	Vandever
Carruthers	Haas	Larson, D.	Osthoff	Seifert, J.	Wenzel
Cassell	Hackbarth	Leppik	Otremba	Seifert, M.	Westerberg
Clark, J.	Harder	Lieder	Ozment	Skoe	Westfall
Daggett	Hasskamp	Luther	Paulsen	Solberg	Westrom
Davids	Hilty	Mahoney	Pawlenty	Stanek	Winter
Dehler	Holsten	Mares	Paymar	Stang	Workman
Dempsey	Howes	Mariani	Pelowski	Storm	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Entenza	Greiling	Koskinen	McGuire	Smith
Biernat	Erickson	Hausman	Krinkie	Milbert	Van Dellen
Buesgens	Folliard	Holberg	Larsen, P.	Olson	Wagenius
Chaudhary	Gerlach	Johnson	Lenczewski	Osskopp	Wejcman
Clark, K.	Gleason	Kahn	Lindner	Reuter	Wilkin
Dawkins	Greenfield	Kelliher	McCollum	Skoglund	

The bill was repassed, as amended by Conference, and its title agreed to.

#### ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2893:

McElroy, Storm and Gunther.

#### MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2489, A bill for an act relating to bicycles; authorizing local units of government to require purchasers of impounded bicycles to register them as a condition of the sale; amending Minnesota Statutes 1998, section 168C.13, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 2516, A bill for an act relating to crime; amending the definition of harassment; amending Minnesota Statutes 1998, section 609.748, subdivisions 1, 3, and 4.

The Senate has appointed as such committee:

Senators Kelly, R. C.; Knutson and Spear.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3312, A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

The Senate has appointed as such committee:

Senators Sams, Murphy and Hottinger.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2796.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 2796

A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan

member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivision 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61.

May 5, 2000

The Honorable Allan H. Spear  
President of the Senate

The Honorable Steve Sviggum  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2796, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2796 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ACTUARIAL ASSET VALUE CHANGE,  
ACTUARIAL ASSUMPTION CHANGES,  
ACTUARIAL METHOD CHANGES, AND  
ACTUARIAL REPORTING COST ALLOCATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), its appropriate portion of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial

experience studies. The total assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including ~~the~~ any public employees police and fire plan consolidation accounts of the public employees retirement association established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11):

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) based on each plan's proportion of the actuarial services required, as determined by the commission's retained actuary, to complete the actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies for all plans.

(b) The assessment must be made within 30 days following the completion of the actuarial valuation calculations and the experience analysis the end of the fiscal year and must be reported to the executive director of the legislative commission on pensions and retirement and to the chief administrative officers of the applicable retirement plans. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be transmitted to the executive director of the legislative commission on pensions and retirement and must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 16A.055, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT FUND REPORTING.] (a) The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

(b) The commissioner may contract with the consulting actuary retained by the legislative commission on pensions and retirement for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or plans the cost of the quadrennial projection valuation.

Sec. 3. Minnesota Statutes 1998, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms in the following paragraphs have the meaning given:

~~(1)~~ (b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

~~(2)~~ (c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

~~(3)~~ (d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

~~(4)~~ (e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

~~(5)~~ (f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

(5) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

~~(6)~~ (g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

~~(7)~~ (h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1998, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7);; and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which it the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

~~(b) Subd. 2a.~~ [PROJECTION VALUATION REQUIREMENTS.] A quadrennial projection valuation required under ~~paragraph (a) subdivision 2~~ is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with ~~the executive director of the legislative commission on pensions and retirement~~, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 5. Minnesota Statutes 1998, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	<del>5.0</del> <u>6.0</u> %
correctional state employees retirement plan	8.5	<del>5.0</del> <u>6.0</u>
state patrol retirement plan	8.5	<del>5.0</del> <u>6.0</u>
legislators retirement plan	8.5	<del>5.0</del> <u>6.0</u>
elective state officers retirement plan	8.5	<del>5.0</del> <u>6.0</u>
judges retirement plan	8.5	<del>5.0</del> <u>6.0</u>

general public employees retirement plan	8.5	<del>5.0</del> <u>6.0</u>
public employees police and fire retirement plan	8.5	<del>5.0</del> <u>6.0</u>
local government correctional service retirement plan	8.5	<del>5.0</del> <u>6.0</u>
teachers retirement plan	8.5	<del>5.0</del> <u>6.0</u>
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	<del>7.5</del> <u>8.5</u>
Minneapolis police relief association	6.0	6.0
other local police relief associations	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighter relief associations	5.0	5.0
local monthly benefit volunteer firefighter relief associations	5.0	5.0

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
<del>Minneapolis employees retirement plan</del>	<del>4.0</del>
Minneapolis police relief association	4.0
other local police relief associations	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighter relief associations	3.5

(2) modified single rate future salary increase assumption

<u>plan</u>	<u>future salary increase assumption</u>
<u>Minneapolis employees retirement plan</u>	<u>prior calendar year amount increased by 1.0198 percent to prior fiscal year date and by 4.0 percent annually for each future year</u>

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	<u>select calculation and assumption A</u>
correctional state employees retirement plan	assumption <del>A</del> <u>H</u>
state patrol retirement plan	assumption <del>A</del> <u>H</u>
general public employees retirement plan	<u>select calculation and assumption B</u>



34	<del>7.0000</del> <u>6.05</u>	<del>7.00</del> <u>6.09</u>	7.20	<del>7.00</del> <u>7.10</u>	6.80	6.30	6.70	<u>7.0000</u>
35	<del>7.0000</del> <u>6.00</u>	<del>6.90</del> <u>6.05</u>	7.00	<del>7.00</del> <u>7.00</u>	6.70	6.20	6.65	<u>7.0000</u>
36	<del>6.9019</del> <u>6.95</u>	<del>6.80</del> <u>6.01</u>	6.80	<del>7.00</del> <u>6.85</u>	6.60	6.10	6.60	<u>6.9019</u>
37	<del>6.8074</del> <u>5.90</u>	<del>6.70</del> <u>5.97</u>	6.60	<del>7.00</del> <u>6.70</u>	6.50	6.00	6.55	<u>6.8074</u>
38	<del>6.7125</del> <u>5.85</u>	<del>6.60</del> <u>5.93</u>	6.40	<del>6.90</del> <u>6.55</u>	6.40	5.90	6.50	<u>6.7125</u>
39	<del>6.6054</del> <u>5.80</u>	<del>6.50</del> <u>5.89</u>	6.20	<del>6.80</del> <u>6.40</u>	6.30	5.80	6.40	<u>6.6054</u>
40	<del>6.5000</del> <u>5.75</u>	<del>6.40</del> <u>5.85</u>	6.00	<del>6.70</del> <u>6.25</u>	6.20	5.70	6.30	<u>6.5000</u>
41	<del>6.3540</del> <u>5.70</u>	<del>6.30</del> <u>5.81</u>	5.90	<del>6.60</del> <u>6.10</u>	6.10	5.60	6.20	<u>6.3540</u>
42	<del>6.2087</del> <u>5.65</u>	<del>6.30</del> <u>5.77</u>	5.80	<del>6.50</del> <u>5.95</u>	6.00	5.50	6.10	<u>6.2087</u>
43	<del>6.0622</del> <u>5.60</u>	<del>6.30</del> <u>5.73</u>	5.70	<del>6.35</del> <u>5.80</u>	5.90	5.45	6.00	<u>6.0622</u>
44	<del>5.9048</del> <u>5.55</u>	<del>6.20</del> <u>5.69</u>	5.60	<del>6.20</del> <u>5.65</u>	5.80	5.40	5.90	<u>5.9048</u>
45	<del>5.7500</del> <u>5.50</u>	<del>6.20</del> <u>5.65</u>	5.50	<del>6.05</del> <u>5.50</u>	5.70	5.35	5.80	<u>5.7500</u>
46	<del>5.6940</del> <u>5.45</u>	<del>6.09</del> <u>5.62</u>	5.45	<del>5.90</del> <u>5.45</u>	5.60	5.30	5.70	<u>5.6940</u>
47	<del>5.6375</del> <u>5.40</u>	<del>6.00</del> <u>5.59</u>	5.40	<del>5.75</del> <u>5.40</u>	5.50	5.25	5.65	<u>5.6375</u>
48	<del>5.5822</del> <u>5.35</u>	<del>5.90</del> <u>5.56</u>	5.35	<del>5.70</del> <u>5.35</u>	5.45	5.20	5.60	<u>5.5822</u>
49	<del>5.5405</del> <u>5.30</u>	<del>5.80</del> <u>5.53</u>	5.30	<del>5.65</del> <u>5.30</u>	5.40	5.15	5.55	<u>5.5405</u>
50	<del>5.5000</del> <u>5.25</u>	<del>5.70</del> <u>5.50</u>	5.25	<del>5.60</del> <u>5.25</u>	5.35	5.10	5.50	<u>5.5000</u>
51	<del>5.4384</del> <u>5.20</u>	<del>5.70</del> <u>5.45</u>	5.25	<del>5.55</del> <u>5.20</u>	5.30	5.05	5.45	<u>5.4384</u>
52	<del>5.3776</del> <u>5.15</u>	<del>5.70</del> <u>5.40</u>	5.25	<del>5.50</del> <u>5.15</u>	5.25	5.00	5.40	<u>5.3776</u>
53	<del>5.3167</del> <u>5.10</u>	<del>5.70</del> <u>5.35</u>	5.25	<del>5.45</del> <u>5.10</u>	5.25	5.00	5.35	<u>5.3167</u>
54	<del>5.2826</del> <u>5.05</u>	<del>5.70</del> <u>5.30</u>	5.25	<del>5.40</del> <u>5.05</u>	5.25	5.00	5.30	<u>5.2826</u>
55	<del>5.2500</del> <u>5.00</u>	<del>5.70</del> <u>5.25</u>	5.25	<del>5.35</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
56	<del>5.2500</del> <u>5.00</u>	<del>5.70</del> <u>5.20</u>	5.25	<del>5.30</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
57	<del>5.2500</del> <u>5.00</u>	<del>5.70</del> <u>5.15</u>	5.25	<del>5.25</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
58	<del>5.2500</del> <u>5.00</u>	<del>5.70</del> <u>5.10</u>	5.25	<del>5.25</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
59	<del>5.2500</del> <u>5.00</u>	<del>5.70</del> <u>5.05</u>	5.25	<del>5.25</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
60	<del>5.2500</del> <u>5.00</u>	<del>5.00</del> <u>5.00</u>	5.25	<del>5.25</del> <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>

61	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
62	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
63	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
64	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
65	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
66	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
67	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
68	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
69	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
70	<del>5.2500</del> 5.00	5.00	5.25	<del>5.25</del> 5.00	5.25	5.00	5.25	<u>5.2500</u>
71	<u>5.00</u>	<u>5.00</u>		<u>5.00</u>				<u>5.2500</u>

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

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 6. Minnesota Statutes 1999 Supplement, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

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

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

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

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

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

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the ~~following retirement~~ plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized ~~in the following manner:~~

~~(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan; and~~

~~(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.~~

Sec. 7. [EFFECTIVE DATE.]

(a) Section 1 is effective for actuarial valuation costs incurred on or after July 1, 2000.

(b) Sections 2 to 6 are effective on June 30, 2000, for actuarial valuations on or after that date.

## ARTICLE 2

### REEMPLOYED ANNUITANT EARNINGS LIMITATION REVISIONS

Section 1. Minnesota Statutes 1999 Supplement, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in the Minnesota state colleges and universities system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, from the general state employees retirement plan or the unclassified state employees retirement program of the Minnesota state retirement system, or from a first class city teacher retirement plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement ~~in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.~~

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 2. Minnesota Statutes 1998, section 352.115, subdivision 10, is amended to read:

Subd. 10. [REEMPLOYMENT OF ANNUITANT.] (a) If any retired employee again becomes entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, the annuity or retirement allowance shall cease when the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the retired employee shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.58.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. ~~No payroll deductions for the retirement fund shall be made from the earnings of a reemployed retired employee.~~ If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change shall be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

Sec. 3. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

Sec. 4. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than ~~\$35,000~~ \$46,000 in a calendar year from reemployment in the Minnesota state colleges and universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$35,000~~ \$46,000.

Sec. 5. Minnesota Statutes 1998, section 353.37, is amended by adding a subdivision to read:

Subd. 3a. [DISPOSITION OF SUSPENSION OR REDUCTION AMOUNT.] The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

Sec. 6. Minnesota Statutes 1998, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes, but is not limited to:

(a) (1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) (2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

Sec. 7. Minnesota Statutes 1999 Supplement, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$35,000~~ \$46,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 8. Minnesota Statutes 1998, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

Sec. 9. Minnesota Statutes 1998, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 10. [356.58] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by sections 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan shall keep records for each reemployed annuitant of the amount of the annuity reduction. This amount must be reported to each member at least once each year.

Subd. 3. [PAYMENT.] (a) Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after the termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of a written application, the retired member is entitled the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

Sec. 11. [REPORT.]

The Minnesota state colleges and universities board shall report to the legislative commission on pensions and retirement by November 15, 2000, on the utilization of the annuitant employment program authorized by Minnesota Statutes, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445. The report must include an evaluation by institutions that have used the program regarding its effectiveness as a human resource management tool.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2000.

ARTICLE 3

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1998, section 352.15, subdivision 1a, is amended to read:

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may ~~pay an~~ remit, through an automatic deposit system, annuity, benefit, or refund payments only to a ~~banking~~ financial institution, qualified under chapter 48, associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive the annuity, benefit, or refund. Upon the request of ~~a retired, disabled, the retiree, disabilitant, survivor,~~ the retiree, disabilitant, survivor, or former employee, the executive director may ~~mail~~ remit the annuity, benefit, or refund check to ~~a banking institution, savings association, or credit union~~ the applicable financial institution for deposit ~~to in~~ in the ~~employee's person's~~ employee's account or joint account. The board of directors may prescribe the conditions under which payments will be made.

Sec. 2. Minnesota Statutes 1998, section 352B.01, subdivision 3, is amended to read:

Subd. 3. [ALLOWABLE SERVICES SERVICE.] (a) "Allowable service" means:

(~~a~~) (1) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

(~~b~~) (2) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

Sec. 3. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified ~~program plan~~ under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan.

(c) Enumerated employees and referenced persons are:

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

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general;

(3) an employee of the state board of investment;

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

(5) a member of the legislature;

(6) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

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

(8) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair, ~~provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;~~

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

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

(11) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

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

(13) an employee of the Minnesota educational computing corporation;

(14) an employee of the world trade center board; and

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3.

Sec. 4. Minnesota Statutes 1998, section 352D.05, subdivision 3, is amended to read:

Subd. 3. [FULL OR PARTIAL WITHDRAWAL.] After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the month in which application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 5. Minnesota Statutes 1998, section 352D.06, is amended to read:

352D.06 [ANNUITIES.]

