

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2006

SEVENTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 23, 2006

The House of Representatives convened at 3:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Roy Vanderwerf, Oakland United Methodist Church, Minneapolis, 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	Dill	Heidgerken	Larson	Paulsen	Smith
Abrams	Dittrich	Hilstrom	Latz	Paymar	Soderstrom
Anderson, B.	Dorman	Hilty	Lenczewski	Pelowski	Solberg
Anderson, I.	Dorn	Holberg	Lesch	Penas	Sykora
Atkins	Eastlund	Hoppe	Liebling	Peppin	Thao
Beard	Eken	Hornstein	Lieder	Peterson, A.	Thissen
Bernardy	Ellison	Hortman	Lillie	Peterson, N.	Tingelstad
Blaine	Emmer	Hosch	Loeffler	Peterson, S.	Urdahl
Bradley	Entenza	Howes	Magnus	Poppe	Vandever
Brod	Erhardt	Huntley	Mahoney	Powell	Wagenius
Buesgens	Erickson	Jaros	Marquart	Rukavina	Walker
Carlson	Finstad	Johnson, J.	McNamara	Ruth	Wardlow
Charron	Fritz	Johnson, R.	Meslow	Ruud	Walti
Clark	Garofalo	Johnson, S.	Moe	Sailer	Westerberg
Cornish	Gazelka	Juhnke	Mullery	Samuelson	Westrom
Cox	Goodwin	Kahn	Murphy	Scalze	Wilkin
Cybart	Greiling	Kelliher	Nelson, M.	Seifert	Zellers
Davids	Gunther	Klinzing	Nelson, P.	Sertich	Spk. Sviggum
Davnie	Hackbarth	Knobloch	Newman	Severson	
Dean	Hamilton	Koenen	Nornes	Sieben	
DeLaForest	Hansen	Kohls	Olson	Simon	
Demmer	Hausman	Krinkie	Otremba	Simpson	
Dempsey	Haws	Lanning	Ozment	Slawik	

A quorum was present.

Mariani was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Paymar 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 STANDING COMMITTEES

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 1466, A bill for an act relating to commerce; prohibiting tampering with clock-hour meters on farm tractors; prescribing a civil penalty and a private right of action; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 1862, A bill for an act relating to health; modifying expenditure reporting requirements; establishing a separate reporting procedure for expenditures over \$5,000,000; restricting certain medical referrals; appropriating money; amending Minnesota Statutes 2004, section 62J.17, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62J.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HEALTH CARE COST-CONTAINMENT

Section 1. **[62J.431] EVIDENCE-BASED PRACTICE STANDARDS AND GUIDELINES.**

Subdivision 1. **Health-related boards and provider organizations; practice standards.** The health-related boards, under chapter 148, or professional provider organizations may establish practice standards for treating patients within their respective scopes of practice. The boards or provider organizations may utilize the services of appropriate public or private entities to facilitate the development or review of practice standards and evidence-based guidelines. Each board or provider organization that has established or ratified existing standards shall report these standards to the legislative committees with jurisdiction over the public health occupations by January 15, 2007, and shall report subsequent changes annually thereafter. If a board or provider organization has existing standards, nothing in this section requires a board or provider organization to establish new standards. Nothing in this section shall require a health plan company to cover treatments, testing, or imaging, based on standards developed under this section.

Subd. 2. **Criteria for evidence-based guidelines.** Guidelines identified under this section must meet the following criteria:

(1) the scope and application are clear;

(2) authorship is stated and any conflicts of interest disclosed;

(3) authors represent all pertinent clinical fields or other means of input have been used;

(4) the development process is explicitly stated;

(5) the guideline is grounded in evidence;

(6) the evidence is cited and graded;

(7) the document itself is clear and practical;

(8) the document is flexible in use, with exceptions noted or provided for with general statements;

(9) measures are included for use in systems improvement; and

(10) the guideline has scheduled reviews and updating.

Sec. 2. **[62J.62] ELECTRONIC BILLING ASSISTANCE.**

The commissioner of human services shall, out of existing resources, encourage and assist providers to adopt and use electronic billing for state programs, including but not limited to the provision of training.

Sec. 3. **[62J.85] PROVISION OF INFORMATION ON PHARMACEUTICAL ASSISTANCE PROGRAMS.**

A medical clinic must make available to patients, in a public area of the clinic, brochures on programs offered by pharmaceutical manufacturers that provide free or discounted drugs or provide coverage for prescription drugs. This requirement applies only to brochures that are made available to clinics free of charge by pharmaceutical manufacturers. If a Web site is developed that provides this information, a public posting describing the Web site complies with this requirement.

Sec. 4. **[62M.071] PRIOR AUTHORIZATION.**

Health plan companies, in cooperation with health care providers, shall review prior authorization procedures administered by utilization review organizations and health plan companies, to ensure the cost-effective use of prior authorization and minimization of provider, clinic, and central office administrative burden.

Sec. 5. **[62M.072] USE OF EVIDENCE-BASED STANDARDS.**

If no independently developed evidence-based standards exist for a particular treatment, testing, or imaging procedure, then an insurer or utilization review organization shall not deny coverage of the treatment, testing, or imaging based solely on the grounds that the treatment, testing, or imaging does not meet an evidence-based standard.

Sec. 6. **[62Q.676] MEDICATION THERAPY MANAGEMENT CARE.**

(a) A health plan company or pharmacy benefit manager that provides prescription drug coverage must provide or arrange for medication therapy management services for enrollees taking four or more prescriptions to treat or prevent two or more chronic medical conditions. For purposes of this section, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist or a physician licensed under chapter 147 to optimize the therapeutic outcomes of the patient's medications:

(1) performing or obtaining necessary assessments of the patient's health status in compliance with applicable health data privacy laws;

- (2) formulating a medication treatment plan;
- (3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;
- (4) performing a comprehensive medication review to identify, resolve, and prevent medication related problems, including adverse drug events;
- (5) documenting the care delivered and communicating essential information to the patient's other primary care providers;
- (6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;
- (7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and
- (8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

(b) Nothing in this section shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

Sec. 7. **[144.0506] AGENCY WEB SITES.**

Subdivision 1. **Information to be posted.** The commissioner of health may post the following information on agency Web sites, including minnesotahealthinfo.com:

- (1) healthy lifestyle and preventive health care information, organized by sex and age, with procedures and treatments categorized by level of effectiveness and reliability of the supporting evidence on effectiveness;
- (2) health plan company administrative efficiency report cards;
- (3) health care provider charges for common procedures, based on information available under section 62J.052;
- (4) evidence-based medicine guidelines and related information for use as resources by health care professionals, and summaries of the guidelines and related information for use by patients and consumers;
- (5) resources and Web links related to improving efficiency in medical clinics and health care professional practices; and
- (6) lists of nonprofit and charitable entities that accept donations of used medical equipment and supplies, such as crutches and walkers.

Subd. 2. **Other Internet resources.** The commissioner of health, in implementing subdivision 1, shall include relevant Web links and materials from private sector and other government sources, in order to avoid duplication and reduce state administrative costs.

Subd. 3. **Cooperation with commissioner of commerce.** The commissioner of health shall consult and work in cooperation with the commissioner of commerce when posting on the Web site information collected from health plan companies regulated by the commissioner of commerce.

Sec. 8. Minnesota Statutes 2004, section 144.698, is amended by adding a subdivision to read:

Subd. 6. **Reporting on uncompensated care.** (a) A report on the services provided to benefit the community, as required under subdivision 1, clause (5), must report charity care in compliance with the following requirements:

(1) For a facility to report amounts as charity care adjustments, the facility must:

(i) generate and record a charge;

(ii) have a policy on the provision of charity care that contains specific eligibility criteria and is communicated or made available to patients;

(iii) have made a reasonable effort to identify a third-party payer, encourage the patient to enroll in public programs, and, to the extent possible, aid the patient in the enrollment process; and

(iv) ensure that the patient meets the charity care criteria of this subdivision.

(2) In determining whether to classify care as charity care, the facility must consider the following:

(i) charity care may include services that the provider is obligated to render independently of the ability to collect;

(ii) charity care may include care provided to patients who meet the facility's charity care guidelines and have partial coverage, but who are unable to pay the remainder of their medical bills, but this does not apply to that portion of the bill that has been determined to be the patient's responsibility after a partial charity care classification by the facility;

(iii) charity care may include care provided to low-income patients who may qualify for a public health insurance program and meet the facility's eligibility criteria for charity care, but who do not complete the application process for public insurance despite the facility's reasonable efforts;

(iv) charity care may include care to individuals whose eligibility for charity care was determined through third-party services for information gathering purposes only;

(v) charity care does not include contractual allowances, which is the difference between gross charges and payments received under contractual arrangements with insurance companies and payers;

(vi) charity care does not include bad debt;

(vii) charity care does not include what may be perceived as underpayments for operating public programs;

(viii) charity care does not include unreimbursed costs of basic or clinical research or professional education and training;

(ix) charity care does not include professional courtesy discounts;

(x) charity care does not include community service or outreach activities; and

(xi) charity care does not include services for patients against whom collection actions were taken that resulted in a financial obligation documented on a patient's credit report with credit bureaus.

(3) When reporting charity care adjustments, the facility must report total dollar amounts and the number of contacts between a patient and a health care provider during which a service is provided for the following categories:

(i) care to patients with family incomes at or below 275 percent of the federal poverty guideline;

(ii) care to patients with family incomes above 275 percent of the federal poverty guideline; and

(iii) care to patients when the facility, with reasonable effort, is unable to determine family incomes.