Subdivision 1. [ANNUITY; RESERVES.] When a participant attains at least age 55, ~~is retired~~ terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the general state employees retirement ~~fund~~ plan in determining pensions and reserves.

Subd. 2. [PARTIAL VALUE ANNUITY.] A participant has the option in an application for an annuity to apply for and receive ~~the a partial~~ value of ~~one-half~~ of the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the remaining value of ~~one-half~~ of the total shares.

Subd. 3. [ACCRUAL DATE.] An annuity ~~herein shall begin to accrue~~ under this section accrues the first day of the first full month after an application is received or after termination of state service, whichever is later. Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

Sec. 6. Minnesota Statutes 1998, section 352D.09, subdivision 5a, is amended to read:

Subd. 5a. [SMALL BALANCE ACCOUNTS.] If a former participant who contributed less than ~~\$100~~ \$500 in employee contributions cannot be contacted by the system for five or more years, the value of the shares shall be appropriated to the general employees retirement fund, but upon subsequent contact by the former employee the account shall be reinstated to the amount that would have been payable had the money been left in the unclassified plan.

Sec. 7. Minnesota Statutes 1998, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means an employee performing personal services for a governmental subdivision under subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.

Sec. 8. Minnesota Statutes 1998, section 353.01, subdivision 6, is amended to read:

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

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, ~~and~~ the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to ~~469.068~~ 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

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

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

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

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

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

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

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

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

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in ~~subdivisions~~ subdivision 35 and or 36.

Sec. 10. Minnesota Statutes 1998, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] (a) "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, ~~as evidenced by appropriate written record transmitted to the association; or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of resignation or dismissal the date the employment relationship ended, return to a nontemporary~~ an employment position in the same governmental subdivision.

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

Sec. 11. Minnesota Statutes 1998, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease.~~ A right to retirement ~~must not accrue without~~ requires a complete and continuous separation for 30 days from employment as a public employee ~~under subdivision 2~~ and from the provision of paid services to that employer.

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

(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination

of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended ~~or reduced~~ under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

~~(b)~~ (d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 12. Minnesota Statutes 1998, section 353.01, subdivision 32, is amended to read:

Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if membership eligibility criteria are met under this chapter. A coordinated member also means is a former basic member who terminates public service under subdivision 11a, has a complete and continuous separation for at least 30 days from employment as a public employee meeting the requirements specified in subdivision 28, paragraphs (a) and (b), and who reenters public service in a nontemporary position, as a public employee and meets the membership eligibility criteria under this chapter.

Sec. 13. Minnesota Statutes 1998, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may pay an annuity, benefit, or refund payments only to a trust company, qualified under chapter 48, financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization that is the trustee for a person eligible to receive such the annuity, benefit, or refund. Upon the request of ~~a retired, disabled the retiree, disabilitant, survivor, or former member,~~ the association may mail or send by electronic transfer the annuity, benefit or refund check to ~~a banking institution, savings association or credit union~~ the applicable financial institution for deposit ~~to such in~~ in the person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 14. Minnesota Statutes 1998, section 353.27, subdivision 4, is amended to read:

Subd. 4. [~~EMPLOYERS~~ EMPLOYER REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each member employee who qualifies for membership under this chapter and issue or approve one warrant remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 20 14 calendar days in the office of the association. The head of each department ~~or the person's designee shall;~~ for each pay period ~~in which employee contributions are deducted;~~ submit to the association a salary deduction report; ~~in the form format prescribed by the executive director; showing.~~ Data to be submitted as part of salary deduction reporting must include, but are not limited to:

~~(a) (1) the legal names and the association membership numbers, listed in alphabetical order; social security numbers of employees who are members;~~

~~(b) (2) the legal names of all new public employees and the effective dates of appointment; (c) the amount of each employee's salary deduction; (d)~~

~~(3) the amount of salary from which each deduction was made; (e) effective dates of member terminations of public service accompanied by the applicable status code as set by the association for those terminations caused by death or retirement; (f) effective dates of all temporary layoffs and leaves of absence accompanied by the applicable status code as set by the association; and (g)~~

~~(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and~~

~~(5) adjustments or corrections covering past pay periods.~~

~~Reports of contributions must be accompanied by a membership enrollment form~~

~~(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the form format prescribed by the executive director. The required enrollment forms from data on new employees must be collected by the employer and submitted to the association within 30 days following the date of employment prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish such additional data, forms, and reports on magnetic media on other forms as may be requested required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.~~

~~(b) (c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.~~

Sec. 15. Minnesota Statutes 1998, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] (a) In the case of omission of required deductions from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4. ~~Upon receipt of billing from the association; during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.~~

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's ~~next~~ subsequent salary payment or payments and remitted to the association. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

~~(b) (d)~~ (d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph ~~(a) (c)~~, nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph ~~(a) (c)~~ which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

(c) (e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 16. Minnesota Statutes 1998, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. This benefit begins to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave or sick leave or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary. Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disability beneficiary dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 17. Minnesota Statutes 1998, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide and authorize release of medical evidence, including all medical records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled ~~and is reinstated to the payroll~~, payments must cease the first of the month following the ~~reinstatement to the payroll~~ expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

Sec. 18. Minnesota Statutes 1998, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] (a) A former member is entitled to a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. ~~An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus six percent interest compounded annually from the fund in which the member terminated service.~~ Application for a refund may not be made prior to the date of termination of public service or the termination of membership, whichever is sooner. Except as specified in paragraph (b), a refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was granted an authorized temporary layoff, a refund is not payable before termination of membership under section 353.01, subdivision 11b, clause (3).

(c) An individual who terminates public service covered by the public employees retirement association general plan, the public employees retirement association police and fire plan, or the public employees local government corrections service retirement plan, and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus six percent interest compounded annually from the plan in which the member terminated service.

Sec. 19. Minnesota Statutes 1999 Supplement, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND PLAN MEMBERSHIP; MANDATORY.] A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full-time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting; or

(3) a full-time police officer or firefighter meeting all requirements of clause (1) or (2), as applicable, who as part of the employment position is periodically assigned to employment duties in the same department that are not within the scope of this subdivision.

An individual to which clause (3) applies must contribute as a member of the police and fire plan for both the primary and secondary services that are provided to the employing governmental subdivision.

Subd. 1a. [POLICE AND FIRE PLAN; OTHER MEMBERS.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund plan.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the fund plan, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(e) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund; (e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 353.665, subdivision 4, ~~shall~~ must not become a member of the public employees police and fire fund plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.

Sec. 20. Minnesota Statutes 1998, section 353.64, subdivision 2, is amended to read:

Subd. 2. [POLICE AND FIRE FUND MEMBERSHIP; PART-TIME EMPLOYMENT COVERAGE OPTION.] ~~Before a~~ (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of this subdivision, the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for primary services provided, satisfies all of the requirements of subdivision 1, clause (3), other than the requirement of full-time employment.

(c) For the governing body may of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, as at a minimum, include employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director: satisfy all of the requirements of subdivision 1, clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, clause (2), other than the requirement of full-time employment.

Sec. 21. Minnesota Statutes 1998, section 353.64, subdivision 3, is amended to read:

Subd. 3. [POLICE AND FIRE FUND MEMBERSHIP; EXCLUSION.] ~~Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director. A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.~~

Sec. 22. Minnesota Statutes 1998, section 353.64, subdivision 4, is amended to read:

Subd. 4. [RESOLUTION FILING.] (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of adequate notice from the association, if a valid resolution is not filed with the public employees retirement association within six months following the date of that notice, any contributions or deductions made to the police and fire fund for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

Sec. 23. Minnesota Statutes 1998, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire ~~fund~~ plan who becomes disabled and physically unfit to perform duties as a police officer ~~or~~ firefighter ~~subsequent to June 30, 1973, or paramedic as defined under section 353.64, subdivision 10,~~ as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 60 percent of the "average salary" ~~under as defined in section 353.651, subdivision 3 2,~~ plus an additional percent specified in section 356.19, subdivision 6, ~~of said that~~ average salary for each year of service in excess of 20 years. ~~Should~~ If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire ~~fund~~ plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 24. Minnesota Statutes 1998, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member of the police and fire plan who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ and by reason of that sickness or injury the member has been or is expected to be unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, is entitled to receive a disability benefit. The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. For a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 25. Minnesota Statutes 1998, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, ~~if any,~~ accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed ~~in the manner provided in said sections;~~ on the basis of allowable service prior to the termination of public service and augmented as provided ~~herein in this paragraph.~~ The required reserves applicable to a deferred annuity, ~~or to an annuity for which a former member was eligible but had not applied;~~ or to any deferred segment of an annuity ~~shall~~ must be determined as of ~~the date the annuity begins to accrue and shall be augmented from~~ the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, ~~to the first day of the month in which the annuity begins to accrue.~~ These required reserves must be augmented at the rate of five percent ~~per annum~~ annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent ~~per annum~~ compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period ~~shall~~ must be augmented ~~by interest pursuant to this subdivision as specified in this paragraph.~~ The sum of the augmented required reserves ~~so determined shall be~~ is the present value of the annuity. Uninterrupted service for the purpose of this subdivision ~~shall mean~~ means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the ~~restored~~ restored service ~~thereby shall~~ must be considered as continuous with the next period of service for which the employee has credit with this association. ~~The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee.~~ This section ~~shall~~ must not reduce the annuity otherwise payable under this chapter. ~~This subdivision paragraph shall apply~~ applies to individuals who become deferred annuitants ~~of record on or after July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, to if the former members who make application~~ active member applies for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is ~~not~~ first payable ~~until~~ after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 4d, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 26. Minnesota Statutes 1998, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Crookston police relief association;
- (7) Faribault fire department relief association; and
- (8) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association.

(e) The surviving spouse benefit shall be ~~\$250 per month~~ 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(3) 72.25 percent of the salary base, Buhl police relief association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(7) \$100 per month, Faribault police benefit association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$175 per month, Mankato police benefit association;

(10) 26.25 percent of the salary base, Minneapolis fire department relief association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield fire department relief association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) 26.6667 percent of the salary base, St. Louis Park police relief association;

(15) 27.5 percent of the salary base, St. Paul fire department relief association;

(16) ~~20~~ 27.5 percent of the salary base, St. Paul police relief association; and

(17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 27. Minnesota Statutes 1998, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class ~~as those cities were so classified on January 1, 1979~~, or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and ~~university~~ universities system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system ~~by virtue of due to~~ prior employment by ~~the association~~ that system;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. ~~In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however~~ A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association.

(b) ~~The term~~ Teacher does not mean:

(1) ~~an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;~~

(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(3) ~~(2)~~ a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(4) ~~(3)~~ a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(5) ~~(4)~~ a person exempt from licensure ~~pursuant to~~ under section 122A.30.

Sec. 28. Minnesota Statutes 1998, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the periodic compensation, upon which member contributions are required ~~and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.~~

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) ~~payments in lieu of any employer-paid group insurance coverage;~~

(4) ~~payments for the difference between single and family premium rates that may be paid to a member with single coverage;~~

(5) ~~employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses; employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts,~~

cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

~~(6)~~ (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

~~(7)~~ (5) any form of severance payments;

~~(8)~~ (6) workers' compensation payments;

~~(9)~~ (7) disability insurance payments including self-insured disability payments;

~~(10)~~ (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

~~(11)~~ (9) payments under section 356.24, subdivision 1, clause (4); and

~~(12)~~ (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 29. Minnesota Statutes 1998, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

~~(a) In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered must constitute a year under sections 354.05 to 354.10, provided the year is not less than the legal minimum school year of this state. service credit, no person teacher shall receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961;~~

~~(1) if a teacher teaches only a fractional part of a day, credit must be given for a day of teaching service for each less than five hours taught, and in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

~~(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and~~

~~(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year as the term period of service ~~rendered~~ performed bears to 170 days.~~

~~(b) A person who teaches in the state colleges and university system teacher shall receive a full year of service credit based on the number of days in the system's employer's full school year if it is less than 170 days. Teaching service performed prior to before July 1, 1961, must be computed under the law in effect at the time it was ~~rendered~~ performed.~~

~~(c) A teacher shall does not lose or gain retirement service credit as a result of the employer converting to a four-day work week flexible or alternate work schedule. If the employer ~~does convert~~ converts to a four-day work week flexible or alternate work schedule, the forms for reporting and the procedures for determining service credit ~~shall~~ must be determined by the executive director with the approval of the board of trustees.~~

Sec. 30. Minnesota Statutes 1998, section 354.092, subdivision 2, is amended to read:

Subd. 2. [PAY RATE; CERTIFICATION.] A sabbatical leave must be compensated by a minimum of one-third of the salary that the member received for a comparable period during the prior fiscal year. ~~Before the end of the fiscal year during which any sabbatical leave is granted~~ Upon granting a sabbatical leave, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Sec. 31. Minnesota Statutes 1998, section 354.093, is amended to read:

354.093 [PARENTAL ~~OR~~ MATERNITY LEAVE.]

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

Sec. 32. Minnesota Statutes 1998, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] ~~Before the end of the fiscal year during which~~ Upon granting any extended leave of absence ~~is granted pursuant to under~~ section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence ~~pursuant to under~~ section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave, ~~which shall~~ The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Sec. 33. Minnesota Statutes 1998, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] Upon receipt of the properly completed forms as provided by the executive director, the annuity ~~or~~ benefit ~~or refund~~ amount may be electronically transferred or the annuity or benefit check may be mailed to ~~a banking institution, savings association, or credit union~~ any financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the ~~banking institution, savings association, or credit union~~ financial institution associated with the National Automated Clearinghouse Association or its successor. The board may prescribe the conditions which govern these procedures.

Sec. 34. Minnesota Statutes 1998, section 354.35, is amended to read:

354.35 [OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE ~~AGE 65~~ NORMAL RETIREMENT AGE.]

Any coordinated member who retires before age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. ~~The election of this optional accelerated retirement annuity is exercised by making an application to the board on a form provided by the executive director.~~ The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains age 65 in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches age 65 and at that time the payment from the association must be reduced. For each year the retiree is under age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. At retirement, members who retire before age 62 may elect to have the age specified in this section be 62 instead of 65. ~~This election is irrevocable and may be made only once on the application form provided by the executive director.~~ The method of computing the optional accelerated retirement annuity provided in this section is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

Sec. 35. Minnesota Statutes 1998, section 354.46, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

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

Sec. 36. Minnesota Statutes 1998, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] ~~(+)~~ (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

~~(2)~~ (b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest at the rate of six percent per annum compounded annually.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

Sec. 37. Minnesota Statutes 1998, section 354.48, subdivision 6, is amended to read:

Subd. 6. [REGULAR PHYSICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director shall require the disability beneficiary to undergo a medical examination ~~to be made at the place of residence of such person, or at any other place mutually agreed upon,~~ by a physician or physicians engaged by the executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 38. Minnesota Statutes 1998, section 354.49, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT, APPLICATION.] A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund must not be made sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment must be made within ~~90~~ 45 days after the receipt of an application for a refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2 ~~the receipt of member reporting data under section 354.52, subdivision 4a, and payroll cycle data under section 354.52, subdivision 4b,~~ whichever is later.

Sec. 39. Minnesota Statutes 1998, section 354.52, subdivision 3, is amended to read:

Subd. 3. [~~DUTY OF FINANCE OFFICIALS DEDUCTION REQUIREMENTS.~~] ~~It is the duty of each person, officer, school board, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to~~ Every pay period, each employer shall deduct and withhold from ~~all the salary paid each pay period to~~ of every teacher who is a member of the fund the amount which the teacher is required to pay into the fund and ~~required under section 354.42.~~ At the time of each deduction, to the employer shall also furnish to each teacher a statement showing the amount of the deduction.

Sec. 40. Minnesota Statutes 1998, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] ~~At least once each month, a representative authorized by An employing unit employer shall transmit remit~~ all amounts due to the association and furnish a ~~signed~~ statement indicating the amount due and transmitted with any other information required by the executive director. ~~Signing the statement has the force and effect of an oath as to the correctness of the amount due and transmitted. If an amount due and is not transmitted received by the association within seven calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually commencing 15 days after from the due date first due until the amount is transmitted and must be paid by the employing unit. These payments received by the association. All amounts due and other employing unit employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.~~

Sec. 41. Minnesota Statutes 1998, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit ~~shall~~ must initially provide the ~~following~~ member data specified in paragraph (b) or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes under this subdivision must be reported to the association on an ongoing basis for within 14 calendar days after the date of the end of the payroll cycle in which they occur. These data changes must be reported with the payroll cycle data under subdivision 4b.

(b) Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

(7) county district number assigned by the association for the employing unit;

(8) data center identification number, if applicable; and

(9) other information as may be required by the executive director.

Sec. 42. Minnesota Statutes 1998, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants ~~dated after June 30, 1995, for each~~ on an ongoing basis within 14 calendar days after the date of the payroll cycle warrant in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and additional employer contributions; and

(11) other information as may be required by the executive director.

Sec. 43. Minnesota Statutes 1998, section 354.63, subdivision 2, is amended to read:

Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) The required reserves for retirement annuities ~~as determined in accordance with~~ under this chapter ~~shall~~ must be transferred to the Minnesota postretirement investment fund ~~as of no later than~~ the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted as provided in accordance with the provisions of section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. ~~This section applies to persons who retired effective July 1, 1982, or later.~~

(3) An increase in annuity payments ~~pursuant to~~ under this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase ~~shall~~ not be made.

Sec. 44. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] ~~(1)~~ (a) Notwithstanding any provisions ~~to the contrary of the laws governing the funds plans~~ enumerated in subdivision 3, a person who has met the qualifications of ~~clause (2) paragraph (b)~~ may elect to receive a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months one-half year of~~ allowable service, based on the allowable service in each ~~fund plan~~, subject to the provisions of ~~clause (3) paragraph (c)~~.

~~(2)~~ (b) A person may receive upon retirement a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months one-half year of~~ allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

~~(a)~~ (1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated ~~funds plans~~; and

~~(b)~~ (2) the person has not begun to receive an annuity from any enumerated ~~fund plan~~ or the person has made application for benefits from ~~all funds each applicable plan~~ and the effective dates of the retirement annuity with each ~~fund plan~~ under which the person chooses to receive an annuity are within a one-year period.

~~(3)~~ (c) The retirement annuity from each ~~fund plan~~ must be based upon the allowable service, accrual rates, and average salary in each fund, except that the applicable plan as further specified or modified in the following clauses:

~~(a)~~ (1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered ~~fund plan~~ with which the person earned a minimum of one-half year of allowable service credit during that employment;:

~~(b)~~ (2) the "average salary" on which the annuity from each covered ~~fund plan~~ in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered ~~funds plans~~;

~~(c)~~ (3) ~~The formula percentages~~ accrual rates to be used by each ~~fund plan~~ must be those percentages prescribed by each ~~fund's plan's~~ formula as continued for the respective years of allowable service from one ~~fund plan~~ to the next, recognizing all previous allowable service with the other covered ~~funds plans~~;

~~(d)~~ (4) allowable service in all the funds plans must be combined in determining eligibility for and the application of each fund's plan's provisions in respect to ~~actuarial~~ reduction in the annuity amount for retirement prior to normal retirement: age; and

~~(e)~~ (5) the annuity amount payable for any allowable service under a nonformula plan of a covered fund plan must not be affected but such service and covered salary must be used in the above calculation.

~~(f)~~ (d) This section ~~shall~~ does not apply to any person whose final termination from the last public service under a covered fund plan is prior to May 1, 1975.

~~(g)~~ (e) For the purpose of computing annuities under this section the ~~formula percentages~~ accrual rates used by any covered fund plan, except the public employees police and fire fund plan and the state patrol retirement fund plan, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate used by the public employees police and fire fund plan and the state patrol retirement fund plan must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

~~(h)~~ (f) Any period of time for which a person has credit in more than one of the covered funds plans must be used only once for the purpose of determining total allowable service.

~~(i)~~ (g) If the period of duplicated service credit is more than ~~six months~~ one-half year, or the person has credit for more than ~~six months~~ one-half year, with each of the funds plans, each fund shall plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds plans for the period.

~~(j)~~ (h) If the period of duplicated service credit is less than ~~six months~~ one-half year, or when added to other service credit with that fund plan is less than ~~six months~~ one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's plan's refund provisions.

Sec. 45. [356.90] [COMBINED PAYMENT.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan must account for their portion of the payment separately, and there may be no additional liabilities realized by either fund.

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

Sec. 46. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "six months" to "one-half year" wherever it appears in Minnesota Statutes, sections 356.302 and 356.303.

Sec. 47. [REPEALER.]

Minnesota Statutes 1998, sections 353.024; and 354.52, subdivision 2, are repealed.

Sec. 48. [EFFECTIVE DATE.]

(a) Sections 1 to 47 are effective on July 1, 2000.

(b) Section 26 is not intended to increase or decrease any surviving spouse benefit compared to the surviving spouse benefit payable immediately prior to July 1, 2000.

#### ARTICLE 4

##### MILITARY SERVICE CREDIT PURCHASE AUTHORIZATION

Section 1. [352.275] [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A state employee who has at least three years of allowable service with the Minnesota state retirement system and who performed service in the United States armed forces before becoming a state employee, or who failed to obtain service credit for a military leave of absence under section 352.27, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 if the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] An employee who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the Minnesota state retirement system to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the employee's effective date of retirement.

Sec. 2. Minnesota Statutes 1998, section 352B.01, is amended by adding a subdivision to read:

Subd. 3a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A member who has at least three years of allowable service with the state patrol retirement plan under subdivision 3 and who performed service in the United States armed forces before becoming a member is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, if the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A member who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the state patrol retirement plan to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the member.

Sec. 3. Minnesota Statutes 1998, section 353.01, is amended by adding a subdivision to read:

Subd. 16a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A public employee who has at least three years of allowable service with the public employees retirement association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 if the public employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the public employees association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, 2003.

## ARTICLE 5

### RETIREMENT HEALTH CARE PROVISIONS

Section 1. [POSTRETIREMENT AND ACTIVE EMPLOYEE HEALTH CARE TASK FORCE.]

(a) The commissioner of employee relations shall convene a task force on postretirement and active employee health care. The task force shall identify strategies for providing postretirement and active employee health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement and active employee health care.

(b) One-half of the task force membership must be composed of employees and the other half of the membership must be composed of employers. The task force must include, but is not limited to, the following:

- (1) a representative of the department of employee relations;
- (2) a representative of the Minnesota state retirement system;
- (3) a representative of the teachers retirement association;
- (4) a representative of the public employees retirement association;
- (5) a representative of the first class city teacher retirement fund associations;

- (6) a representative of the first class city police and fire department relief associations;
- (7) a representative of the Minneapolis employees retirement fund;
- (8) a representative of the legislative coordinating commission subcommittee on employee relations;
- (9) one representative each from the Minnesota school boards association, Minnesota service cooperatives, the association of Minnesota counties, the Minnesota association of townships, and the league of Minnesota cities;
- (10) representatives of the exclusive representatives of affected public employees; and
- (11) representatives of major public employers.
- (c) The task force shall report its findings and recommendations to the legislature by November 15, 2000. The report shall address:
- (1) alternative methods of providing and paying for postretirement and active employee health care;
- (2) the estimated cost of providing postretirement and active employee health care under various alternatives, including statewide, regional, or market alternatives;
- (3) the most efficient administrative structure for providing for postretirement and active employee health care; and
- (4) issues of adverse selection, cost containment, consumer choice, and options for dealing with other employee concerns.
- (d) The task force shall conduct the study and assemble data in a manner that will provide for the ability to conduct analysis for subsets of the groups being studied by employer and employee types.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

## ARTICLE 6

### MSRS-CORRECTIONAL PLAN MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1998, section 352.91, subdivision 3c, is amended to read:

Subd. 3c. [NURSING PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota security hospital specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;

(3) registered nurse - principal; ~~and~~

(4) licensed practical nurse 2; and

(5) registered nurse practitioner.

Sec. 2. Minnesota Statutes 1998, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. [OTHER CORRECTIONAL PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota security hospital specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

(b) The employment positions are as follows: baker, chemical dependency counselor supervisor, chief cook, cook, cook coordinator, corrections behavior therapist, corrections behavior therapist specialist, corrections parent education coordinator, corrections security caseworker, corrections security caseworker career, corrections teaching assistant, dentist, electrician supervisor, general repair worker, library/information research services specialist, library/information research services specialist senior, plumber supervisor, psychologist 3, recreation therapist, recreation therapist coordinator, recreation program assistant, recreation therapist senior, stores clerk senior, water treatment plant operator, work therapy technician, work therapy assistant, work therapy program coordinator.

(c) "Covered correctional service" also means service as the director or as an assistant group supervisor of the Phoenix/Pomiga treatment/behavior change program of the department of corrections.

Sec. 3. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3f. [ADDITIONAL DEPARTMENT OF HUMAN SERVICES PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center, provided that at least 75 percent of the employee's working time is spent in direct contact with patients and the fact of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

(1) behavior analyst 2;

(2) licensed practical nurse 1;

(3) office and administrative specialist senior;

(4) psychologist 2;

(5) social worker specialist;

(6) behavior analyst 3; and

(7) social worker senior.

Sec. 4. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3g. [ADDITIONAL CORRECTIONS DEPARTMENT PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at the designated Minnesota correctional facility specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates and the fact of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The employment positions and correctional facilities are:

(1) corrections discipline unit supervisor, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-St. Cloud;

(2) dental assistant registered, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-Red Wing;

(3) dental hygienist, at the Minnesota correctional facility-Shakopee;

(4) psychologist 2, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, the Minnesota correctional facility-Red Wing, the Minnesota correctional facility-St. Cloud, the Minnesota correctional facility-Shakopee, and the Minnesota correctional facility-Stillwater; and

(5) sentencing to service crew leader involved with the inmate community work crew program, at the Minnesota correctional facility-Faribault and the Minnesota correctional facility-Lino Lakes.

Sec. 5. [COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.]

Subdivision 1. [ELECTION OF PRIOR STATE SERVICE COVERAGE.] (a) An employee who has future retirement coverage transferred to the correctional employees retirement plan under section 1, 3, or 4, or an employee who has retirement coverage for past correctional service transferred to the correctional employees retirement plan under sections 1 to 4, is entitled to elect to obtain prior service credit for eligible state service performed after June 30, 1975, and before the first day of the first full pay period beginning after June 30, 2000, with the department of corrections or the department of human services at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center. All eligible prior service credit must be purchased.

(b) For purposes of section 1, 3, or 4, eligible state service with the department of corrections or the department of human services is any prior period of continuous service after June 30, 1975, performed as an employee of the department of corrections or the department of human services that would have been eligible for the correctional employees retirement plan coverage under section 1, 3, or 4 if that prior service had been performed after the first day of the first full pay period beginning after June 30, 2000, rather than before that date. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 180 calendar days. For purposes of section 2, paragraph (c), eligible state service is any period of service on or after the date which the employee started employment with the Phoenix treatment/behavior change program in a position specified in Minnesota Statutes, section 352.91, subdivision 3d, paragraph (c), in which at least 75 percent of the employee's working time is determined to have been spent in direct contact with program participants, and the date the employee joined the correctional employees plan.

(c) The commissioner of corrections or the commissioner of human services shall certify eligible state service to the executive director of the Minnesota state retirement system.

(d) A covered correctional plan employee employed on July 1, 2000, who has past service in a job classification covered under sections 1 to 4 on July 1, 2000, is entitled to purchase the past service if the applicable department certifies that the employee met the eligibility requirements for coverage. The employee shall pay the difference between the employee contributions actually paid during the period and what should have been paid under the correctional employees retirement plan. Payment for past service must be completed by June 30, 2002.

Subd. 2. [PAYMENT FOR PAST SERVICE.] (a) An employee electing to obtain prior service credit under subdivision 1 must pay an additional employee contribution for that prior service. The additional member contribution is the contribution differential percentage applied to the actual salary paid to the employee during the

period of the prior eligible state service, plus interest at the rate of six percent per annum, compounded annually. The contribution differential percentage is the difference between 4.9 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the prior eligible state service.

(b) The additional member contribution must be paid only in a lump sum. Payment must accompany the election to obtain prior service credit. No election of payment may be made by the person or accepted by the executive director after June 30, 2002.

Subd. 3. [TRANSFER OF ASSETS.] Assets must be transferred from the general state employees retirement plan to the correctional employees retirement plan, in an amount equal to the present value of benefits earned under the general employees retirement plan for each employee transferring to the correctional employees retirement plan, as determined by the actuary retained by the legislative commission on pensions and retirement in accordance with Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days after the employee elects to transfer coverage to the correctional employees retirement plan.

Subd. 4. [EFFECT OF THE ASSET TRANSFER.] Upon transfer of assets in subdivision 3, service credit in the general state employees plan of the Minnesota state retirement system is forfeited and may not be reinstated. The service credit and transferred assets must be credited to the correctional employees retirement plan.

Subd. 5. [PAYMENT OF ACTUARIAL CALCULATION COSTS.] (a) The expense of the legislative commission on pensions and retirement attributable to the calculations of its consulting actuary under subdivision 3 must be reimbursed by the department of corrections and the department of human services.