(b) For the report required under subdivision 1, clause (5), the facility must, in determining whether to classify care as a bad debt expense:

(1) presume that a patient is able and willing to pay until and unless the facility has reason to consider the care as a charity care case under its charity care policy and the facility classifies the care as a charity care case; and

(2) include as a bad debt expense any unpaid deductibles, coinsurance, co-payments, noncovered services, and other unpaid patient responsibilities.

EFFECTIVE DATE. This section is effective for facility fiscal years ending on or after December 31, 2006.

Sec. 9. Minnesota Statutes 2004, section 151.214, subdivision 1, is amended to read:

Subdivision 1. **Explanation of pharmacy benefits.** A pharmacist licensed under this chapter must provide to a patient, for each prescription dispensed where part or all of the cost of the prescription is being paid or reimbursed by an employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager, the patient's co-payment amount and the pharmacy's own usual and customary price of the prescription or the amount the pharmacy will be paid for the prescription drug by the patient's employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager.

Sec. 10. Minnesota Statutes 2005 Supplement, section 214.071, is amended to read:

214.071 HEALTH BOARDS; DIRECTORY OF LICENSEES.

Each ~~health~~ health-related licensing board ~~under chapters 147, 148, 148B, and 150A, as defined in section 214.01, subdivision 2,~~ shall establish a directory of licensees that includes biographical data for each licensee.

Sec. 11. **[214.121] PRICE DISCLOSURE REMINDER.**

Each health-related licensing board shall at least annually inform and remind its licensees of the price disclosure requirements of section 62J.052 or 151.214, as applicable, through the board's regular means of communicating with its licensees.

Sec. 12. **REPORTING OF ACQUIRED INFECTIONS.**

(a) The commissioner of health may consult with infection control specialists, health care facility representatives, and consumers, for the purpose of obtaining recommendations regarding a determination of the need for action to implement health care associated infection control reporting in hospitals and nursing homes. If the outcome of the determination warrants, the commissioner shall consult with the group regarding:

(1) the selection of reporting measures relating to health care associated infections;

(2) design, implementation, validation, and ongoing evaluation of the reporting system; and

(3) ensuring that the reporting measures remain flexible and adaptable to changing national standards.

(b) If the commissioner determines that there is a need for the action described in paragraph (a), the commissioner shall make written recommendations to the legislature.

Sec. 13. **COST CONTAINMENT STUDIES.**

Subdivision 1. **Alternative and complementary health care.** The commissioner of human services, through the medical director and in consultation with the health services policy committee established under Minnesota Statutes, section 256B.0625, subdivision 3c, shall study the potential for improving quality and obtaining cost savings through greater use of alternative and complementary treatment methods that are supported by the findings of evidence-based research, and shall incorporate these methods into the medical assistance, MinnesotaCare, and general assistance medical care programs as appropriate.

Subd. 2. **Studies related to universal participation and access to care.** The commissioners of human services and health shall study the adequacy of the current system of community health care clinics and centers both statewide, and in urban areas with significant disparities in health status and access to services across racial and ethnic groups. The commissioners shall evaluate:

(1) methods to provide 24-hour availability of care through the clinics and centers;

(2) methods to expand the availability of care through the clinics and centers;

(3) the use of health care access fund grants to expand the number of clinics and centers, the services provided, and the availability of care; and

(4) the extent to which increased use of physician assistants, nurse practitioners, medical residents and interns, and other allied health professionals in clinics and centers would increase the availability of services.

ARTICLE 2

CHARITY CARE BY HEALTH CARE PROVIDERS

Section 1. **[62J.83] REDUCED PAYMENT AMOUNTS PERMITTED.**

(a) Notwithstanding any provision of chapter 148 or any other provision of law to the contrary, a health care provider may provide care to a patient at a discounted payment amount, including care provided for free.

(b) This section does not apply in a situation in which the discounted payment amount is not permitted under federal law.

Sec. 2. Minnesota Statutes 2004, section 72A.20, is amended by adding a subdivision to read:

Subd. 39. **Discounted payments by health care providers; effect on use of usual and customary payments.** An insurer, including, but not limited to, a health plan company as defined in section 62Q.01, subdivision 4; a reparation obligor as defined in section 65B.43, subdivision 9; and a workers' compensation insurer shall not consider in determining a health care provider's usual and customary payment, standard payment, or allowable payment used as a basis for determining the provider's payment by the insurer, the following discounted payment situations:

(1) care provided to relatives of the provider;

(2) care for which a discount or free care is given in hardship situations; and

(3) care for which a discount is given in exchange for cash payment.

For purposes of this subdivision, "health care provider" and "provider" have the meaning given in section 62J.03, subdivision 8.

Sec. 3. **REPEALER.**

Minnesota Statutes 2005 Supplement, section 62Q.251, is repealed.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 3

PUBLIC EMPLOYEES INSURANCE PROGRAM

Section 1. Minnesota Statutes 2004, section 43A.316, subdivision 1, is amended to read:

Subdivision 1. **Intent.** The legislature finds that the creation of a statewide program to provide public employees and other eligible persons with ~~life insurance and~~ hospital, medical, and dental benefit coverage ~~through provider organizations~~ would result in a ~~greater utilization~~ more efficient use of government resources and would advance the health and welfare of the citizens of the state.

Sec. 2. Minnesota Statutes 2004, section 43A.316, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) **Commissioner.** "Commissioner" means the commissioner of employee relations.

(b) **Employee.** "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible;

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32); or

(4) a person employed by a county or municipal hospital.

(c) **Eligible employer.** "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b);

(3) a county or municipal hospital; or

(4) another public employer approved by the commissioner.

(d) **Exclusive representative.** "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) **Labor-Management Committee.** "Labor-Management Committee" means the committee established by subdivision 4.

(f) **Program.** "Program" means the statewide public ~~employee insurance~~ buyers group program created by subdivision 3.

Sec. 3. Minnesota Statutes 2004, section 43A.316, subdivision 3, is amended to read:

Subd. 3. **Public ~~employee insurance~~ buyers group program.** The commissioner shall be the administrator of the public ~~employee insurance~~ buyers group program and may determine its funding arrangements. The commissioner may contract with a qualified entity to perform the administrative functions. The commissioner shall model the program after the plan established in section 43A.18, subdivision 2, but may ~~modify~~ adopt variations from that plan, in consultation with the Labor-Management Committee. The variations may include different deductibles, coinsurance, co-pays, or other enrollee cost-sharing provisions. The commissioner may:

(1) develop and administer separately or jointly rated programs within the public buyers group program, including a separately or jointly rated and administered program for employees of public school districts. Separate programs within the public buyers group program may be pilot or demonstration programs, or permanent programs;

(2) develop, implement, and administer demonstration or pilot programs to help explore methods for improving the effectiveness and value of the public buyers group program;

(3) conduct evaluations and studies to determine the effectiveness and impact of pilot, demonstration, or other programs as part of the public buyers group program;

(4) develop, adopt, modify, and implement strategies to control health care costs and to improve health care outcomes, including, but not limited to, health care cost and quality measurement and reporting strategies, pay-for-performance strategies, value-based purchasing strategies, use of complementary and alternative care, and other demonstrated or emerging best practices in health care purchasing;

(5) in consultation with the labor management committee in subdivision 4, develop, adopt, modify, and administer innovative health benefit designs, including possible tiered arrangements, high deductible plans with health care savings accounts, special provider networks, incentive programs for healthy behaviors and health improvement, and other health benefit designs;

(6) temporarily suspend or limit new entrant groups into the public buyers group program if necessary to maintain the quality, effectiveness, and viability of the program;

(7) participate as part of broader community, regional, or national alliances or initiatives, including joint public-private sector efforts to improve health care purchasing, health care costs, quality, and outcomes; and

(8) use and submit additional information to the existing Web site minnesotahealthinfo.org to provide members and the public with information and a means to make inquiries to the public buyers group program.

Sec. 4. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 3a. **Health improvement programs.** The commissioner is authorized to plan, develop, purchase, administer, and evaluate disease management and other programs, strategies, and incentives to improve the health and health outcomes of members.

Sec. 5. Minnesota Statutes 2004, section 43A.316, subdivision 4, is amended to read:

Subd. 4. **Labor-Management Committee.** (a) The Labor-Management Committee consists of ten members appointed by the commissioner. The Labor-Management Committee must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the program. The committee shall study issues and make recommendations relating to the insurance program including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency. The committee continues to exist while the program remains in operation.

(b) The five members of the Labor-Management Committee who represent employees must be chosen by the commissioner from among persons nominated as provided in this paragraph. Exclusive representatives of employees of counties, cities, school districts, and townships are entitled to nominate two candidates for the Labor-Management Committee from each of those four categories, and the commissioner shall appoint one of those two nominees from each category. The commissioner shall choose the fifth employee to represent retired employees.

(c) The five members of the Labor-Management Committee who represent employers must be chosen by the commissioner from among persons nominated as provided in this paragraph. The Association of Minnesota Counties, Minnesota League of Cities, Minnesota School Boards Association, and the Minnesota Association of Townships are each entitled to nominate two candidates for the committee, and the commissioner shall appoint one of those from each group. The commissioner shall select the fifth employer member from an employer participating in the program and not represented by the other four employer members, if any, or if that is not reasonably possible, the commissioner may appoint any other person as the fifth employer representative.