(b) The expense reimbursement under paragraph (a) must be allocated between the two departments in a manner that is jointly agreeable. If no allocation procedure is developed by the commissioner of corrections and the commissioner of human services, the cost must be allocated on an equally shared basis.

(c) Payment of the expense reimbursement to the legislative commission on pensions and retirement is due 30 days after the receipt of the reimbursement request from the executive director of the legislative commission on pensions and retirement.

Sec. 6. [REPEALER.]

Minnesota Statutes 1998, section 352.91, subdivision 4, is repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 2000.

## ARTICLE 7

### PERA AND PERA-P&F MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees shall not participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan:

(1) elected public officers, or persons appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership;

(2) election officers;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not those employees who are hired for an unlimited period but are serving a probationary period. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

Membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a stipulation prepared in advance, in writing, that the salary must not exceed \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration;

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

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

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

(9) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision;

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

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

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

(13) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

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

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

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

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

(18) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under section 5.

Sec. 2. Minnesota Statutes 1998, section 353.64, is amended by adding a subdivision to read:

Subd. 11. [PENSION COVERAGE FOR CERTAIN TRIBAL POLICE OFFICERS EXERCISING STATE ARREST POWERS.] (a) The governing body of a tribal police department which is exercising state arrest powers under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, be considered a police officer under section 353.64, subdivision 1, and become members of the public employees police and fire retirement plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) The executive director of the association must approve the request by a tribal police department under paragraph (a) if a ruling made by the federal Internal Revenue Service provides that:

(1) the tribal police department is an agency or instrumentality of the state of Minnesota for purposes of enforcing state law; and

(2) contributions made by the tribal police department to a retirement plan on behalf of employees of the tribal police department are contributions to a governmental plan within the meaning of section 414(d) of the federal Internal Revenue Code.

(c) Following the approval of the request by the executive director, the head of the police department or that person's designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and

353.64, subdivisions 1 and 2. The police department head or that person's designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department or that person's designee must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 3. [353.666] [PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.]

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a tribal police officer rendered before the effective date of membership of the tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.55, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan member contribution rates in effect when the service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount within 30 days of the member contribution payment.

Sec. 4. Laws 1965, chapter 705, section 1, subdivision 4, as amended by Laws 1995, First Special Session chapter 3, article 8, section 14, and Laws 1997, chapter 241, article 2, section 8, is amended to read:

Subd. 4. [INDEPENDENT SCHOOL DISTRICT NO. 625; APPLICABILITY OF CERTAIN LAWS.] (a) As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed.

(b) Where an existing pension law is applicable to employees of the special district, such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. Notwithstanding this requirement, pipefitters and associated trades personnel with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who either were first employed after May 1, 1997, or, if first employed before May 2, 1997, elected exclusion from coverage under section 12 and electrical workers, carpenters, and associated trades personnel with coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who either were first employed after May 1, 2000, or, if first employed before May 2, 2000, elected exclusion from coverage under section 5, are not covered by the public employees retirement association.

(c) General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district.

(d) The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable to special district employees, such provision may continue to be applicable in the same manner and to the same extent to employees of the converted district, unless the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each

jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 5. [PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.]

Subdivision 1. [EXCLUSION ELECTION.] (a) An electrical worker, plumber, carpenter, or an associated trades person who is employed by independent school district No. 625, St. Paul, or the city of St. Paul, on the effective date of this section and who has pension coverage by the electrical workers 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement may elect to be excluded from pension coverage by the public employees retirement association.

(b) The exclusion election under this section must be made in writing on a form prescribed by the executive director of the public employees retirement association and must be filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2001.

Subd. 2. [ELIGIBILITY FOR MEMBER CONTRIBUTION REFUND.] A person who has less than three years of allowable service in the public employees retirement association and who elects the pension coverage exclusion under subdivision 1 is entitled to immediately apply for a refund under Minnesota Statutes, section 353.34, subdivisions 1 and 2, following the effective date of the exclusion election.

Subd. 3. [DEFERRED ANNUITY ELIGIBILITY.] In lieu of the refund under subdivision 2, a person who elects the pension coverage exclusion under subdivision 1 is entitled to a deferred retirement annuity under Minnesota Statutes, sections 353.34, subdivision 3, and 353.71, subdivision 2, based on any length of allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the credit of the person as of the date of the coverage exclusion election.

Sec. 6. [PERA GENERAL AND PERA P&F; PRIOR SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] (a) Except as restricted under subdivision 4, an eligible person described in paragraph (b) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association general plan. Except as restricted under subdivision 4, an eligible person described in paragraph (c) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association police and fire plan.

(b) An eligible person is a person who:

(1) is a full-time salaried employee or permanent part-time salaried employee of the Spring Lake Park Fire Department, Incorporated;

(2) became a member of the public employees retirement association general plan due to that employment on June 1, 1999; and

(3) was employed by the Spring Lake Park Fire Department, Incorporated, during all or part of the period from January 1, 1996, to June 1, 1999.

(c) An eligible person is a person who meets requirements specified in paragraph (b), clauses (1) and (3), and who became a member of the public employees retirement association police and fire plan or the public employees retirement association general plan, whichever applies, due to applicable employment with the Spring Lake Park Fire Department, Incorporated, on June 1, 1999.

(d) The period or periods eligible for service credit purchase in the public employees retirement association general plan or public employees retirement association police and fire plan, as applicable, is the period or periods from January 1, 1996, to June 1, 1999, during which an eligible individual described in paragraph (b) or (c), as applicable, provided service to the Spring Lake Park Fire Department, Incorporated, which would have been eligible service for coverage by the applicable public employees retirement association plan if that service had been provided on or after June 1, 1999, rather than before.

Subd. 2. [PAYMENT REQUIREMENTS.] Minnesota Statutes, section 356.55, applies to service credit purchases authorized under this section.

Subd. 3. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1, paragraph (b) or (c), must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted in the applicable public employees retirement association plan on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 4. [RESTRICTIONS.] (a) An eligible person as specified in subdivision 1, paragraph (c), is not authorized to purchase service credit in the public employees retirement association police and fire plan under this section if the eligible person, or the eligible person and the Spring Lake Park Fire Department, Incorporated, made contributions on that person's behalf to the social security old age insurance program during all or part of the period from January 1, 1996, to June 1, 1999, and coverage under that program for the applicable period remains in effect.

(b) If paragraph (a) applies to the eligible person, that eligible person may purchase service credit under this section in the public employees retirement association general plan.

(c) If contributions are made by an eligible person specified in paragraph (a) or by that eligible person and the Spring Lake Park Fire Department, Incorporated, or a successor organization, to the social security old age insurance program after June 1, 1999, due to employment for which coverage in the public employees retirement association police and fire plan commenced on June 1, 1999, coverage by the public employees retirement association police and fire plan terminates and coverage by the public employees retirement association general plan commences, if the employment otherwise meets requirements in law for that coverage. If public employees retirement association police and fire plan contributions have been received on or after June 1, 1999, for any periods where contributions were also made to the social security old age insurance program as specified in this paragraph, the contributions to the public employees retirement association police and fire plan for the applicable period or periods on or after June 1, 1999, must be treated as contributions made in error under Minnesota Statutes, section 353.27, subdivision 7a.

Sec. 7. [EFFECTIVE DATE.]

(a) Sections 2 and 3 are effective on July 1, 2000.

(b) Section 6 is effective on the day following final enactment.

(c) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by independent school district No. 625, St. Paul, on the day following approval by majority vote of the board of independent school district No. 625, St. Paul, and compliance with Minnesota Statutes, section 645.021.

(d) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by the city of St. Paul on the day following approval by majority vote of the St. Paul city council and compliance with Minnesota Statutes, section 645.021.

#### ARTICLE 8

##### PENSION COVERAGE UPON EMPLOYMENT PRIVATIZATION

Section 1. Minnesota Statutes 1999 Supplement, section 353F.02, subdivision 5, is amended to read:

Subd. 5. [OTHER PUBLIC EMPLOYING UNIT.] "Other public employing unit" means:

(1) Metro II, a joint powers organization formed under section 471.59; and

(2) the St. Paul civic center authority.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first day of the month next following certification by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized St. Paul civic center authority employees under this article does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the St. Paul civic center authority.

#### ARTICLE 9

##### FORMER LOCAL POLICE AND FIRE CONSOLIDATION ACCOUNT MODIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

~~(3) the public employees police and fire fund on behalf of municipalities that received amortization aid in 1999 and are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.~~

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis of:

(1) 64.5 percent to the public employees police and fire fund or local consolidation account, whichever applies, on behalf of municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association.

In the event that If there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. If there is no unfunded actuarial accrued liability in the Virginia fire department relief association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, annually, beginning on July 1, 2005, if a the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of a that composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

~~(d) Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.~~

(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 2. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 4, is amended to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to ~~the executive director of the public employees retirement association on behalf of~~ a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

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

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF STATE AID PROGRAMS.] The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

Sec. 4. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; ONE-TIME SPECIAL OPTIONAL ANNUITY ELECTION FOR CERTAIN FORMER CONSOLIDATION ACCOUNT RETIREES.]

Subdivision 1. [ELIGIBILITY.] An individual who was a deferred annuitant, a service pension annuitant, or who was receiving disability benefits from the relief association on the effective date of the consolidation of the applicable local police or paid firefighter relief association, and who chose annual adjustments applicable to the public employees retirement association police and fire plan in elections provided under Minnesota Statutes, section 353.615, subdivisions 5 and 6 or 353A.08, subdivision 1 or 2, may elect an optional annuity form under subdivision 2 to provide additional payments to a surviving spouse.

Subd. 2. [OPTIONAL ANNUITIES.] The optional annuity form may be either a 15 percent or a 25 percent joint and survivor annuity and is without reinstatement in the event of the surviving spouse predeceasing the member. The optional annuity forms must be actuarially equivalent to the service pension currently paid to the retired consolidated member without consideration of the value of survivor benefits payable under Minnesota Statutes, section 353B.11, and must be based upon the age of the member and the age of the spouse of the member as of October 1, 2000.

Subd. 3. [ADDITIONAL SURVIVOR BENEFIT.] An optional annuity under subdivision 2 is payable in addition to any applicable survivor benefit payable under Minnesota Statutes, section 353.11. An optional annuity under subdivision 2 when combined with applicable survivor benefits under Minnesota Statutes, section 353.11, must not exceed the benefit payable to the deceased service or disability pensioner immediately prior to death.

Subd. 4. [ELECTION.] (a) To be valid, an optional annuity form under subdivision 2 must be elected in writing on a form prescribed by the executive director of the public employees retirement association and signed by the eligible service pensioner or disabilitant before October 1, 2000. Once selected, the optional annuity is irrevocable.

(b) The executive director of the public employees retirement association shall provide counseling to members regarding the election of an optional annuity form under this section, including the impact on current benefit levels payable if an option annuity form is elected.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

#### ARTICLE 10

##### PERA LOCAL CORRECTIONAL RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353E.02, is amended to read:

353E.02 [CORRECTIONAL SERVICE EMPLOYEES RETIREMENT PLAN MEMBERSHIP.]

Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are members of the local government correctional service retirement plan established by this chapter.

Subd. 2. [LOCAL GOVERNMENT CORRECTIONAL SERVICE EMPLOYEE.] (a) A local government correctional service employee, for purposes of subdivision 1, is a person ~~who~~ whom the employer certifies:

(1) is employed in a county-administered jail or correctional facility or in a regional correctional facility administered by multiple counties county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers;

(2) spends at least 95 percent of the employee's working time in direct contact with persons confined in the jail or facility, as certified in writing, in advance, by the employer to the executive director of the association is directly responsible for the direct security, custody, and control of the county correctional institution and its inmates;

(3) is expected to respond to incidents within the county correctional institution as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire fund.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

(c) A person who was a member of the local government correctional service retirement plan on the day before the effective date of this section remains a member of the plan after the effective date of this section for the duration of the person's employment in that county correctional institution position, even if the person's subsequent service in this position does not meet the requirements set forth in paragraph (a).

Subd. 3. [COUNTY CORRECTIONAL INSTITUTION.] A county correctional institution is:

(1) a jail administered by a county;

(2) a correctional facility administered by a county; or

(3) a regional correctional facility administered by or on behalf of multiple counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A local government correctional service employee shall make an employee contribution in an amount equal to ~~5.83~~ 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a local government correctional service employee an amount equal to ~~8.75~~ 9.02 percent of salary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, 2002.

## ARTICLE 11

### TEACHER RETIREMENT AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 122A.46, subdivision 1, is amended to read:

Subdivision 1. [TEACHERS DEFINED.] As used in this section, the term "teachers" shall have the meaning given it in section 122A.15, subdivision 1. The term "teachers" also includes any teacher in the classifications included in the professional state residential instructional unit, under section 179A.10, subdivision 2, clause (16).

Sec. 2. Minnesota Statutes 1998, section 122A.46, is amended by adding a subdivision to read:

Subd. 1a. [APPOINTING AUTHORITY.] For purposes of teachers included in the professional state residential instructional unit, the term "school board" includes the appointing authority as defined in section 43A.02, subdivision 5.

Sec. 3. Minnesota Statutes 1999 Supplement, section 354.536, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 4. [354A.051] [MTRFA COVERAGE FOR UNION BUSINESS AGENTS.]

Subdivision 1. [AUTHORIZATION.] A member of the Minneapolis teachers retirement fund association on a leave of absence from a teaching position with special school district No. 1, and who is employed by an employee organization representing Minneapolis teachers retirement fund association active members, may elect under subdivision 2 to be a member of the coordinated program of the association for service with that employee organization, subject to the limitations specified in subdivisions 3, 4, and 5.

Subd. 2. [ELECTION.] Except as indicated in subdivision 3, a person described in subdivision 1 must be covered by the Minneapolis teachers retirement fund association coordinated program for employment with the employer organization if the person files a written election to be covered with the executive director of the teachers retirement fund association within 90 days of first being employed by the employee organization, or within 90 days of the start of the first leave of absence due to service as an employee organization business agent, whichever is later.

Subd. 3. [WAIVER OF LEAVE COVERAGE.] Coverage under this section does not apply to any leave period or portion of a leave period for which a person has received service credit or is eligible to receive service credit for the leave period under any leave of absence provision in chapter 354A, any other applicable law, or bylaws or articles of incorporation of the association. The person may waive eligibility to receive service credit under a leave of absence provision and be covered by this section for the applicable period by filing a waiver with the executive director within 90 days of the start of the leave.

Subd. 4. [COVERED SALARY LIMITATION.] (a) The covered salary for an employee of the employee organization covered by the coordinated program of the Minneapolis teachers retirement fund association under this section is limited to the lesser of:

(1) the person's actual salary from the employee organization as defined in section 354A.011, subdivision 24; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this paragraph must be used in determining member, employer, and employer additional contributions under section 354A.12, and in determining annuities and other benefits under sections 354A.30 to 354A.41 and chapter 356.

Subd. 5. [ANNUITY RECEIPT REQUIREMENTS.] A retirement annuity is only payable from the coordinated program of the Minneapolis teachers retirement fund association to a person described in subdivision 1 if the person has met all applicable requirements, including the termination by the person from employment by the employee organization and by the school district. The reemployed annuitant earnings limitation in section 354A.31, subdivision 3, applies if the person retires and is subsequently reemployed while an annuitant by the employee organization or by any other entity employing persons who are members of the applicable teachers retirement fund association by virtue of that employment.

Subd. 6. [CONTRIBUTION REQUIREMENTS.] The member, employer, and employer additional contributions required by section 354A.12 are the obligation of the person who elects coverage by the coordinated program of the Minneapolis teachers retirement fund association, but the employee organization may pay the employer and employer additional contributions. Contributions made by the person must be made by salary deduction. Contributions made by the employee organization must be made as provided in section 354A.12.

Subd. 7. [BOARD INELIGIBILITY.] A person employed by an employee organization who retains active membership in the teachers retirement fund association under this section is not eligible for election to the board of trustees of the teachers retirement fund association.

Sec. 5. Minnesota Statutes 1999 Supplement, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding the election date requirements in section 354A.051, subdivision 2, a person who is currently employed as a business agent by an employee organization representing Minneapolis teachers retirement fund association active members and who has been on a mobility leave or leaves from special school district No. 1 since March 23, 1998, may make a written election to be covered under section

354A.051. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and must be filed with the executive director within 90 days following the effective date of this section.

Subd. 2. [PAYMENT REQUIREMENTS.] If a valid election is made under subdivision 1, an eligible individual under subdivision 1 is required to pay, in a lump sum within 90 days of the effective date of this section, any additional employee, employer, and employer additional contributions based on the eligible individual's salary and employment with the employee organization, as required by the election, compared to amounts previously paid or payable. These amounts are in addition to any amounts previously payable. The additional contribution requirements are to be computed from March 23, 1998, to the date payroll deductions are first made on the high contribution requirements. The lump sum payment under this subdivision must include 8.5 percent annual interest. The amounts required under this subdivision are the obligation of the eligible individual, but the employee organization may pay the additional employer and employer additional amounts with applicable interest.

Subd. 3. [SALARY CREDIT GRANT.] The additional salary credit is to be granted to the account of the eligible individual upon payment of amounts required under this section.

Sec. 7. [SPECIAL PART-TIME TEACHER PROGRAM AUTHORITY; CERTAIN TEACHERS.]

(a) Notwithstanding the requirement in Minnesota Statutes, section 354.66, subdivision 2, that part-time teacher program agreements must be executed before October 1 of the school year for which the teacher requests to make retirement contributions described in the part-time teacher program, an eligible teacher under paragraph (b) is authorized to participate in the part-time teacher program under Minnesota Statutes, section 354.66, during the 1999-2000 school year.

(b) An eligible teacher is a teacher:

(1) employed by school district No. 11 (Anoka-Hennepin);

(2) whose part-time teaching agreement under Minnesota Statutes, section 354.66, was executed after October 1, 1999, but before the end of the 1999-2000 school year; and

(3) was born on October 16, 1947, or October 19, 1957.

(c) If full-time equivalent employee contributions were not made for the full period covered by the part-time teaching agreement indicated under paragraph (b), any omission or deficiency in employee contributions must be paid by the employee on or before the due date of any payment required under Minnesota Statutes, section 354.66, subdivision 4.

(d) Notwithstanding Minnesota Statutes, section 354.66, subdivision 2, one-quarter of the fine required under that subdivision is waived if the part-time teaching agreement is filed with the teachers retirement association by May 30, 2000. If a part-time teaching agreement referred to under paragraph (b) is not filed with the teachers retirement association before July 1, 2000, the authority provided by this section is voided.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final enactment.

## ARTICLE 12

### MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.43, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "teacher" means a person on the instructional or administrative staff of the state colleges and universities who is a member of the teachers retirement association under chapter 354, who is a member of a teachers retirement fund association under chapter 354A, or who is covered by the unclassified employees plan under chapter 352D or individual retirement account plan under chapter 354B. It shall not include a chancellor, deputy chancellor, or vice-chancellor.

Sec. 2. Minnesota Statutes 1998, section 136F.43, subdivision 2, is amended to read:

Subd. 2. [GRANTING AUTHORITY.] The board may grant an extended leave of absence without salary to a full-time teacher who has been employed by the board for at least five years and has at least ten years of allowable service ~~as defined in section 354.05, subdivision 13~~ one or a combination of the retirement plans specified in subdivision 1. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence under this section shall be taken by mutual consent of the board and the teacher. No teacher may receive more than one leave of absence under this section.

Sec. 3. Minnesota Statutes 1998, section 136F.43, subdivision 6, is amended to read:

Subd. 6. [ALTERNATE LEAVE.] The board may grant a teacher a leave of absence which is not subject to the provisions of this section and either section 354.094 or section 354A.091.

Sec. 4. Minnesota Statutes 1998, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. [SUBSEQUENT VENDOR CONTRACTS.] (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the state board of investment under section 11A.17.

(c) For the tax-sheltered annuity program vendor contracts ~~to be executed for the period beginning after July 1, 2000~~, the board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal securities and exchange commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no-load" mutual funds or equivalent investment products will be made available for direct-access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.

Sec. 5. [354.539] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 6. Minnesota Statutes 1998, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit an elementary, secondary, or technical college teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 122A.46, or a teacher who is granted an extended leave of absence under section 136F.43, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 7. Minnesota Statutes 1998, section 354A.091, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP RETENTION.] A teacher on extended leave ~~pursuant to~~ under either section 122A.46 or 136F.43 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to subdivision 1 shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 8. Minnesota Statutes 1998, section 354A.091, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF NONPAYMENT.] A teacher on extended leave ~~pursuant to~~ under either section 122A.46 or 136F.43 who does not make employee contributions or whose employer contribution is not made to the applicable teachers retirement fund association in any year shall be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of contributions into the fund shall not affect the rights or obligations of the teacher or the employing school district under section 122A.46 or the Minnesota state colleges and universities system under section 136F.43.

Sec. 9. Minnesota Statutes 1998, section 354A.091, subdivision 5, is amended to read:

Subd. 5. [APPLICABILITY.] The provisions of this section shall not apply to a teacher who is discharged pursuant to section 122A.41 while the teacher is on an extended leave of absence pursuant to section 122A.46. The provisions of this section also do not apply to a teacher who is discharged for cause while the teacher is on an extended leave of absence under section 136F.43.

Sec. 10. Minnesota Statutes 1998, section 354A.091, subdivision 6, is amended to read:

Subd. 6. A teacher who makes employee contributions to and receives allowable service credit in the applicable teacher's retirement fund association pursuant to this section may not make employee contributions or receive allowable service credit for the same period of time in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to section 354.094 or this section while on an extended leave of absence ~~pursuant to~~ under either section 122A.46 or section 136F.43.

Sec. 11. [354A.106] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 12. Minnesota Statutes 1998, section 354B.23, subdivision 5a, is amended to read:

Subd. 5a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, the excess employee contributions must be returned to the employee and to the excess employer in the same proportions as the contributions were made~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution required under section 354B.24 due to a sabbatical leave is made after completion of the leave or an employer contribution is made due to omitted deductions under subdivision 5, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 13. Minnesota Statutes 1998, section 354C.12, subdivision 1a, is amended to read:

Subd. 1a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, one-half of the excess contributions must be returned to, the excess employee contributions must be returned to the employee and one-half to the excess employer~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution is made due to omitted deductions under subdivision 2, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 14. Minnesota Statutes 1998, section 354C.165, is amended to read:

354C.165 [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) Except as provided in paragraph (c), no participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.6111.

(c) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the supplemental retirement plan may request, in writing, a transfer of all or a portion of the funds accumulated in the person's supplemental plan account to the teachers retirement association to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538 or to the teachers retirement fund association to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104. Upon receipt of a valid request, the board shall execute the transfer. The transfer must be a fund-to-fund transfer, and in no event shall the participant directly receive any of the funds while still employed by the board. In no event may the board transfer more than the participant's account balance. The board, in cooperation with the executive director of the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.

Sec. 15. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

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

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
  - (i) to the state of Minnesota deferred compensation plan under section 352.96; or
  - (ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or
- (6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,000~~ \$2,700 a year for each employee.

Sec. 16. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or section 356.30, subdivision 3, or a plan established under chapter 353D, 354B, 354C, or 354D.

Sec. 17. Minnesota Statutes 1998, section 356A.02, is amended to read:

356A.02 [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] For purposes of this chapter, the following persons are fiduciaries:

- (1) any member of the governing board of a covered pension plan;
- (2) the chief administrative officer of a covered pension plan or of the state board of investment;
- (3) any member of the state board of investment; ~~and~~
- (4) any member of the investment advisory council; and
- (5) any member of the advisory committee established under section 354B.25.

Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 356A.04 include, but are not limited to:

- (1) the investment and reinvestment of plan assets;
- (2) the determination of benefits;
- (3) the determination of eligibility for membership or benefits;
- (4) the determination of the amount or duration of benefits;
- (5) the determination of funding requirements or the amounts of contributions;
- (6) the maintenance of membership or financial records; ~~and~~
- (7) the expenditure of plan assets; and
- (8) the selection of financial institutions and investment products.

Sec. 18. Minnesota Statutes 1998, section 356A.06, is amended by adding a subdivision to read:

Subd. 10. [DEFINED CONTRIBUTION PLANS; APPLICATION.] (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

Sec. 19. [VENDOR CONTRACT EXTENSION OPTION.]

Notwithstanding Minnesota Statutes, section 136F.45, subdivision 1a, paragraph (c), the board of trustees of the Minnesota state colleges and universities may, with the agreement of the parties involved, extend the vendor contracts in effect immediately before July 1, 2000, with any revisions that are mutually agreeable to the parties, for up to an additional two years duration.

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, 2002.

#### ARTICLE 13

#### EMPLOYER MATCHING CONTRIBUTION TAX SHELTERED ANNUITY CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

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

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
- (i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the ~~premium on a tax-sheltered annuity contract~~ qualified contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if ~~purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the~~ employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

Sec. 2. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees or a collective bargaining agreement or a school board may establish limits on the number of vendors ~~under subdivision 1~~ that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 3. Minnesota Statutes 1998, section 356.24, is amended by adding a subdivision to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns. The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies. In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Sec. 4. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1a, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

#### ARTICLE 14

##### RETIREMENT GENERALLY

Section 1. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.61, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactively to July 1, 1999.

#### ARTICLE 15

##### VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.]

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

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

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

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association ~~did not exist in~~ is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the office of the state auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

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

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [69.041] [SHORTFALL FROM GENERAL FUND.]

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under section 69.77, sections 69.771 to 69.775, or section 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 60A.15, subdivision 1, paragraph (e), clauses (1) to (3), the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

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

Sec. 3. Minnesota Statutes 1998, section 69.773, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] ~~(a)~~ (a) This section ~~shall apply~~ applies to any firefighters' relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Sec. 4. Minnesota Statutes 1998, section 424A.001, subdivision 9, is amended to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to permanently cease to perform fire suppression duties with a particular volunteer fire department, to permanently cease to perform fire prevention duties, to permanently cease to supervise fire suppression duties, and to permanently cease to supervise fire prevention duties.

Sec. 5. Minnesota Statutes 1998, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

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

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$.....	\$ .25
42	.50
84	1.00
126	1.50
168	2.00
209	2.50
252	3.00
294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00

839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00
1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
3963	38.00
4047	39.00
4137	40.00
any amount more than 4137	40.00

Effective beginning December 31, 2000:

<u>4227</u>	<u>41.00</u>
<u>4317</u>	<u>42.00</u>
<u>4407</u>	<u>43.00</u>
<u>4497</u>	<u>44.00</u>

Effective beginning December 31, 2001:

<u>4587</u>	<u>45.00</u>
<u>4677</u>	<u>46.00</u>
<u>4767</u>	<u>47.00</u>
<u>4857</u>	<u>48.00</u>

Effective beginning December 31, 2002:

<u>4947</u>	<u>49.00</u>
<u>5037</u>	<u>50.00</u>
<u>5127</u>	<u>51.00</u>
<u>5217</u>	<u>52.00</u>

Effective beginning December 31, 2003:

<u>5307</u>	<u>53.00</u>
<u>5397</u>	<u>54.00</u>
<u>5487</u>	<u>55.00</u>
<u>5577</u>	<u>56.00</u>

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$.....	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700

972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500

any amount more than 2967 5500

Effective beginning December 31, 2000:

<u>3021</u>	<u>5600</u>
<u>3075</u>	<u>5700</u>
<u>3129</u>	<u>5800</u>
<u>3183</u>	<u>5900</u>
<u>3237</u>	<u>6000</u>

Effective beginning December 31, 2001:

<u>3291</u>	<u>6100</u>
<u>3345</u>	<u>6200</u>
<u>3399</u>	<u>6300</u>
<u>3453</u>	<u>6400</u>
<u>3507</u>	<u>6500</u>

Effective beginning December 31, 2002:

<u>3561</u>	<u>6600</u>
<u>3615</u>	<u>6700</u>
<u>3669</u>	<u>6800</u>
<u>3723</u>	<u>6900</u>
<u>3777</u>	<u>7000</u>

Effective beginning December 31, 2003:

<u>3831</u>	<u>7100</u>
<u>3885</u>	<u>7200</u>
<u>3939</u>	<u>7300</u>
<u>3993</u>	<u>7400</u>
<u>4047</u>	<u>7500</u>

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

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

~~(g) No relief association is authorized to provide a service pension in an amount greater than \$40 per month per year of service credit or in an amount greater than \$5,500 lump sum per year of service credit even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$4,137, or, for a relief association providing a lump sum service pension, is greater than \$2,967. No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

Sec. 6. Minnesota Statutes 1998, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

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

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

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

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

(c) A relief association that provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid at the rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association, but not to exceed the interest rate specified in section 356.215, subdivision 4d, and must be in a separate account established and maintained by the relief association or in a separate investment vehicle held by the relief association or, if not, at the interest rate of five percent, compounded annually based on calendar year balances.