Sec. 6. Minnesota Statutes 2004, section 43A.316, subdivision 5, is amended to read:

Subd. 5. **Public employee participation.** (a) Participation in the program is subject to the conditions in this subdivision.

(b) Each exclusive representative for an eligible employer determines whether the employees it represents will participate in the program. The exclusive representative shall make that decision with the advice of a health coverage study group appointed by the exclusive representative. The group must be appointed no later than 90 days before the expiration date of the collective bargaining agreement preceding the date of entry into the program. The exclusive representative shall give the employer notice of intent to participate at least ~~30~~ 60 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the program. Either all or none of the employees represented by an exclusive representative who participate in the employer's plan must participate in the program. ~~The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the program at least 30 60 days before entry into the program. Entry into the program is governed by a schedule established by the commissioner.~~

(c) Employees not represented by exclusive representatives may become members of the program upon a determination of an eligible employer to include these employees in the program. Either all or none of the employer's unrepresented employees who participate in the employer's plan must participate in the program. The eligible employer shall give at least ~~30~~ 60 days' notice to the commissioner before entering the program. Entry into the program is governed by a schedule established by the commissioner.

(d) Participation in the program is for a ~~two-year~~ three-year term. Participation is automatically renewed for an additional ~~two-year~~ three-year term unless ~~the exclusive representative, or the employer for unrepresented employees,~~ gives the commissioner notice of withdrawal at least ~~30~~ 60 days before expiration of the participation period. A group that withdraws must wait two years before rejoining, except with the approval of the commissioner. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase ~~50 percent~~ by more than 20 percent in excess of the consumer price index for all urban consumers or more from one insurance year to the next. The commissioner may modify the participation requirement as part of a demonstration or pilot effort. Any modifications must be clearly communicated to all employers who are members of the public buyers group program, and incorporated into any information about the program, at least 90 days prior to the change becoming effective. The modifications must apply on an equal basis to all current and prospective employers enrolled in the program.

(e) To improve the stability and effectiveness of the public buyers group program, the commissioner, in consultation with the Labor-Management Committee and other experts, may explore mutual gain-sharing arrangements, discounts, incentives, or penalties for public employers based on the length of their continuous membership in the public buyers group program and other factors. Any incentives for long-term membership in the program must be: (1) consistent with the program's goals of maintaining the overall integrity and viability of the program; (2) consistent with other applicable laws, rules, and policies; and (3) available to all groups on equal terms. The terms of any incentives for long-term participation in the program must be clearly communicated to all employers who are members of the public buyers group program and incorporated into any information about the program. Any administration of the incentives or changes must be communicated at least 90 days prior to each employer's renewal date before the change may become effective. The commissioner, in consultation with the Labor-Management Committee, shall report to the legislature and the governor by January 15, 2008, and annually thereafter, on the adequacy of the participation requirement and any special incentives based on the length of participation in helping maintain the stability and effectiveness of the public buyers group program.

(f) ~~The exclusive representative shall give the~~ employer shall give notice of intent to withdraw to the commissioner at least ~~30~~ 60 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

~~(f)~~ (g) Each participating eligible employer shall notify the commissioner of the names of individuals who will be participating within two weeks ~~of~~ after the commissioner ~~receiving~~ receives notice of the parties' intent to participate. The employer shall also submit other information as required by the commissioner for administration of the program.

(h) An employer that withdraws from the program under circumstances that do not permit withdrawal under this subdivision is liable to the board for premiums payable by the employer until the time that the employer is eligible to withdraw, and the employer shall pay those premiums voluntarily and no later than their due date. If the premiums are not paid voluntarily, the board has authority to and shall collect these premiums under any method permitted by law for a governmental or nongovernmental creditor of the employer.

Sec. 7. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 5a. **Participating employers.** Employers participating in the public buyers group program and employers considering participation in the public buyers group program shall not be refused or impeded by the program in their efforts to obtain the utilization or claims data needed by the employer to seek alternative bids for

insurance coverage. The ability of participating employers to secure their data for the purposes of seeking alternative bids for coverage exists regardless of any other program participation requirements or incentives for long-term participation in the program. Participating employers must not be charged for the report generated to satisfy this subdivision.

Sec. 8. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 5b. **School district's bids.** School districts eligible for the public buyers group program must request bids for insurance coverage through the public buyers group program at least once every four years. This subdivision does not require school districts eligible for the program to purchase coverage through the program. Other public employers are encouraged to seek bids from the public buyers group program at least once every four years.

Sec. 9. Minnesota Statutes 2004, section 43A.316, subdivision 6, is amended to read:

Subd. 6. **Coverage.** (a) ~~By January 1, 1989,~~ The commissioner shall announce the benefits of the program. The program shall include employee hospital, medical, and dental, and life insurance for employees and ~~hospital and medical benefits for~~ dependents. Health maintenance organization options and other delivery system options may be provided if they are available, cost-effective, and capable of servicing the number of people covered in the program. Participation in optional coverages may be provided by collective bargaining agreements. For employees not represented by an exclusive representative, the employer may offer the optional coverages to eligible employees and their dependents provided in the program. Health coverage must include at least the benefits required of a health plan company regulated under chapter 62A, 62C, 62D, or 62Q.

(b) The commissioner, with the assistance of the Labor-Management Committee, shall periodically assess whether it is financially feasible for the program to offer or to continue an individual retiree program that has competitive premium rates and benefits. If the commissioner determines it to be feasible to offer an individual retiree program, the commissioner shall announce the applicable benefits, premium rates, and terms of participation. Eligibility to participate in the individual retiree program is governed by subdivision 8, but applies to retirees of eligible employers that do not participate in the program and to those retirees' dependents and surviving spouses.

Sec. 10. Minnesota Statutes 2004, section 43A.316, subdivision 6a, is amended to read:

Subd. 6a. ~~**Chiropractic services**~~ **Choice of type of provider.** All benefits provided by the program ~~or a successor program~~ relating to expenses incurred for medical treatment or services of a ~~physician~~ health care provider must also include ~~chiropractic treatment and services of a chiropractor~~ any other type of licensed, certified, or registered health care provider to the extent that the ~~chiropractic services and treatment are within the scope of chiropractic licensure~~ the provider's licensure, certification, or registration.

~~This subdivision is intended to provide equal access to benefits for program members who choose to obtain treatment for illness or injury from a doctor of chiropractic, as long as the treatment falls within the chiropractor's scope of practice. This subdivision is not intended to change or add to the benefits provided for in the program.~~

Sec. 11. Minnesota Statutes 2004, section 43A.316, subdivision 7, is amended to read:

Subd. 7. **Premiums.** (a) The proportion of premium paid by the employer and employee is subject to collective bargaining or personnel policies. If, at the beginning of the coverage period, no collective bargaining agreement has been finalized, the increased dollar costs, if any, from the previous year is the sole responsibility of the individual participant until a collective bargaining agreement states otherwise. Premiums, including an administration fee, shall be established by the commissioner. The commissioner may decide to rate specific employers separately for premium purposes, if the commissioner determines that doing so is in the best interests of the program. Each employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the

commissioner no later than the dates established by the commissioner. If an employer fails to make the payments as required, the commissioner ~~may shall~~ cancel program benefits and pursue other civil remedies, as provided in subdivision 5, paragraph (d).

(b) The premium charged for an employer's first month in the program may be up to three times the regular monthly premium charged to that employer, to help establish and maintain the program's financial resources. The extra premiums, if paid, must be refunded to the employer if the employer leaves the program, if the refund would not reduce the program's reserves below the level determined to be appropriate by the commissioner.

(c) The commissioner must provide bids, including the premiums to be charged, to eligible employers that request bids, no later than 90 days prior to the date the coverage would begin or renew.

Sec. 12. Minnesota Statutes 2004, section 43A.316, subdivision 8, is amended to read:

Subd. 8. **Continuation of coverage.** (a) A former employee of an employer participating in the program who is receiving a public pension disability benefit or an annuity or has met the age and service requirements necessary to receive an annuity under chapter 353, 353C, 354, 354A, 356, 422A, 423, 423A, or 424, and the former employee's dependents, are eligible to participate in the program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

The commissioner may provide policy exclusions for preexisting conditions only when there is a break in coverage between a participant's coverage under the employment-based group insurance program and the participant's coverage under this section. An employer shall notify an employee of the option to participate under this paragraph no later than the effective date of retirement. The retired employee or the employer of a participating group on behalf of a current or retired employee shall notify the commissioner within 30 days of the effective date of retirement of intent to participate in the program according to the rules established by the commissioner.

(b) The spouse of a deceased employee or former employee may purchase the benefits provided at premiums established by the commissioner if the spouse was a dependent under the employee's or former employee's coverage under this section at the time of the death. The spouse remains eligible to participate in the program as long as the ~~group that included the deceased employee or former employee participates in the program~~ spouse chooses to do so. Coverage under this clause must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The program benefits must continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

~~(d) A participant who discontinues coverage may not reenroll.~~

(d) Persons participating under ~~these paragraphs~~ this subdivision shall make appropriate premium payments in the time and manner established by the commissioner. They are not subject to the payment of extra payments that may be required under subdivision 7, paragraph (b).

Sec. 13. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 9a. **Report.** The commissioner shall report biennially to the governor and legislature on March 1 of each odd-numbered year. The report must include information on membership, finances, operations, effectiveness, and impact of the public buyers group program. The report may include discussion of changes and innovations, particularly with respect to improving health care costs, quality, and outcomes, and any issues or challenges faced by the program and how they might be addressed. The report must be posted on a Web site maintained by or for the public buyers group program, and must be available to the public.

Sec. 14. Minnesota Statutes 2004, section 43A.316, subdivision 10, is amended to read:

Subd. 10. **Exemption.** The public ~~employee insurance buyers group~~ program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161, except as otherwise provided in subdivision 6, paragraph (a).

Sec. 15. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 11. **Reinsurance.** The commissioner may, on behalf of the program, participate in an insured or self-insured reinsurance pool.

ARTICLE 4

MINNESOTA EMPLOYEES INSURANCE PROGRAM

Section 1. Minnesota Statutes 2004, section 43A.317, is amended to read:

43A.317 MINNESOTA EMPLOYEES INSURANCE PROGRAM.

Subdivision 1. **Intent.** The legislature finds that the creation of a statewide program to provide employers with the advantages of a large pool for insurance purchasing would advance the welfare of the citizens of the state.

Subd. 2. **Definitions.** (a) **Scope.** For the purposes of this section, the terms defined have the meaning given them.

(b) **Commissioner Board.** ~~"Commissioner" means the commissioner of employee relations.~~ "Board" means the board of directors created under subdivision 4.

(c) **Eligible employee.** "Eligible employee" means an employee eligible to participate in the program under the terms described in subdivision 6.

(d) **Eligible employer.** "Eligible employer" means an employer eligible to participate in the program under the terms described in subdivision 5.

(e) **Eligible individual.** "Eligible individual" means a person eligible to participate in the program under the terms described in subdivision 6.

(f) **Employee.** "Employee" means an employee of an eligible employer. "Employee" includes a sole proprietor, partner of a partnership, member of a limited liability company, or independent contractor.

(g) **Employer.** "Employer" means a private person, firm, corporation, partnership, limited liability company, association, or other entity actively engaged in business or public services. "Employer" includes both for-profit and nonprofit entities.

(h) **Program.** "Program" means the Minnesota employees insurance program created by this section.

Subd. 3. **Entity status and administration.** ~~After consulting with the chairs of the senate Governmental Operations and Veterans Committee and the house of representatives Governmental Operations and Veterans Affairs Policy Committee, the commissioner may determine when the program provided under this section is available. When the commissioner makes the program available,~~ The board is created and may operate as an

unincorporated association and may incorporate as a Minnesota nonprofit corporation under chapter 317A. The board shall have all powers available under that chapter, except to the extent inconsistent with this section. The commissioner board shall, consistent with the provisions of this section, administer the program and determine its coverage options, funding and premium arrangements, contractual arrangements, and all other matters necessary to administer the program. The commissioner's contracting authority for the program, including authority for competitive bidding and negotiations, is governed by section 43A.23.

Subd. 4. **Advisory committee Board of directors.** ~~After the commissioner consults as required in subdivision 3 and then determines to make the program available, The commissioner governor shall establish a appoint an initial ten-member advisory committee board of directors that includes five members who represent eligible employers and five, two members who represent eligible individuals. The committee shall advise the commissioner on issues related to administration of the program. The committee is governed by sections 15.014 and 15.059, and continues to exist while the program remains in operation., and three public members, for initial terms of two years for five directors and three years for the other five directors. Subsequent board members shall be appointed by the governor to serve staggered three-year terms. The governor may decide when to activate the board and the program by making the initial appointments.~~

Subd. 5. **Employer eligibility.** (a) **Procedures.** All employers are eligible for coverage through the program subject to the terms of this subdivision. ~~The commissioner board shall establish procedures for an employer to apply for coverage through the program.~~

(b) **Term.** The initial term of an employer's coverage ~~may must~~ be for ~~up to at least~~ two years from the effective date of the employer's application. After that, coverage will be automatically renewed for an additional term of two years unless the employer gives notice of withdrawal from the program according to procedures established by the ~~commissioner board~~ or the ~~commissioner board~~ gives notice to the employer of the discontinuance of the program. The ~~commissioner board~~ may establish conditions under which an employer may withdraw from the program prior to the expiration of a term, including by reason of an increase in health coverage premiums of 50 percent or more from one insurance year to the next. An employer that withdraws from the program may not reapply for coverage for a period of time equal to its initial term of coverage two years.

(c) **Minnesota work force.** An employer is not eligible for coverage through the program if ~~five~~ 50 percent or more of its eligible employees work primarily outside Minnesota, except that an employer that either does or does not meet that requirement may apply to the program on behalf of only those employees who work primarily in Minnesota, ~~and the board may accept or reject the application.~~

(d) **Employee participation; aggregation of groups.** An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the ~~commissioner board~~.

(e) **Private employer.** A private employer is not eligible for coverage unless it has two or more eligible employees who live in the state of Minnesota. If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid Social Security or self-employment tax on behalf of both eligible employees.

(f) **Minimum participation.** The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of

coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage ~~under another group health benefit plan~~. eligible for waiver under section 62L.03, subdivision 3, paragraph (a). An employer may not offer any employee health coverage other than that offered by the board, except with prior approval of the board.

(g) **Employer contribution.** The ~~commissioner~~ board must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) **Enrollment cap.** The ~~commissioner~~ board may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Subd. 6. **Individual eligibility.** (a) **Procedures.** The ~~commissioner~~ board shall establish procedures for eligible employees and other eligible individuals to apply for coverage through the program.

(b) **Employees.** An employer shall determine when it applies to the program the criteria its employees must meet to be eligible for coverage under its plan. An employer may subsequently change the criteria annually or at other times with approval of the ~~commissioner~~ board. The criteria must provide that new employees become eligible for coverage after a probationary period of at least 30 days, but no more than 90 days.

(c) **Other individuals.** An employer may elect to cover under its plan:

- (1) the spouse, dependent children, and dependent grandchildren of a covered employee;
- (2) a retiree who is eligible to receive a pension or annuity from the employer and a covered retiree's spouse, dependent children, and dependent grandchildren;
- (3) the surviving spouse, dependent children, and dependent grandchildren of a deceased employee or retiree, if the spouse, children, or grandchildren were covered at the time of the death;
- (4) a covered employee who becomes disabled, as provided in sections 62A.147 and 62A.148; or
- (5) any other categories of individuals for whom group coverage is required by state or federal law.

An employer shall determine when it applies to the program the criteria individuals in these categories must meet to be eligible for coverage. An employer may subsequently change the criteria annually, or at other times with approval of the ~~commissioner~~ board. The criteria for dependent children and dependent grandchildren may be no more inclusive than the criteria under section 43A.18, subdivision 2. This paragraph shall not be interpreted as relieving the program from compliance with any federal and state continuation of coverage requirements.

(d) **Waiver and late entrance.** An eligible individual may waive coverage at the time the employer joins the program or when coverage first becomes available. The ~~commissioner~~ board may establish a preexisting condition exclusion of not more than 18 months for late entrants as defined in section 62L.02, subdivision 19.

(e) **Continuation coverage.** The program shall provide all continuation coverage required by state and federal law.

Subd. 7. **Coverage.** ~~Coverage is available through the program beginning on July 1, 1993. Until an arrangement is in place to provide coverage may be provided through a transfer of risk to one or more carriers regulated under chapter 62A, 62C, or 62D, the commissioner shall solicit bids under section 43A.23, from carriers regulated under chapters 62A, 62C, and 62D, to provide coverage of eligible individuals. The commissioner shall~~

provide coverage through contracts with carriers, unless the commissioner receives no reasonable bids from carriers; through a group self-insured arrangement under chapter 62H; or through a combination of those methods. The board may, on behalf of the program, participate in an insured or self-insured reinsurance pool.

(a) **Health coverage.** Health coverage is available to all employers in the program. The ~~commissioner~~ board shall attempt to establish health coverage options that have strong care management features to control costs and promote quality and shall attempt to make a choice of health coverage options available. Health coverage for a retiree who is eligible for the federal Medicare program must be administered as though the retiree is enrolled in Medicare parts A and B, and D. ~~To the extent feasible as determined by the commissioner and in the best interests of the program, the commissioner shall model coverage after the plan established in section 43A.18, subdivision 2.~~ Health coverage must include at least the benefits required of a carrier regulated under chapter 62A, 62C, or 62D for comparable coverage. ~~Coverage under this paragraph must not be provided as part of the health plans available to state employees.~~

(b) **Choice of providers.** All benefits provided by the program relating to expenses incurred for medical treatment or services of a health care provider must also include treatment and services of any other type of licensed, certified, or registered health care provider to the extent that the services and treatment are within the scope of the provider's licensure, certification, or registration.

(c) **Optional coverages.** In addition to offering health coverage, the ~~commissioner~~ board may arrange to offer dental or other health-related coverage through the program. Employers with health coverage may choose to offer dental or other health-related coverage according to the terms established by the ~~commissioner~~ board.

(e) **Open enrollment.** The program must meet all underwriting requirements of chapter 62L and must provide periodic open enrollments for eligible individuals for those coverages where a choice exists.

(d) **Technical assistance.** The ~~commissioner~~ board may arrange for technical assistance and referrals for eligible employers in areas such as health promotion and wellness, employee benefits structure, tax planning, and health care analysis services as described in section 62J.2930.