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

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

Sec. 7. Minnesota Statutes 1998, section 424A.02, subdivision 9, is amended to read:

Subd. 9. [LIMITATION ON ANCILLARY BENEFITS.] Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(~~1~~) (1) With respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (~~1~~) (i) terminates active service with the fire department and active membership in the relief association; and (~~2~~) (ii) commences receipt of a service pension as authorized pursuant to under this section; and

(~~2~~) (2) With respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension shall must be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the member or former member. The years of service shall must be determined as of (~~1~~) (i) the date the member or former member became entitled to the ancillary benefit; or (~~2~~) (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit shall must be calculated (~~1~~) (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and (~~2~~) (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Sec. 8. Minnesota Statutes 1998, section 424A.02, is amended by adding a subdivision to read:

Subd. 9b. [REPAYMENT OF SERVICE PENSION IN CERTAIN INSTANCES.] If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Sec. 9. Minnesota Statutes 1998, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] (a) If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which. The member has must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent association secretary.

Sec. 10. Minnesota Statutes 1998, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) Every relief association directly associated with a municipal fire department shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees shall be the mayor, the clerk, clerk-treasurer or finance director, and the chief of the municipal fire department.

(b) Every relief association that is a subsidiary of an independent nonprofit firefighting corporation shall be managed by a board of trustees consisting of ten members. Six trustees shall be elected from the membership of the relief association, three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees who are the elected officials shall be selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the ex officio trustees shall be three elected officials of the contracting municipality who are designated by the governing body of the municipality;

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

(3) if three or more municipalities contract with the independent nonprofit corporation, the ex officio trustees shall be one elected official of each of the three largest municipalities in population who are designated by the governing bodies of the applicable municipalities.

(c) If a relief association lacks the ex officio board members provided for in paragraph (a) or (b) because the fire department is not located in or associated with an organized municipality, the ex officio board members must be appointed from the fire department service area by the board of commissioners of the applicable county. The term of these appointed ex officio board members is three years or until the person's successor is qualified, whichever is later.

(d) An ex officio trustee under paragraph (a), (b), or (c) shall have all the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees.

(e) A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association, but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

Sec. 11. Minnesota Statutes 1998, section 424A.05, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZED DISBURSEMENTS FROM THE SPECIAL FUND.] (a) Disbursements from the special fund shall are not permitted to be made for any purpose other than one of the following:

(1) For the payment of service pensions to retired members of the relief association if authorized and paid pursuant to law and the bylaws governing the relief association;

(2) For the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) For the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) For the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) For the payment of the fees, dues and assessments to the Minnesota state fire department association ~~and~~ to the Minnesota area relief association coalition, and to the state volunteer firefighters' benefit association in order to entitle relief association members to membership in and the benefits of these ~~state~~ associations or organizations; and

(6) For the payment of administrative expenses of the relief association as authorized pursuant to section 69.80.

(b) For purposes of this chapter, a designated beneficiary must be a natural person.

Sec. 12. [VOLUNTEER FIREFIGHTERS LUMP SUM SERVICE BENEFITS.]

Subdivision 1. [APPLICATION.] This section applies to a surviving spouse of a person who:

(1) was born on August 18, 1941;

(2) was employed as a building inspector by the city of St. Paul;

(3) died during the course of his employment duties as a building inspector on December 24, 1997;

(4) began service as a volunteer firefighter for the Woodbury fire department in 1980 and continued that service up to the time of his death; and

(5) would have been eligible to retire as a volunteer firefighter and receive a lump sum service pension calculated at the rate of \$4,000 for each year of service on January 1, 1998.

Subd. 2. [ELIGIBILITY FOR BENEFIT.] Notwithstanding any law to the contrary, the eligible person described in subdivision 1 is entitled to receive a survivor benefit from the Woodbury fire department relief association benefit plan calculated at the rate that would have been in effect had the person described in subdivision 1 lived until January 1, 1998.

Subd. 3. [RESTRICTIONS.] This section does not authorize payment of more than a single survivor benefit to the eligible individual specified in subdivision 1. If a survivor benefit has been paid to the eligible individual by the Woodbury fire department relief association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Woodbury fire department relief association benefit plan in effect on January 1, 1998, assuming the volunteer firefighter survived and provided service to that date.

Sec. 13. [EFFECTIVE DATE.]

(a) Sections 1 to 5 and 7 to 11 are effective on the day following final enactment.

(b) Section 6 is effective on the day following final enactment and, with the appropriate bylaw amendment and municipal approval, applies to deferred service pensions where deferral began before the effective date of the municipal approval.

(c) For a deferred service pension under section 6 that is invested in a separate account or separate investment vehicle, interest is payable up to the date of the transfer consistent with the law and bylaw provisions in effect when the firefighter terminated active firefighting service and actual investment performance thereafter.

(d) Section 12 is effective on the day after the date on which the Woodbury city council and the chief clerical officer of the city of Woodbury complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 16

### DISSOLUTIONS AND CONSOLIDATIONS OF VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. [424B.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] Unless the context of the provision indicates that a different meaning is intended, each of the terms in the following subdivisions have the meaning indicated.

Subd. 2. [APPLICABLE MUNICIPALITY.] "Applicable municipality" means the municipality or municipalities in which a consolidating relief association is located and to which a consolidating relief association is associated by virtue of the presence of at least one municipal official on the relief association board of trustees under section 424A.04.

Subd. 3. [CONSOLIDATING RELIEF ASSOCIATION.] "Consolidating relief association" means a volunteer firefighter relief association organized under chapter 317A and governed by chapter 424A that has initiated or has completed the process of consolidating with one or more other relief associations under this chapter.

Subd. 4. [PRIOR RELIEF ASSOCIATIONS.] "Prior relief associations" means the two or more volunteer firefighter relief associations that have initiated the consolidation process under this chapter by action of the board of trustees of the relief association.

Subd. 5. [RELIEF ASSOCIATION MEMBERSHIP.] "Relief association membership" means all active members of the volunteer firefighter relief association, all deferred retirees and other vested inactive members of the volunteer firefighter relief association, and any persons regularly receiving a service pension or other retirement benefit from the volunteer firefighters relief association.

Subd. 6. [SUBSEQUENT RELIEF ASSOCIATION.] "Subsequent relief association" means the volunteer firefighters relief association that is designated to be the successor relief association in the consolidation initiative resolutions of the board of trustees of the prior relief associations or the volunteer firefighters relief association organized under chapters 317A and 424A for the purpose of operating as the successor relief association after consolidation under this chapter.

Sec. 2. [424B.02] [CONSOLIDATION AUTHORIZED.]

Subdivision 1. [INITIATION.] (a) With the approval of the governing body of each applicable municipality, two or more relief associations associated with fire departments serving contiguous fire districts may initiate the consolidation of the relief associations into a subsequent relief association.

(b) Initiation of a consolidation action must occur through the proposal of a consolidation resolution to the board of trustees of each volunteer firefighter relief association notification of the relief association membership of the potential consolidation and after conducting a public meeting on the consolidation question.

Subd. 2. [INITIATIVE PROCESSING; FILING.] (a) After a consolidation initiative resolution has been filed with the relief association board of trustees by one or more members of the board, the relief association secretary shall provide written notification of the initiative to the relief association membership. After notification of the relief association membership, the board of trustees must hold a public hearing on the initiative. After the hearing, the board of trustees shall act on the consolidation resolution.

(b) If the consolidation resolution is adopted by majority vote of the board of trustees, the secretary shall file a copy of the resolution with the other relief association or associations also considering consolidation.

(c) If two or more volunteer firefighter relief associations adopt a consolidation resolution, those relief associations are consolidated effective the next following January 1.

(d) Within 30 days of the adoption of the consolidation resolution by all prior relief associations, the secretaries of the applicable prior relief associations shall jointly notify in writing the state auditor, the commissioner of revenue, and the secretary of state of the consolidation.

Sec. 3. [424B.03] [SUBSEQUENT RELIEF ASSOCIATION.]

Subdivision 1. [NEW RELIEF ASSOCIATION.] If the subsequent relief association is a new volunteer firefighter relief association, the consolidated volunteer firefighters relief association must be incorporated under chapter 317A. The incorporators of the consolidated relief association must include at least one board member of each of the former volunteer firefighters relief associations.

Subd. 2. [SUCCESSOR RELIEF ASSOCIATION.] If the subsequent relief association is one of the prior relief associations, the articles of incorporation and bylaws must be appropriately revised, effective on the consolidation effective date, and a revised board of trustees must be elected before the consolidation effective date.

Sec. 4. [424B.04] [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 69, 356A, and 424A.

Sec. 5. [424B.05] [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in section 424A.05. The general fund must be established and maintained as provided in section 424A.06.

Sec. 6. [424B.06] [TRANSFERS.]

Subdivision 1. [GENERALLY.] On the effective date of consolidation, the records, assets, and liabilities of the prior volunteer firefighter relief associations are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the prior volunteer firefighters relief associations cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the subsequent volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the prior volunteer firefighters relief associations shall transfer all records and documents relating to the prior relief associations to the secretary and treasurer of the subsequent volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of a prior volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the subsequent relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the subsequent volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the subsequent volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The subsequent volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior volunteer firefighters relief associations or the applicable municipalities with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim

against a prior relief association, the municipality in which that relief association is located, or any person connected with the prior relief association or the municipality, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or chapter 356A.

Sec. 7. [424B.07] [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Before the effective date of consolidation, the secretaries of the volunteer firefighters relief associations shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the subsequent volunteer firefighter relief association.

Sec. 8. [424B.08] [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the subsequent volunteer firefighters relief association, the prior volunteer firefighter relief associations cease to exist as legal entities for any purpose. The subsequent relief association secretary shall notify the following governmental officials of the termination of the respective volunteer firefighter relief associations and of the establishment of the subsequent volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 9. [424B.09] [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section 69.80 and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

Sec. 10. [424B.10] [BENEFITS; FUNDING.]

Subdivision 1. [BENEFITS.] (a) Notwithstanding section 424A.02, subdivision 3, to the contrary, the service pension of the subsequent relief association as of the effective date of consolidation is the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02.

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

Subd. 2. [FUNDING.] (a) Unless the applicable municipalities agree in writing to allocate the minimum municipal obligation in a different manner, the minimum municipal obligation under section 69.772 or 69.773, whichever applies, must be allocated between the applicable municipalities in proportion to their fire state aid.

(b) If any applicable municipality fails to meet its portion of the minimum municipal obligation to the subsequent relief association, all other applicable municipalities are jointly obligated to provide the required funding upon certification by the relief association secretary. An applicable municipality that pays the minimum municipal obligation for another applicable municipality, the municipality may collect the payment amount, plus a 25 percent surcharge, from the responsible applicable municipality by any available means, including deduction from any state aid or payment amount payable to the responsible municipality upon certification of the necessary information to the commissioner of finance.

Sec. 11. [424B.20] [DISSOLUTION WITHOUT CONSOLIDATION.]

Subdivision 1. [APPLICABLE DISSOLUTIONS.] This section applies if the fire department associated with a volunteer firefighter relief association is dissolved or eliminated by action of the governing body of the municipality in which the fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is sought, or if a volunteer firefighter relief association is dissolved or eliminated with municipal approval, but the fire department associated with the volunteer firefighter relief association is not dissolved or eliminated, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is applicable.

Subd. 2. [PROCEDURES.] As part of the dissolution process, all legal obligations of the relief association other than service pensions and benefits must be settled under subdivision 3, a benefit trust must be established under subdivision 4, and the affairs of the relief association must be concluded under subdivision 5.

Subd. 3. [SETTLEMENT OF NONBENEFIT LEGAL OBLIGATIONS.] (a) Prior to the effective date of the dissolution of the volunteer firefighter relief association established by the relief association board of trustees, the board shall determine the following:

(1) the fair market value of the assets of the special fund;

(2) the total amount of the accounts payable and other legal obligations of the special fund, excluding the accrued liability of the special fund for service pensions and other benefits; and

(3) the accrued liability of the special fund for service pensions and other benefits payable or accrued under the applicable bylaws of the relief association and chapter 424A.

(b) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall liquidate sufficient special fund assets to pay the legal obligations of the special fund and must settle those legal obligations.

(c) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall settle the legal obligations of the general fund of the relief association.

Subd. 4. [BENEFIT TRUST FUNDE ESTABLISHMENT.] (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighter relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) The municipality in which is located a volunteer firefighter relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighter relief association and their beneficiaries to whom the volunteer firefighter relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with section 69.775 and chapter 356A. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality. If the special fund of the volunteer firefighter relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability.

Subd. 5. [RELIEF ASSOCIATION AFFAIRS WIND-UP.] Upon dissolution, the board of trustees of the volunteer firefighter relief association shall transfer the records of the relief association to the chief administrative officer of the applicable municipality. The board shall also notify the commissioner of revenue, the state auditor, and the secretary of state of the dissolution within 30 days of the effective date of the dissolution.

Sec. 12. [424B.21] [ANNUITY PURCHASES UPON DISSOLUTION.]

The board of trustees of a volunteer firefighter relief association that is scheduled for dissolution may purchase annuity contracts under section 424A.02, subdivision 8a, instead of transferring special fund assets to a municipal trust fund under section 424B.20, subdivision 4. Payment of an annuity for which a contract is purchased may not commence before the retirement age specified in the relief association bylaws and in compliance with section 424A.02, subdivision 1. Legal title to the annuity contract transfers to the municipal trust fund under section 424B.20, subdivision 4.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 11, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 2000.

## ARTICLE 17

### MINNEAPOLIS POLICE AND FIREFIGHTERS RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1998, section 423B.01, is amended to read:

423B.01 [MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 4 5. [ANNUAL POSTRETIREMENT PAYMENT.] "Annual postretirement payment" means the payment of a lump sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

Subd. 5 6. [ASSOCIATION.] "Association" means the Minneapolis police relief association.

Subd. 7. [CITY.] "City" means the city of Minneapolis.

Subd. 8. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 6 9. [DISABILITY.] "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 7 10. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 8 11. [ELIGIBLE MEMBER.] "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 9 12. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 10 13. [FUND.] "Fund" means the special fund of the relief association.

Subd. 14. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 2 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 11 16. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 12 17. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. ~~13~~ 18. [TIME WEIGHTED TOTAL RATE OF RETURN.] "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. ~~14~~ 20. [UNIT.] "Unit" means one-eightieth of the current monthly salary of a first grade patrol officer.

Subd. ~~15~~ 21. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 2. [423B.151] [EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [DETERMINATION OF NET TOTAL EXCESS AMOUNT.] The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and this act, except to offset the amount distributed.

Subd. 2. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the member's estate.

Subd. 5. [PAYMENT METHOD.] The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.] No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 3. [423B.19] [CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 4. [423B.20] [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 5. [423B.21] [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 6. [MINNEAPOLIS FIRE RELIEF ASSOCIATION; SURVIVOR BENEFIT PAYMENT.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT ELIGIBILITY.] (a) Notwithstanding Laws 1997, chapter 233, article 4, section 12, or other law to the contrary, an eligible individual specified in paragraph (b) is authorized to receive the benefit specified in subdivision 2.