Subd. 8. **Premiums.** (a) **Payments.** Employers enrolled in the program shall pay premiums according to terms established by the ~~commissioner~~ board. If an employer fails to make the required payments, the ~~commissioner~~ board may cancel coverage and pursue other civil remedies.

(b) **Rating method.** The ~~commissioner~~ board shall determine the premium rates and rating method for the program. The rating method for eligible small employers must meet or exceed the requirements of chapter 62L. The rating methods must recover in premiums all of the ongoing costs for ~~state~~ administration and for maintenance of a premium stability and claim fluctuation reserve. ~~On June 30, 1999, after paying all necessary and reasonable expenses, the commissioner must apply up to \$2,075,000 of any remaining balance in the Minnesota employees' insurance trust fund to repayment of any amounts drawn or expended for this program from the health care access fund. The board may decide to rate specific employers separately for premium purposes if the board determines that doing so is in the best interests of the program.~~

(c) **Taxes and assessments.** To the extent that the program operates as a self-insured group, the premiums paid to the program are not subject to the taxes imposed by chapter 297I, but the program is subject to a Minnesota Comprehensive Health Association assessment under section 62E.11.

(d) The board may require that employers entering the program pay a premium of up to three times the normal monthly premium as a contribution to reserves. If an employer leaves the program, the board may refund the excess premium if the program's reserves would remain adequate in the judgment of the board.

Subd. 9. ~~Minnesota employees insurance trust fund.~~ (a) ~~Contents.~~ The Minnesota employees insurance trust fund in the state treasury consists of deposits received from eligible employers and individuals, contractual settlements or rebates relating to the program, investment income or losses, and direct appropriations.

(b) ~~Appropriation.~~ All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other costs necessary to administer the program.

(c) ~~Reserves.~~ (a) For any coverages for which the program does not contract to transfer full financial responsibility, the ~~commissioner~~ board shall establish and maintain reserves:

(1) for claims in process, incomplete and unreported claims, premiums received but not yet earned, and all other accrued liabilities; and

(2) to ensure premium stability and the timely payment of claims in the event of adverse claims experience. The reserve for premium stability and claim fluctuations must be established according to the sound actuarial standards of section 62C.09, subdivision 3, except that the reserve may exceed the upper limit under this standard until July 1, 1997.

(d) ~~Investments.~~ The State Board of Investment shall invest the fund's assets according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

(b) If the board determines that it needs additional funds for start-up costs, the board may access additional funds as needed in the form of loans from the health care access fund, not to exceed a total indebtedness of \$1,000,000 at any one time. Such loans accrue interest at three percent per annum simple interest and must be payable in monthly installments beginning no later than two years after the board first provides coverage and must be fully repaid no later than five years after that date. The monthly repayment installments must be reamortized as needed to reflect repayments and additional loan amounts accessed so that monthly installments will be sufficient to repay the existing balance, including accrued interest, at the end of that five-year period. The board may make additional repayments of principal and interest at any time. The \$1,000,000 amount is available until the end of that five-year period. Amounts of principal repaid are available to be accessed for new loans within that period.

Subd. 10. **Program status.** The Minnesota employees insurance program is a ~~state~~ state-created program to provide the advantages of a large pool to ~~small~~ employers for ~~purchasing~~ providing health coverage, other coverages, and related services from insurance companies, health maintenance organizations, and other organizations. The program is not an insurance company. Coverage under this program shall be considered a certificate of insurance or similar evidence of coverage and is subject to all applicable requirements of chapters 60A, 62A, 62C, 62D, 62E, 62H, 62L, and 72A, ~~and is subject to regulation by the commissioner of commerce~~ to the extent applicable.

Subd. 12. **Status of agents.** Notwithstanding sections 60K.49 and 72A.07, the program may use, and pay referral fees, commissions, or other compensation to, agents licensed as insurance producers under chapter 60K or licensed under section 62C.17, regardless of whether the agents are appointed to represent the particular health carriers or community integrated service networks that provide the coverage available through the program. When acting under this subdivision, an agent is not an agent of the health carrier or community integrated service network, with respect to that transaction.

Sec. 2. APPROPRIATION.

\$1,000,000 is appropriated from the health care access fund to the commissioner of employee relations for the as-needed loans to the Minnesota employees insurance program, as provided in Minnesota Statutes, section 43A.317, subdivision 9, paragraph (b).

ARTICLE 5

PRIVATE SECTOR HEALTH COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2004, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association may impose deductibles not to exceed \$3,000 \$5,000 per person, per year and \$6,000 \$10,000 per family, per year. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts may impose deductibles not to exceed \$2,250 per person, per year and \$4,500 per family, per year.~~

Sec. 2. Minnesota Statutes 2004, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association must include a limitation not to exceed \$4,500 \$5,000 per person and \$7,500 \$10,000 per family on total annual out-of-pocket enrollee cost-sharing expenses. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts must include a limitation not to exceed \$3,000 per person and \$6,000 per family on total annual out-of-pocket enrollee cost-sharing expenses.~~

Sec. 3. Minnesota Statutes 2004, section 62D.095, is amended by adding a subdivision to read:

Subd. 5a. **Lifetime maximum benefit.** A health maintenance contract issued by a health maintenance organization may impose a lifetime maximum benefit no less than \$3,000,000. At no time shall a health maintenance organization impose a lifetime maximum lower than the required lifetime maximum of the comprehensive health insurance plan under section 62E.12.

Sec. 4. **[62Q.645] DISTRIBUTION OF INFORMATION; ADMINISTRATIVE EFFICIENCY AND COVERAGE OPTIONS.**

(a) The commissioner may use reports submitted by health plan companies, service cooperatives, and the public employee insurance program created in section 43A.316 to compile entity specific administrative efficiency report cards; may make these report cards available on state agency Web sites, including minnesotahealthinfo.com; and may include information on:

(1) number of covered lives;

(2) covered services;

(3) geographic availability;

(4) whom to contact to obtain current premium rates;

(5) administrative costs, using the definition of administrative costs developed under section 62J.38;

(6) Internet links to information on the health plan, if available; and

(7) any other information about the health plan identified by the commissioner as being useful for employers, consumers, providers, and others in evaluating health plan options.

(b) This section does not apply to a health plan company unless its annual Minnesota premiums exceed \$50,000,000 based on the most recent assessment base of the Minnesota Comprehensive Health Association. For purposes of this determination, the premiums of a health plan company include those of its affiliates.

Sec. 5. **MEDICAL MALPRACTICE INSURANCE REPORT.**

(a) The commissioner of commerce shall provide to the legislature, no later than June 1 each year, a brief written report on the status of the market for medical malpractice insurance in Minnesota. The report must summarize, interpret, explain, and analyze information on that subject available to the commissioner, through annual statements filed by insurance companies, information obtained under paragraph (c), and other sources.

(b) The annual report must consider, to the extent possible, Minnesota specific data on market shares; premiums received; amounts paid to settle claims that were not litigated, claims that were settled after litigation began, and claims that were litigated to court judgment; amounts spent on processing, investigation, litigation, and otherwise handling claims; other sales and administrative costs; and the loss ratios of the insurers.

(c) Each insurance company that provides medical malpractice insurance in this state shall, no later than April 1 each year, file with the commissioner of commerce, on a form prescribed by the commissioner, the Minnesota specific data referenced in paragraph (b), other than market share, for the previous calendar year for that insurance company, shown separately for the categories of coverage provided to hospitals, medical clinics, nursing homes, physicians who provide emergency medical care, obstetrician gynecologists, and ambulance services. An insurance company need not comply with this paragraph if its direct premium written in the state for the previous calendar year is less than \$2,000,000.

ARTICLE 6

SERVICE COOPERATIVES

Section 1. Minnesota Statutes 2004, section 123A.21, subdivision 7, is amended to read:

Subd. 7. **Educational programs and services.** (a) The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning and other telecommunication services;
- (5) evaluation and research;
- (6) staff development;

- (7) media and technology centers;
- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, postsecondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;
- (17) community services;
- (18) shared time programs;
- (19) fiscal services and risk management programs, including health reinsurance programs;
- (20) technology planning, training, and support services;
- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

(b) A service cooperative may contract for goods and services in conjunction with its health reinsurance programs, including management, actuarial, investment, and legal services from others within or without this state to ensure the efficient operation of these programs. It shall rebid its contracts for reinsurance that it purchases at least every two years.

(c) A health reinsurance program operated by one or more service cooperatives may:

(1) provide reinsurance or stop-loss coverage to nursing homes licensed under chapter 144A and boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program located in this state; and

(2) determine premiums for its reinsurance or stop-loss coverage individually for specific employers or may determine them on a pooled or other basis established by the SC.

(d) A health coverage program provided by one or more service cooperatives:

(1) may provide coverage to nursing homes licensed under chapter 144A and boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program located in this state;

(2) must rebid contracts for insurance and third-party administration at least every four years;

(3) must comply with section 72.20, subdivision 26, notwithstanding section 13.203, and must also provide that same information to exclusive representatives of the employees upon request. A service cooperative shall not terminate coverage, exclude an employer from future coverage, or otherwise penalize an employer for seeking bids from other sources of health coverage; and

(4) must provide bids for initial issuance or renewal of coverage upon request to eligible employers no later than 90 days prior to the expected beginning or renewal date of coverage.

Sec. 2. Minnesota Statutes 2004, section 471.61, is amended by adding a subdivision to read:

Subd. 6. **Reinsuring health risks.** Any political subdivision, or any two or more political subdivisions acting jointly, may provide for the reinsuring of risks incurred as a result of providing the insurance or protection authorized by this section by participating in a pool operated by a service cooperative or cooperatives pursuant to section 471.617, subdivision 3a.

Sec. 3. Minnesota Statutes 2004, section 471.617, subdivision 3, is amended to read:

Subd. 3. **Stop-loss coverage.** Any self-insurance plan covering fewer than 1,000 employees shall include excess or stop-loss coverage provided by a licensed insurance company, an insurance company approved pursuant to sections 60A.195 to 60A.209, or service plan corporation, but excess or stop-loss coverage need not be obtained for long-term disability.

This excess or stop-loss coverage shall cover all eligible claims incurred during the term of the policy or contract. In addition to excess or stop-loss coverage, the self-insurance plan shall provide for reserving of an appropriate amount of funds to cover the estimated cost of claims incurred, but unpaid, during the term of the policy or contract which shall be added to the expected claim level. These funds shall be in addition to funds reserved to cover the claims paid during the term of the policy or contract. The excess or stop-loss coverage shall be provided at levels in excess of self-insured retention which is appropriate, taking into account the number of covered persons in the group.

Coverage under subdivision 3a qualifies under this subdivision.

Sec. 4. Minnesota Statutes 2004, section 471.617, is amended by adding a subdivision to read:

Subd. 3a. **Reinsurance pools.** A statutory or home rule charter city, county, school district, or instrumentality of any of them may provide for the reinsuring of risks incurred as a result of providing the health benefits authorized by this section through a pool operated by a service cooperative or cooperatives established pursuant to section 123A.21.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the day following final enactment.

ARTICLE 7

MEDICAL LIABILITY

Section 1. **[604.111] MEDICAL LIABILITY; USE OF PROVIDER'S APOLOGY.**

Subdivision 1. Apology not admission; medical liability. In any civil action brought by an alleged victim of an unanticipated outcome of medical care, or in any arbitration proceeding related to such civil action, any and all statements, affirmations, gestures, or conduct expressing apology, fault, sympathy, commiseration, condolence, compassion, or a general sense of benevolence, which are made by a health care provider or an employee of a health care provider to the alleged victim, a relative of the alleged victim, or a representative of the alleged victim and which relate to the discomfort, pain, suffering, injury, or death of the alleged victim as a result of the unanticipated outcome of medical care shall be inadmissible as evidence of an admission of liability or as evidence of an admission against interest or as an excited utterance.

Subd. 2. Definitions. For purposes of this section, unless the context otherwise requires:

(a) "Health care provider" means any person licensed, certified, or registered in this state to deliver health care and any clinic, pharmacy, hospital, or other health facility located in this state. The term includes any professional corporation or other professional entity comprised of such health care providers as permitted by the laws of this state.

(b) "Relative" means a victim's spouse, parent, grandparent, stepfather, stepmother, child, grandchild, brother, sister, half brother, half sister, or spouse's parents. The term includes those relationships if created as a result of adoption. In addition, relative includes any person who is a member of the victim's household.

(c) "Representative" means a legal guardian, attorney, person designated to make decisions on behalf of a patient under a health care power of attorney, or any person recognized in law or custom as a patient's agent.

(d) "Unanticipated outcome" means the outcome of a medical treatment or procedure that differs from an expected result.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2007, and applies to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to health; establishing evidence-based practice standards; requiring a report on uncompensated care and reporting on acquired infections; authorizing a study on alternative and complimentary health care; permitting discounted health care payments under certain circumstances; modifying provisions in the public employees insurance program and Minnesota employees insurance program; modifying private sector health coverage provisions; allowing service cooperatives to contract for goods and services under certain conditions; adding a provision for medical liability; appropriating money; amending Minnesota Statutes 2004, sections 43A.316, subdivisions 1, 2, 3, 4, 5, 6, 6a, 7, 8, 10, by adding subdivisions; 43A.317; 62D.095, subdivisions 3, 4, by adding a subdivision; 72A.20, by adding a subdivision; 123A.21, subdivision 7; 144.698, by adding a subdivision; 151.214, subdivision 1; 471.61, by adding a subdivision; 471.617, subdivision 3, by adding a subdivision; Minnesota Statutes 2005 Supplement, section 214.071; proposing coding for new law in Minnesota Statutes, chapters 62J; 62M; 62Q; 144; 214; 604; repealing Minnesota Statutes 2005 Supplement, section 62Q.251."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs.

The report was adopted.

Johnson, J., from the Committee on Civil Law and Elections to which was referred:

H. F. No. 1888, A bill for an act relating to government data practices; requiring destruction of disposed private or confidential data; amending Minnesota Statutes 2004, sections 13.05, subdivision 5; 138.17, subdivision 7.

Reported the same back with the following amendments:

Page 1, line 9, before "The" insert "(a)"

Page 1, line 14, delete the new language

Page 1, delete lines 15 to 17 and insert:

"(b) When not public data, as defined in section 13.02, subdivision 8a, is being disposed of, the data must be destroyed in a way that prevents its contents from being determined."

Page 2, line 30, delete the new language

Page 2, delete lines 31 to 34, and insert "When records containing not public data as defined in section 13.02, subdivision 8a, are being disposed of under this subdivision, the records must be destroyed in a way that prevents their contents from being determined."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce and Financial Institutions.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 2147, A bill for an act relating to public safety; requiring the commissioner of health to develop methamphetamine offender education materials; requiring sheriffs to provide inmates with methamphetamine education materials; proposing coding for new law in Minnesota Statutes, chapters 144; 387.

Reported the same back with the following amendments:

Page 1, line 16, delete the comma and insert "and at orientation"

Page 1, line 17, delete everything after "jail" and insert "unit"

Page 1, line 18, delete everything before "with"

Page 1, line 21, delete "methamphetamine" and insert "all"

Page 2, line 3, delete "2005" and insert "2006"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Public Safety Policy and Finance.

The report was adopted.

Tingelstad from the Committee on Governmental Operations and Veterans Affairs to which was referred:

H. F. No. 2362, A bill for an act relating to retirement; Minneapolis Teachers Retirement Fund Association and expanded list plans; clarifying mutual fund authority; revising investment authority to exclude below-investment grade bonds; amending Minnesota Statutes 2004, sections 354A.28, subdivision 5; 356A.06, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM
CONTRIBUTION INCREASES

Section 1. Minnesota Statutes 2004, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** The employee contribution to the fund must be equal to ~~4.0~~ the following percent of salary:-

<u>before July 1, 2007</u>	<u>4.00</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 2. Minnesota Statutes 2004, section 352.04, subdivision 3, is amended to read:

Subd. 3. **Employer contributions.** The employer contribution to the fund must be equal to ~~4.0~~ the following percent of salary:-

<u>before July 1, 2007</u>	<u>4.00</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

Sec. 3. **[352.045] PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS
IN CERTAIN INSTANCES.**

Subdivision 1. **Application.** This section applies to the general state employees retirement plan and the correctional state employees retirement plan under this chapter, and to the state patrol retirement plan under chapter 352B.

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for purposes of the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial

work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3. **Contribution rate revision.** Notwithstanding the contribution rate provisions stated in plan law, the employee and employer contribution rates must be adjusted:

(1) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and employer contribution rates for the applicable plan must be decreased as determined under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and employer contribution rates for the applicable plan must be increased as determined under subdivision 4 to a level such that no deficiency exists based on the most recent actuarial valuation.

Subd. 4. **Reporting, commission review.** (a) The contribution rate increase or decrease must be determined by the executive director of the Minnesota State Retirement System, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(b) No incremental adjustment may exceed 0.25 percent of payroll for either the employee or employer contribution rates per year in which any adjustment is implemented. For an applicable plan, a contribution rate adjustment under this section must not be made until at least two years have passed since fully implementing a previous adjustment under this section.

Sec. 4. Minnesota Statutes 2004, section 352.92, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** Employee contributions of covered correctional employees must be in an amount equal to ~~5.69~~ the following percent of salary:-

<u>before July 1, 2007</u>	<u>5.69</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>6.40</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>7.00</u>
<u>from July 1, 2009, to June 30, 2010</u>	<u>7.70</u>
<u>from July 1, 2010, and thereafter</u>	<u>8.60.</u>

These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

Sec. 5. Minnesota Statutes 2004, section 352.92, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** The employer shall contribute for covered correctional employees an amount equal to ~~7.98~~ the following percent of salary:

<u>before July 1, 2007</u>	<u>7.98</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>10.10</u>
<u>from July 1, 2009, to June 30, 2010</u>	<u>11.10</u>
<u>from July 1, 2010, and thereafter</u>	<u>12.10.</u>

Sec. 6. Minnesota Statutes 2004, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. **Member contributions.** Each member shall pay a sum equal to ~~8.40~~ the following percent of the member's salary, which shall constitute the member contribution to the fund:

<u>before July 1, 2007</u>	<u>8.40</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>9.80</u>
<u>from July 1, 2009, and thereafter</u>	<u>10.40.</u>

These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

Sec. 7. Minnesota Statutes 2004, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. **Employer contributions.** In addition to member contributions, department heads shall pay a sum equal to ~~12.60~~ the following percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund:

<u>before July 1, 2007</u>	<u>12.60</u>
<u>from July 1, 2007, to June 30, 2008</u>	<u>13.60</u>
<u>from July 1, 2008, to June 30, 2009</u>	<u>14.60</u>
<u>from July 1, 2009, and thereafter</u>	<u>15.60.</u>

Department contributions must be paid out of money appropriated to departments for this purpose.