(b) An eligible individual is an individual born on May 27, 1927, who married a Minneapolis fire relief association retiree on January 16, 1993, and who is a surviving spouse due to the death of that retired firefighter on October 2, 1997.

Subd. 2. [BENEFIT.] (a) An eligible individual under subdivision 1, paragraph (b), is entitled to a surviving spouse benefit computed under paragraph (f), as added by Laws 1997, chapter 233, article 4, section 12.

(b) Benefits payable as a result of the benefit authorized in paragraph (a) commence on the first of the month following the effective date of this section.

Sec. 7. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] Unless the context clearly indicates otherwise, the following terms have the meaning given in this section.

Subd. 2. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 3. [ASSOCIATION.] "Association" means the Minneapolis firefighters relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] "Eligible member" is a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 6. [FUND.] "Fund" means the association's special fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 3 to an eligible member on June 1 following the determination date in the given year.

Subd. 8. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 9. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with Minnesota Statutes, sections 69.77, 356.215, and 356.216, with adjustments required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, equals or exceeds 110 percent.

Sec. 8. [DETERMINATION OF NET TOTAL EXCESS ASSET AMOUNT.]

The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under section 9 must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216, and this act, except to offset the amount distributed.

Sec. 9. [AMOUNT OF NET EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under section 8 is available for net excess asset amount payments under subdivision 2.

Subd. 2. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 3, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 1 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 3. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full net excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated net excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay that eligible member's net excess asset amount payment to the eligible member's estate.

Subd. 4. [PAYMENT METHOD.] The net excess asset amount payments determined under subdivisions 2 and 3 commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Sec. 10. [CITY NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding Minnesota Statutes, sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 11. [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of Minnesota Statutes, section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 7, subdivision 9, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 12. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.]

No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 13. [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding Minnesota Statutes, section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

ARTICLE 18

JUDGES RETIREMENT PLAN  
MODIFICATIONS

Section 1. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (16), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

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

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general;

(3) an employee of the state board of investment;

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

(5) a member of the legislature;

(6) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

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

(8) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair, provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

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

(11) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

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

(13) an employee of the Minnesota educational computing corporation;

(14) an employee of the world trade center board; ~~and~~

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3; and

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

Sec. 2. Minnesota Statutes 1998, section 352D.04, subdivision 2, is amended to read:

Subd. 2. [CONTRIBUTION RATES.] (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to the employee contribution specified in section 352.04, subdivision 2.

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

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

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

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

Sec. 3. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

- (3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:
- (a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.
  - (b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.
  - (c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.
  - (d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.
  - (e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.
  - (f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.
  - (g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund, the judges' retirement fund, and the state patrol retirement fund, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percent specified in section 356.19, subdivision 8, per year of service for any year of service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).
  - (h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.
  - (i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.
  - (j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 4. Minnesota Statutes 1998, section 490.121, subdivision 4, is amended to read:

Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means a whole year, or any fraction thereof, subject to the service credit limit in subdivision 22, served as a judge at any time, or served as a referee in probate for all referees in probate who were in office prior to January 1, 1974.

Sec. 5. Minnesota Statutes 1998, section 490.121, is amended by adding a subdivision to read:

Subd. 22. [SERVICE CREDIT LIMIT.] "Service credit limit" means the greater of: (1) 24 years of allowable service under chapter 490; or (2) for judges with allowable service rendered prior to July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage listed in section 356.19, subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

Sec. 6. Minnesota Statutes 1998, section 490.123, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTION RATES.] (a) A judge who is covered by the federal old age, survivors, disability, and health insurance program whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.00 percent of salary.

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

(c) The contribution under this subdivision is payable by salary deduction.

Sec. 7. Minnesota Statutes 1998, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. [EMPLOYER CONTRIBUTION RATE.] The employer contribution rate to the fund on behalf of a judge is 20.5 percent of salary and continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

The employer contribution must be paid by the state court administrator and is payable at the same time as member contributions under subdivision 1a or employee contributions to the unclassified plan in chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

Sec. 8. Minnesota Statutes 1998, section 490.124, subdivision 1, is amended to read:

Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or one year from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) the percent specified in section 356.19, subdivision 7, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered prior to July 1, 1980; plus (2) the percent specified in section 356.19, subdivision 8, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980; provided that the annuity must not exceed 70 percent of the judge's annual salary for the 12 months immediately preceding retirement. Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but compensation earned during this service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 9. [PRIOR SERVICE.]

This section applies to a person who is a judge on July 1, 2000, and whose service under Minnesota Statutes, chapter 490, on that date exceeds the service credit limit in Minnesota Statutes, section 490.121, subdivision 22. A judge to whom this section applies may elect to have money transferred from the judges' plan to the judge's account in the unclassified employees plan in Minnesota Statutes, chapter 352D. The amount to be transferred is eight percent of the salary the judge earned after reaching the service credit limit defined in Minnesota Statutes, section 490.121, subdivision 22. A judge electing this transfer forfeits all service credit under Minnesota Statutes, chapter 490, that exceeds the limit in Minnesota Statutes, section 490.121, subdivision 22. An election under this section must be made before retirement as a judge, and within 120 days of the effective date of this section. The election must be made on a form and in a manner specified by the executive director of the Minnesota state retirement system.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2000.

#### ARTICLE 19

#### VARIOUS INDIVIDUAL AND SMALL GROUP PENSION PROVISIONS

Section 1. [MSRS-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.]

(a) Notwithstanding any provision of Minnesota Statutes, section 352.113, subdivision 4, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 352.113.

(b) An eligible person is a person who:

(1) was born on October 3, 1952;

(2) was employed by the department of economic security from August 1978 to December 1994;

(3) is disabled within the meaning of Minnesota Statutes, section 352.01, subdivision 17;

(4) began receiving social security disability insurance benefits in January 1995; and

(5) began part-time employment in January 1998 and continues in that employment with the Minnesota state council on disability.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Minnesota state retirement system requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 352.01, subdivision 17, and about the date on which the disability occurred and its relationship to the termination of active service in December 1994.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), the disability benefit becomes payable for the first month next following the application and applicable evidence. The disability benefit must be calculated under the laws in effect at the time that the eligible person terminated active service in December 1994. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 352.72, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision described in Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR UNCREDITED HENNEPIN COUNTY EMPLOYMENT.]

(a) An eligible person described in paragraph (b) is entitled to obtain one year of allowable service credit from the general employees retirement plan of the public employees retirement association.

(b) An eligible person is a person who:

(1) was born April 12, 1936;

(2) retired from the teachers retirement association on July 1, 1997;

(3) is currently a recipient of a retirement annuity from the teachers retirement association and a retirement annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) was employed during the period September 1966 through September 1967 by Hennepin county as a parole officer, when member contributions for retirement coverage were deducted, but for which no allowable service credit in the general employees retirement plan of the public employees retirement association was recorded.

(c) Notwithstanding any provision of Minnesota Statutes, sections 353.29, subdivision 7, and 356.30, to the contrary, an eligible person may file an application for a retirement annuity from the general employees retirement plan of the public employees retirement association retroactive to July 1, 1997, with benefits paid retroactive to that date, and may have the annuity calculated as a combined service annuity.

(d) The allowable service credit must be granted by the public employees retirement association upon the filing of a valid retirement application by the eligible person.

(e) Within 30 days of the receipt of that application by the public employees retirement association and notification by the public employees retirement association to the county administrator, Hennepin county may pay one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. If Hennepin county does not pay the required amount in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid or state appropriation payable to Hennepin county that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month from the filing of the retirement application under paragraph (d) to the date of deduction.

(f) An amount equal to one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, must be charged against the public employees retirement association as an administrative expense.

(g) This allowable service credit provision expires on January 1, 2001.

### Sec. 3. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

Subdivision 1. [APPLICATION.] A person who was born on October 23, 1943, was employed by Dakota county as a part-time maintenance employee on October 16, 1985, and first had public employees retirement association member contributions deducted as of September 15, 1986, is entitled to purchase eight months of service credit from the public employees retirement association.

Subd. 2. [PAYMENT.] The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55. Notwithstanding any provision of Minnesota Statutes, section 356.55, subdivision 5, to the contrary, the eligible person must pay, on or before June 1, 2001, an amount equal to the employee contribution rate applied to the person's actual salary rate in effect between January 17, 1986, and September 15, 1986, plus annual compound interest at the rate of 8.5 percent from the date that the employer contributions should have been paid and the date of actual payment. Dakota county shall pay the balance of the required purchase payment amount within 30 days of the payment by the eligible person. If Dakota county fails to pay its required amount, the executive director of the public employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. [APPLICATION; DOCUMENTATION.] A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. [LIMITATION.] Authority under this section expires on July 1, 2001.

Sec. 4. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.]

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employees retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

(1) was born on May 30, 1945;

(2) began public employment with Todd county in November 1978;

(3) first terminated public employment in August 1982;

(4) resumed public employment with Morrison county in October 1987;

(5) subsequently terminated public employment with Meeker county in November 1997;

(6) resumed public employment with Todd county in August 1998; and

(7) subsequently terminated public employment October 8, 1999.

Sec. 5. [TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.]

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

(1) retired from the teachers retirement association effective September 1, 1999;

(2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;

(3) began the retirement application and refund repayment process in February 1999 and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and

(4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.

(c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15, 1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.

(d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;

(2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 7. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION.]

(a) Notwithstanding any provision of law to the contrary, a person described in paragraph (b) is authorized to purchase allowable service credit from the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (c) by making the payment specified in paragraph (d).

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on October 1, 1942;

(2) is currently employed by special school district No. 1 (Minneapolis) and is currently a member of the Minneapolis teachers retirement fund association;

(3) was initially hired by special school district No. 1 (Minneapolis) on November 13, 1967, and taught at Sanford junior high school until June 1968;

(4) was reemployed by special school district No. 1 (Minneapolis) as an adult basic education English and social studies teacher on May 25, 1970, and continued to teach in that program until December 17, 1984; and

(5) as a result of binding arbitration of an employment dispute, was employed by special school district No. 1 (Minneapolis) as an English teacher at Franklin junior high school on December 17, 1984.

(c) The service credit purchase period is any period between May 25, 1970, to December 17, 1984, that has not previously been credited by the Minneapolis teachers retirement fund association.

(d) To purchase the allowable service credit, the eligible person must pay to the Minneapolis teachers retirement fund association the prior service credit purchase payment calculated under Minnesota Statutes, section 356.55.

(e) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(f) This prior service credit purchase authority expires on July 1, 2001, or on the date of the eligible person's termination of active service with special school district No. 1 (Minneapolis), whichever is earlier.

Sec. 8. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR INDEPENDENT CONTRACT UNCREDITED TEACHING SERVICE PERIOD.]

(a) An eligible person described in paragraph (b) is authorized to purchase allowable service credit from the Minneapolis teachers retirement fund association for the period of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55, by the last date authorized for receiving payment under that section, or the eligible person's effective date of retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on May 22, 1939;

(2) was employed by special school district No. 1 (Minneapolis) and covered as an active member by the Minneapolis teachers retirement fund association from July 27, 1962, to June 11, 1967; and

(3) was retained by special school district No. 1 (Minneapolis) at an hourly wage rate as a teacher in the adult basic education program from April 23, 1980, to September 28, 1992.

(c) The period for allowable service credit purchase is from April 23, 1980, to September 28, 1992.

(d) An eligible person under paragraph (b) must provide any relevant documentation related to eligibility to make this service credit purchase which is required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) A service credit purchase is not authorized for any portion of the April 23, 1980, to September 28, 1992, period for which the eligible individual signed an independent contract which waives pension coverage by the Minneapolis teachers retirement fund association for the period covered by the contract, or for any period for which administrators for special school district No. 1 (Minneapolis) or the Minneapolis teachers retirement fund association determine that the individual was serving as an independent contractor.

Sec. 9. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on August 15, 1951;

(2) was hired by the city of Minneapolis as a maintenance worker/truck driver on June 1, 1976, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis and covered by the Minneapolis employees retirement association.

(c) The period for allowable service credit purchase is a period during 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 10. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period or periods of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on December 17, 1953;

(2) was hired by the city of Minneapolis as a full-time maintenance worker on February 2, 1974, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis, covered by the Minneapolis employees retirement association.

(c) The periods for allowable service credit purchase are periods during 1974 and 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 11. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 4 to 10 are effective on the day following final enactment.

(b) Section 3 is effective on the day after the date on which the Dakota county board of commissioners and the chief clerical officer of Dakota county complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 1 expires, if not utilized, on December 31, 2000."

Delete the title and insert:

"A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising reemployed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.43, subdivisions 1, 2, and 6; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding subdivisions; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.091, subdivisions 1, 2, 3, 5, and 6; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapter 424B; repealing Minnesota Statutes 1998, sections 352.91, subdivision 4; 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61."

We request adoption of this report and repassage of the bill.

Senate Conferees: LAWRENCE J. POGEMILLER, DON BETZOLD AND ROY W. TERWILLIGER.

House Conferees: HARRY MARES, RICH STANEK AND MARY MURPHY.

Mares moved that the report of the Conference Committee on S. F. No. 2796 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

Hausman was excused for the remainder of today's session.

S. F. No. 2796, A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivision 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty and Ozment from voting on the repassage of S. F. No. 2796, as amended by Conference.

There were 114 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hilty	Leppik	Otremba	Stang
Abrams	Dorman	Holsten	Lieder	Paymar	Storm
Anderson, I.	Dorn	Howes	Luther	Pelowski	Swapinski
Bakk	Entenza	Huntley	Mahoney	Peterson	Swenson
Biernat	Erhardt	Jaros	Mares	Pugh	Sykora
Bishop	Finseth	Jennings	Mariani	Rest	Tingelstad
Boudreau	Folliard	Johnson	Marko	Rhodes	Tomassoni
Bradley	Fuller	Juhnke	McCollum	Rifenberg	Trimble
Broecker	Gleason	Kahn	McElroy	Rostberg	Tuma
Carlson	Goodno	Kalis	McGuire	Rukavina	Tunheim
Carruthers	Gray	Kelliher	Milbert	Schumacher	Vandever
Cassell	Greenfield	Kielkucki	Molnau	Seagren	Wagenius
Chaudhary	Greiling	Knoblach	Mullery	Seifert, J.	Wejzman
Clark, J.	Gunther	Koskinen	Murphy	Seifert, M.	Wenzel
Clark, K.	Haake	Kubly	Ness	Skoe	Westerberg
Daggett	Haas	Kuisle	Nornes	Skoglund	Westfall
Davids	Hackbarth	Larsen, P.	Opatz	Smith	Westrom
Dawkins	Harder	Larson, D.	Osskopp	Solberg	Winter
Dehler	Hasskamp	Lenczewski	Osthoff	Stanek	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Gerlach	Lindner	Paulsen	Wilkin
Buesgens	Holberg	Mulder	Reuter	Workman
Erickson	Krinkie	Olson	Van Dellen	

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Reports were received:

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 3501

A bill for an act relating to labor; modifying a provision governing exchange of information between the departments of labor and industry and revenue; amending Minnesota Statutes 1998, section 270B.14, subdivision 8.