Sec. 8. Minnesota Statutes 2004, 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~~ four percent of salary.

(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. 9. **EFFECTIVE DATE.**

(a) Sections 1, 2, 3, and 8 are effective July 1, 2007.

(b) Sections 4, 5, 6, and 7 are effective July 1, 2006.

ARTICLE 2

MSRS-CORRECTIONAL RETIREMENT PLAN INCLUSIONS

Section 1. Minnesota Statutes 2004, section 352.90, is amended to read:

352.90 POLICY.

It is the policy of the legislature to provide special retirement benefits for and special contributions ~~for~~ by certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities or of patients at the Minnesota Security Hospital ~~or at, of patients in the Minnesota Sexual Psychopathic Personality Treatment Center Sex Offender Program,~~ or of patients in the Minnesota extended treatment options ~~on-campus~~ program ~~at the Cambridge Regional Human Services Center.~~

Sec. 2. Minnesota Statutes 2004, section 352.91, subdivision 1, is amended to read:

Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service performed by a state employee, as defined in section 352.01, employed at a state correctional facility, the Minnesota Security Hospital, or the Minnesota ~~Sexual Psychopathic Personality Treatment Center~~ Sex Offender Program as:

- (1) a corrections officer 1;
- (2) a corrections officer 2;
- (3) a corrections officer 3;
- (4) a corrections officer supervisor;
- (5) a corrections ~~officer 4~~ lieutenant;
- (6) a corrections captain;
- (7) a security counselor; ~~or~~
- (8) a security counselor lead; or
- (9) a corrections canine officer.

Sec. 3. Minnesota Statutes 2004, section 352.91, subdivision 2, is amended to read:

Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional service" also means service rendered at any time by state employees as maintenance personnel ~~and, correctional industry personnel, or members of trades certified by the commissioner of employee relations to the executive director as being regularly engaged for at least 75 percent of the employee's working time in the rehabilitation, treatment, custody, or supervision of inmates at a Minnesota correctional facility, or of patients at the Minnesota Security Hospital or at the Minnesota Sexual Psychopathic Personality Treatment Center Sex Offender Program.~~

Sec. 4. Minnesota Statutes 2004, 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, ~~or in the Minnesota Sex Offender Program that are specified in paragraph (b), provided that if~~ at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, ~~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;
- (4) licensed practical nurse 2; and
- (5) registered nurse ~~practitioner~~ advance practice.

Sec. 5. Minnesota Statutes 2004, 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 if~~ at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, ~~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; central services administrative specialist, intermediate; central services administrative specialist, principal; chaplain; chemical dependency counselor supervisor; chief cook; cook; cook coordinator; corrections behavior therapist; corrections behavior therapist specialist; corrections parent education coordinator; corrections program therapist 1; corrections program therapist 2; corrections program therapist 3; corrections inmate program coordinator; corrections transitions program coordinator; corrections security caseworker; corrections security caseworker career; corrections teaching assistant; delivery van driver; dentist; electrician supervisor; general maintenance worker; general repair worker; laundry coordinator; library/information research services specialist; library/information research services specialist senior; library technician; plumber supervisor; psychologist 1; psychologist 3; recreation therapist; recreation therapist coordinator; recreation program assistant; recreation therapist senior; stores clerk senior; sports medicine specialist; water treatment plant operator; work therapy technician; work therapy assistant; work therapy program coordinator; and work therapy technician.~~

~~(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. 6. Minnesota Statutes 2004, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota extended treatment options program; Cambridge.** (a) "Covered correctional service" means service by a state employee in one of the following employment positions with the Minnesota extended treatment options ~~on-campus program at the Cambridge Regional Human Services Center specified in paragraph (b)~~ if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota extended treatment options program and if service in such a position is certified to the executive director by the commissioner of human services, ~~unless the person elects to retain current retirement coverage under section 6.~~

(b) The employment positions are:

- (1) behavior analyst ~~I~~ 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- ~~(3)~~ (7) mental retardation residential program lead;
- ~~(4)~~ (8) psychologist 2;
- ~~(5)~~ (9) recreation program assistant;
- ~~(6)~~ (10) recreation therapist senior;
- ~~(7)~~ (11) registered nurse senior;
- ~~(8)~~ (12) skills development specialist; ~~and~~
- ~~(9)~~ (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

Sec. 7. Minnesota Statutes 2004, section 352.91, subdivision 3f, is amended 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 in the Minnesota Sexual Psychopathic Personality Treatment Center, provided that Sex Offender Program if at least 75 percent of the employee's working time is spent in direct contact with patients and the ~~fact~~ determination 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 4~~ behavior analyst 3;

(3) chemical dependency counselor senior;

(4) client advocate;

(5) dental assistant registered;

(6) group supervisor;

(7) group supervisor assistant;

(8) licensed practical nurse 1;

(9) occupational therapist;

(10) occupational therapist, senior;

(11) office and administrative specialist senior;

(4) (12) psychologist 1;

(13) psychologist 2;

(5) (14) psychologist 3;

(15) recreation program assistant;

(16) recreation therapist senior;

(17) rehabilitation counselor senior;

(18) skills development specialist;

(19) social worker senior;

(20) social worker specialist;

(6) ~~behavior analyst 3~~ (21) social worker specialist, senior;

(22) speech pathology clinician;

(23) work therapy assistant; and

(7) ~~social worker senior~~ (24) work therapy program coordinator.

Sec. 8. Minnesota Statutes 2004, section 352.91, subdivision 3g, is amended 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) if at least 75 percent of the employee's working time is spent in direct contact with inmates and the ~~fact~~ determination of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The qualifying employment positions ~~and the designated 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, the Minnesota Correctional Facility Rush City, 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 and the Minnesota Correctional Facility Rush City;~~

(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 Rush City, the Minnesota Correctional Facility St. Cloud, the Minnesota Correctional Facility Shakopee, and the Minnesota Correctional Facility Stillwater; or 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. 9. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision to read:

Subd. 3h. **Employment occupation name changes.** (a) If the occupational title of a state employee covered by the Minnesota correctional employees retirement plan changes from the applicable title listed in subdivision 1, 2, 2a, 3c, 3d, 3e, 3f, or 3g, qualification for coverage by the correctional state employees retirement plan continues until the July 1 next following the title change if the commissioner of employee relations certifies to the executive director of the Minnesota State Retirement System and to the executive director of the Legislative Commission on Pensions and Retirement that the duties, requirements, and responsibilities of the new occupational title are substantially identical to the duties, requirements, and responsibilities of the prior occupational title.

(b) If the commissioner of employee relations does not certify a new occupational title under paragraph (a), eligibility for future correctional state employees retirement coverage terminates as of the start of the first payroll period next following the effective date of the occupational title change.

(c) For consideration by the Legislative Commission on Pensions and Retirement during the legislative session next following an occupational title change involving a state employee in covered correctional service, the commissioner of employee relations shall submit the applicable draft proposed legislation accommodating the occupational title change in this section.

Sec. 10. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision to read:

Subd. 3i. **Lateral transfers to new correctional facilities.** If a new correctional facility is established, a state employee rendering covered correctional service immediately before the transfer remains eligible for coverage by the correctional state employees retirement plan for future state employment at the new facility if the person is employed in the same occupational title at the new facility. The eligibility for future coverage continues until the July 1 next following the effective date of the establishment of the new facility.

Sec. 11. Minnesota Statutes 2004, section 352.91, is amended by adding a subdivision to read:

Subd. 4b. **Department of Corrections; procedure for coverage change considerations.** (a) The commissioner of corrections shall appoint a standing review committee to review and determine positions that should be included in legislative requests for correctional employees retirement plan coverage under subdivision 4a.

(b) Periodically, the Department of Corrections will convene meetings of the review committee. The review committee must review all requests and the supporting documentation for coverage by the correctional employees retirement plan and must determine which classes or positions meet the statutory requirements for coverage. The review committee also must determine if incumbents of and recent retirees from classes or positions determined for inclusion in correctional employees retirement plan coverage have prior Department of Corrections employment which also qualified as correctional service and which should be transferred from the general state employees retirement plan to the plan and the initial date for each potential service credit transfer.

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

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

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

Sec. 12. **COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.**

Subdivision 1. **Election of prior state coverage.** (a) An employee in the occupational position of laundry coordinator or delivery van driver at the Minnesota Correctional Facility-Faribault who has future retirement coverage transferred to the correctional state employees retirement plan under section 5 is entitled to elect to obtain prior service credit for eligible correctional state service performed after June 30, 1997, and before July 1, 2006, with the Department of Corrections and an employee who had future retirement coverage transferred to the correctional state employees retirement plan under Laws 2004, chapter 267, article 1, section 1, is entitled to elect to obtain prior service credit for eligible correctional state service performed at the Minnesota Correctional Facility-Rush City before August 1, 2004. All prior service credit in either instance must be purchased.