May 3, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

We, the undersigned conferees for H. F. No. 3501, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3501 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 4. [HEADNOTES.] The headnotes printed in boldface type before paragraphs in this chapter are mere catchwords to indicate the content of a paragraph and are not part of the statute.

Sec. 2. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 5. [PROVISIONS CODED IN OTHER CHAPTERS.] (a) The sections referenced in this chapter that are codified outside this chapter classify government data as other than public, place restrictions on access to government data, or involve data sharing.

(b) Those sections are governed by the definitions and general provisions in sections 13.01 to 13.07 and the remedies and penalties provided in sections 13.08 and 13.09, except:

(1) for records of the judiciary, as provided in section 13.90; or

(2) as specifically provided otherwise by law.

Sec. 3. Minnesota Statutes 1998, section 13.02, is amended by adding a subdivision to read:

Subd. 7a. [GOVERNMENT ENTITY.] "Government entity" means a state agency, statewide system, or political subdivision.

Sec. 4. Minnesota Statutes 1999 Supplement, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] (a) Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data.

(b) For purposes of this section, "inspection" includes, but is not limited to, the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the government entity, unless printing a copy is the only method to provide for inspection of the data. In the case of data stored in electronic form and made available in electronic form on a remote access basis to the public by the government entity, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public's own computer equipment. Nothing in this section prohibits a government entity from charging a reasonable fee for remote access to data under a specific statutory grant of authority. A government entity may charge a fee for remote access to data where either the data or the access is enhanced at the request of the person seeking access.

(c) The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or electronic transmittal of the data to the person, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

(d) When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system developed with a significant expenditure of public funds by the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of

making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

(e) The responsible authority of a state agency, statewide system, or political subdivision that maintains public government data in a computer storage medium shall provide to any person making a request under this section a copy of any public data contained in that medium, in electronic form, if the government entity can reasonably make the copy or have a copy made. This does not require a government entity to provide the data in an electronic format or program that is different from the format or program in which the data are maintained by the government entity. The entity may require the requesting person to pay the actual cost of providing the copy.

~~(e)~~ (f) If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 5. Minnesota Statutes 1998, section 13.03, subdivision 5, is amended to read:

Subd. 5. [~~COPYRIGHT OR PATENT OF COMPUTER PROGRAM GOVERNMENT DATA.~~] ~~Nothing in this chapter or any other statute shall be construed to prevent~~ A state agency, statewide system, or political subdivision ~~from acquiring~~ may enforce a copyright or acquire a patent for a computer software program or components of a program created by that government agency without statutory authority. In the event that a government agency ~~does acquire~~ acquires a patent or ~~copyright~~ to a computer software program or component of a program, the data shall be treated as trade secret information pursuant to section 13.37.

Sec. 6. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 12. [IDENTIFICATION OR JUSTIFICATION.] Unless specifically authorized by statute, government entities may not require persons to identify themselves, state a reason for, or justify a request to gain access to public government data. A person may be asked to provide certain identifying or clarifying information for the sole purpose of facilitating access to the data.

Sec. 7. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 13. [DATA PRACTICES COMPLIANCE OFFICIAL.] By December 1, 2000, each responsible authority or other appropriate authority in every government entity shall appoint or designate an employee of the government entity to act as the entity's data practices compliance official. The data practices compliance official is the designated employee of the government entity to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems. The responsible authority may be the data practices compliance official.

Sec. 8. Minnesota Statutes 1998, section 13.08, subdivision 4, is amended to read:

Subd. 4. [ACTION TO COMPEL COMPLIANCE.] (a) In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to \$300 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In

an action involving a request for government data under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

- (1) designated a responsible authority under section 13.02, subdivision 16;
- (2) designated a data practices compliance official under section 13.05, subdivision 13;
- (3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;
- (4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;
- (5) sought an oral, written, or electronic opinion from the commissioner of administration related to the matter at issue and acted in conformity with that opinion or an opinion sought by another person; or
- (6) provided ongoing training to government entity personnel who respond to requests under this chapter.

Sec. 9. [13.081] [ADMINISTRATIVE REMEDIES.]

Subdivision 1. [COMPLAINTS.] Any person who believes that a government entity is not in compliance with this chapter may file a complaint with the commissioner. The commissioner shall specify the form of the complaint. The commissioner shall conduct an investigation to determine whether the complaint is valid or whether another alternative dispute resolution process exists to address the issue presented. If the commissioner determines the complaint is not valid or another alternative dispute resolution process is a more appropriate forum for resolving the dispute, the commissioner shall dismiss the complaint and so inform the person who filed the complaint and the government entity that was the subject of the complaint. If the commissioner determines the complaint is valid, the commissioner may take any of the actions under subdivision 2 to resolve the complaint. The commissioner shall either dismiss the complaint or refer it for one of the actions under subdivision 2 within 20 days of receipt of the complaint. For good cause and upon written notice to the person bringing the complaint, the commissioner may extend this deadline for one additional 30-day period.

Subd. 2. [INFORMAL RESOLUTION OF COMPLAINT.] The commissioner may attempt to resolve a complaint informally or, with the consent of both parties, refer the matter to an alternative dispute resolution process and use the services of the office of dispute resolution or the office of administrative hearings to arbitrate or mediate the dispute.

Sec. 10. Minnesota Statutes 1999 Supplement, section 13.32, subdivision 7, is amended to read:

Subd. 7. [USES OF DATA.] School officials who receive data on juveniles, as authorized under sections 260B.171 and 260C.171, may use and share that data within the school district or educational entity as necessary to protect persons and property or to address the educational and other needs of students. A school district, its agents, and employees who use and share this data in good faith are immune from civil or criminal liability that might otherwise result from their actions.

Sec. 11. Minnesota Statutes 1998, section 13.41, subdivision 2, is amended to read:

Subd. 2. [PRIVATE DATA; DESIGNATED ADDRESSES AND TELEPHONE NUMBERS.] (a) The following data collected, created or maintained by any licensing agency are classified as private, pursuant to section 13.02, subdivision 12: data, other than their names and designated addresses, submitted by applicants for licenses; the identity of complainants who have made reports concerning licensees or applicants which appear in inactive complaint data unless the complainant consents to the disclosure; the nature or content of unsubstantiated complaints when the information is not maintained in anticipation of legal action; the identity of patients whose medical records are received by any health licensing agency for purposes of review or in anticipation of a contested matter; inactive investigative data relating to violations of statutes or rules; and the record of any disciplinary proceeding except as limited by subdivision 4.

(b) An applicant for a license shall designate on the application a residence or business address and telephone number at which the applicant can be contacted in connection with the license application. A licensee ~~who is subject to a health-related licensing board, as defined in section 214.01, subdivision 2,~~ shall designate a residence or business address and telephone number at which the licensee can be contacted in connection with the license. By designating an address under this paragraph other than a residence address, the applicant or licensee consents to accept personal service of process by service on the licensing agency for legal or administrative proceedings. The licensing agency shall mail a copy of the documents to the applicant or licensee at the last known residence address.

Sec. 12. [13.623] [ST. PAUL HOUSING AND REDEVELOPMENT AUTHORITY DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the St. Paul housing and redevelopment authority by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the authority under subdivision 1 become public data if the authority provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 13. [13.624] [ST. PAUL ECONOMIC ASSISTANCE DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the city of St. Paul by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the city under subdivision 1 become public data if the city provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 14. Minnesota Statutes 1998, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

- (a) Pursuant to section 13.05;
- (b) Pursuant to a statute specifically authorizing disclosure of court services data;
- (c) With the written permission of the source of confidential data;

(d) To the court services department, parole or probation authority or state or local correctional agency or facility having statutorily granted supervision over the individual subject of the data;

(e) Pursuant to subdivision 5a; or

(f) Pursuant to a valid court order.

Sec. 15. Minnesota Statutes 1998, section 13.84, subdivision 6, is amended to read:

Subd. 6. [PUBLIC DATA.] The following court services data on adult individuals is public:

(a) name, age, date of birth, sex, occupation and the fact that an individual is a parolee, probationer or participant in a diversion program, and if so, at what location;

(b) the offense for which the individual was placed under supervision;

(c) the dates supervision began and ended and the duration of supervision;

(d) court services data which was public in a court or other agency which originated the data;

(e) arrest and detention orders, orders for parole or probation revocation and the reasons for revocation;

(f) the conditions of parole, probation or participation and the extent to which those conditions have been or are being met;

(g) identities of agencies, units within agencies and individuals providing supervision; and

(h) the legal basis for any change in supervision and the date, time and locations associated with the change.

Sec. 16. Minnesota Statutes 1999 Supplement, section 13.99, subdivision 19, is amended to read:

Subd. 19. [HMO EXAMINATIONS.] Data obtained by the commissioner of health in the course of an examination of the affairs of a health maintenance organization are classified under section 62D.14, subdivisions 1 and ~~4~~ 4a.

Sec. 17. Minnesota Statutes 1999 Supplement, section 13.99, is amended by adding a subdivision to read:

Subd. 27g. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING PROGRAM SERVICES.] Data on individuals receiving services under certain programs administered by the department of children, families, and learning are classified under sections 119A.376, subdivision 4; 119A.44, subdivision 7; and 119A.50, subdivision 2.

Sec. 18. Minnesota Statutes 1998, section 62D.14, is amended by adding a subdivision to read:

Subd. 4a. [CLASSIFICATION OF DATA.] Any data or information obtained by the commissioner under this section or section 62D.145 shall be classified as private data on individuals as defined in chapter 13. Such data shall be protected and may be released consistent with the provisions of section 60A.03, subdivision 9.

Sec. 19. [62D.145] [DISCLOSURE OF INFORMATION HELD BY HEALTH MAINTENANCE ORGANIZATIONS.]

Subdivision 1. [PERSONAL AND PRIVILEGED INFORMATION.] The ability of a health maintenance organization to disclose personal information, as defined in section 72A.491, subdivision 17, and privileged information, as defined in section 72A.491, subdivision 19, is governed by sections 72A.497, 72A.499, and 72A.502.

Subd. 2. [HEALTH DATA OR INFORMATION.] (a) A health maintenance organization is prohibited from disclosing to any person any individually identifiable data or information held by the health maintenance organization pertaining to the diagnosis, treatment, or health of any enrollee, or any application obtained from any person, except:

(1) to the extent necessary to carry out the purposes of this chapter, the commissioner and a designee shall have access to the above data or information but the data removed from the health maintenance organization or participating entity shall not identify any particular patient or client by name or contain any other unique personal identifier;

(2) upon the express consent of the enrollee or applicant;

(3) pursuant to statute or court order for the production of evidence or the discovery thereof;

(4) in the event of claim or litigation between the person and the provider or health maintenance organization wherein such data or information is pertinent;

(5) to meet the requirements of contracts for prepaid medical services with the commissioner of human services authorized under chapter 256B, 256D, or 256L;

(6) to meet the requirements of contracts for benefit plans with the commissioner of employee relations under chapter 43A; or

(7) as otherwise authorized pursuant to statute.

No provision in a contract for a benefit plan under chapter 43A shall authorize dissemination of individually identifiable health records, unless the dissemination of the health records is required to carry out the requirements of the contract and employees whose health records will be disseminated are fully informed of the dissemination by the department of employee relations at the time the employees are enrolling for or changing insurance coverage.

(b) In any case involving a suspected violation of a law applicable to health maintenance organizations in which access to health data maintained by the health maintenance organization or participating entity is necessary, the commissioner and agents, while maintaining the privacy rights of individuals and families, shall be permitted to obtain data that identifies any particular patient or client by name. A health maintenance organization shall be entitled to claim any statutory privileges against such disclosure which the provider who furnished the information to the health maintenance organization is entitled to claim.

Sec. 20. Minnesota Statutes 1998, section 72A.491, subdivision 17, is amended to read:

Subd. 17. [PERSONAL INFORMATION.] "Personal information" means any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics. The term includes the individual's name and address and health record information, but does not include privileged information. Personal information does not include health record information maintained by a health maintenance organization as defined under section 62D.02, subdivision 4, in its capacity as a health provider.

Sec. 21. Minnesota Statutes 1998, section 119A.376, is amended by adding a subdivision to read:

Subd. 4. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 22. Minnesota Statutes 1998, section 119A.44, is amended by adding a subdivision to read:

Subd. 7. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 23. Minnesota Statutes 1998, section 119A.50, is amended to read:

119A.50 [HEAD START PROGRAM.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The department of children, families, and learning is the state agency responsible for administering the Head Start program. The commissioner of children, families, and learning may make grants to public or private nonprofit agencies for the purpose of providing supplemental funds for the federal Head Start program.

Subd. 2. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 24. Minnesota Statutes 1999 Supplement, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] (a) The public authority responsible for child support in this state or any other state, in order to locate a person or to obtain information necessary to establish paternity and child support or to modify or enforce child support or distribute collections, may request information reasonably necessary to the inquiry from the records of (1) ~~all departments, boards, bureaus, or other agencies of this state~~ agencies or political subdivisions of this state, as defined in section 13.02, which shall, notwithstanding the provisions of section 268.19 or any other law to the contrary, provide the information necessary for this purpose; and (2) employers, utility companies, insurance companies, financial institutions, credit grantors, and labor associations doing business in this state. They shall provide a response upon written or electronic request within 30 days of service of the request made by the public authority. Information requested and used or transmitted by the commissioner according to the authority conferred by this section may be made available to other agencies, statewide systems, and political subdivisions of this state, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program.

(b) For purposes of this section, "state" includes the District of Columbia, Puerto Rico, the United States Virgin Islands, and any territory or insular possession subject to the jurisdiction of the United States.

Sec. 25. Minnesota Statutes 1999 Supplement, section 268.19, is amended to read:

268.19 [~~INFORMATION DATA PRIVACY~~.]

(a) Except as otherwise provided by this section, data gathered from any employer or individual pursuant to the administration of sections 268.03 to 268.23 are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to a court order or section 13.05. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of Minnesota or any other state; or any federal agency charged with the administration of an employment security law or the maintenance of a system of public employment offices;
- (3) human rights agencies within Minnesota that have enforcement powers;
- (4) the department of revenue must have access to department private data on individuals and nonpublic data not on individuals only to the extent necessary for enforcement of Minnesota tax laws;