(b) Eligible correctional state service is either a prior period of continuous service after June 30, 1997, at the Minnesota Correctional Facility-Faribault, or a prior period of continuous service at the Minnesota Correctional Facility-Rush City before August 1, 2004, whichever applies, performed as an employee of the Department of Corrections that would have been eligible for the correctional state employees retirement plan coverage under

section 1, if that prior service had been performed after August 1, 2004, or June 30, 2006, rather than before August 1, 2004, or July 1, 2006, whichever applies. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 30 calendar days.

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

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

Subd. 2. **Payment for prior 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 correctional state service, plus interest at the rate of 8.5 percent per annum, compounded annually. The contribution differential percentage is the difference between 5.69 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the period of the prior eligible correctional state service.

(b) The additional member contribution may be paid only in a lump sum. Payment must accompany the election to obtain prior service credit. No election or payment may be made by the person or accepted by the executive director of the Minnesota State Retirement System after June 30, 2007.

Subd. 3. **Transfer of assets.** (a) Assets must be transferred from the general state employees retirement plan to the correctional state employees retirement plan in an amount equal to the present value of benefits earned under the general state employees retirement plan for each employee transferring to the correctional state employees retirement plan under this section, as determined by the actuary retained under Minnesota Statutes, section 356.214, in accordance with Minnesota Statutes, section 356.215, multiplied by the accrued liability funding ratio of active members as derived from the most recent actuarial valuation prepared by the actuary retained under Minnesota Statutes, section 356.214. The transfer of assets must be made within 30 days after the employee elects to transfer the coverage to the correctional state employees retirement plan.

(b) The Department of Corrections shall pay the cost of the actuarial work performed by the actuary retained under Minnesota Statutes, section 356.214, under paragraph (a) upon receipt of a billing from the executive director of the Public Employees Retirement Association.

Subd. 4. **Effect of the asset transfer.** Upon the transfer of assets in subdivision 3, service credit in the general state employees retirement 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 state employees retirement plan.

Sec. 13. SERVICE CREDIT TRANSFER TO CORRECTIONAL PLAN.

Subdivision 1. **Authorization.** If the review of the corrections program director position of the eligible individual under Minnesota Statutes 2005 Supplement, section 352.91, subdivision 4a, results in the inclusion of the corrections program director position in the correctional state employees retirement plan of the Minnesota State Retirement System by legislative enactment during the 2006 or 2007 legislative sessions, an eligible individual specified in subdivision 2 is authorized to have service credit in the Minnesota State Retirement System general state employees retirement plan for employment as a corrections program director from June 17, 1995, to June 5, 2001, transferred from the Minnesota State Retirement System general state employees retirement plan to the Minnesota State Retirement System correctional state employees retirement plan, if all conditions required by this section are met.

Subd. 2. **Eligibility.** An eligible individual is an individual who:

(1) was born on November 14, 1956;

(2) is currently employed as a corrections lieutenant;

(3) was covered by the Minnesota State Retirement System correctional state employees retirement plan for service provided from November 1, 1980, to June 16, 1995;

(4) was covered by the Minnesota State Retirement System general state employees retirement plan for employment as a corrections program director from June 17, 1995, to June 5, 2001; and

(5) is covered by the Minnesota State Retirement System correctional state employees retirement plan for employment as a corrections lieutenant beginning June 6, 2001.

Subd. 3. **Employee equivalent contribution.** To receive the transfer of service credit specified in subdivision 1, the individual must pay to the executive director of the Minnesota State Retirement System the difference between the employee contribution rate for the general state employees retirement plan and the employee contribution rate for the correctional state employees retirement plan in effect during the period eligible for transfer applied to the eligible individual's salary at the time each additional contribution would have been deducted from pay if coverage had been provided by the correctional state employees retirement plan. These amounts shall be paid in a lump sum by September 1, 2005, or prior to termination of service, whichever is earlier, plus 8.5 percent annual compound interest from the applicable payroll deduction date until paid.

Subd. 4. **Employer equivalent.** The eligible individual shall also pay to the executive director of the Minnesota State Retirement System the difference between the employer contribution rate for the general state employees retirement plan and the employer contribution rate for the correctional state employees retirement plan in effect during the period eligible for transfer applied to the eligible individual's salary at the time each additional contribution would have been deducted from pay if coverage had been provided by the correctional state employees retirement plan. These amounts shall be paid in a lump sum at the same time as the amount under subdivision 3, with interest as specified in that subdivision.

Subd. 5. **Transfer of assets.** If payments under subdivisions 3 and 4 are made, assets must be transferred from the general state employees retirement plan fund to the correctional state employees retirement plan fund in an amount equal to the present value of benefits earned by the eligible individual under the general state employees retirement plan, as determined by the actuary retained under section 356.214 in accordance with Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days after the receipt of payments under subdivisions 3 and 4.

Subd. 6. **Effect of the asset transfer.** Upon transfer of assets in subdivision 5, service credit in the general state employees retirement 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 state employees retirement plan.

Subd. 7. **Payment of actuarial calculation costs.** The expense for the calculations by the actuary under subdivision 5 must be paid by the Department of Corrections.

Sec. 14. **EFFECTIVE DATE.**

(a) Sections 1 to 8 and 12, are effective the first day of the first payroll period next following the date of enactment.

(b) Sections 9, 10, and 11 are effective the day following final enactment.

(c) Section 13 is effective July 1, 2006, applies retroactively to permit a transfer by an eligible individual of service credit before January 1, 2008, even if the eligible individual has terminated active state employment before July 1, 2007, and, if the eligible individual is in receipt of a retirement annuity from the correctional state employees retirement plan of the Minnesota State Retirement System on or before July 1, 2007, allows the eligible individual to have the retirement annuity recalculated on the basis of any transferred service credit.

(d) The addition of the reference to "correctional industry" in section 3 is a clarification of the existing provision and is not intended to be the basis for the addition of any employment position to plan coverage beyond the employment positions included on January 15, 2006, unless there is a change in the duties of an employment position connected with correctional industries that increases the regularly occurring direct inmate contact of the position to in excess of 75 percent and the inclusion of the position as "correctional industry personnel" is approved by the commissioner of employee relations.

ARTICLE 3

RETIREMENT PLAN ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2004, 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 executed 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. 2. Minnesota Statutes 2004, section 352.113, subdivision 7a, is amended to read:

Subd. 7a. **Temporary reemployment benefit reduction waiver.** (a) A reduction in benefits under subdivision 7, or a termination of benefits due to the disabled employee resuming a gainful occupation from which earnings are equal to or more than the employee's salary at the date of disability or the salary currently paid for similar positions does not apply until six months after the individual returns to a gainful occupation.

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

(c) A member may return to employment and continue disability benefit payments under this subdivision only once while receiving disability benefits from a plan administered by the Minnesota State Retirement System.

Sec. 3. Minnesota Statutes 2004, section 352.116, subdivision 3a, is amended to read:

Subd. 3a. **Bounce-back annuity.** (a) If a retired employee or disabilitant selects a joint and survivor annuity option under subdivision 3 after June 30, 1989, the retired employee or disabilitant must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired employee or disabilitant. Under this option, no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

~~(b) A retired employee or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the retired employee or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A retired employee or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.~~

~~(c) A retired employee or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the retired employee or disabilitant if the designated optional beneficiary died before July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

Sec. 4. Minnesota Statutes 2004, section 352.116, subdivision 3b, is amended to read:

Subd. 3b. **Bounce-back annuity.** (a) The board of directors must provide a joint and survivor annuity option to members of the correctional employees and State Patrol retirement funds. Under this option, if a former member or disabilitant selects a joint and survivor annuity option after June 30, 1989, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

~~(b) A former member or disabilitant of the correctional or State Patrol fund who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.~~

~~(c) A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

Sec. 5. Minnesota Statutes 2004, section 353.01, subdivision 2a, is amended to read:

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

- (1) are specifically excluded under subdivision 2b;
 - (2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or
 - (3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.
- (b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

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

Sec. 6. Minnesota Statutes 2005 Supplement, section 353.01, subdivision 2d, is amended to read:

Subd. 2d. **Optional membership.** (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

- (1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only if they elect to have membership under section 353.017, subdivision 2;
- (2) persons who are elected or persons who are appointed to elected positions other than local governing body elected positions who elect to participate by filing a written election for membership;
- (3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota State Retirement System under section 352.021;

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2; and

(5) employees of the Port Authority of the city of St. Paul ~~who were at least age 45~~ on January 1, 2003, who were at least age 45 on that date, and who elect to participate by filing a written election for membership.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

(1) the Minnesota Association of Townships if the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case the status of the association as a participating employer is permanent;

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society are to be county employees for purposes of retirement coverage under this chapter. The status as a county employee must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society; and

(3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees other than paramedics, emergency medical technicians, and protection officers, if the corporate board establishes alternative retirement plans for certain classes of employees of the corporation and certifies the employees to be excluded from future retirement coverage.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under this chapter. For employees specified in paragraph (b), clause (3), membership continues until the exclusion option is exercised for the designated class of employee. The option to become a member, once exercised under this subdivision, may not be withdrawn until termination of public service as defined under subdivision 11a.

Sec. 7. Minnesota Statutes 2004, 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 ~~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 the date the employment relationship ended, return to an employment position in the same governmental subdivision or when the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

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

Sec. 8. Minnesota Statutes 2004, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. **Termination of membership.** (a) "Termination of membership" means the conclusion of membership in the association for a person who has not terminated public service under subdivision 11a and occurs:

(1) ~~upon termination of public service under subdivision 11a;~~

~~(2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or~~

~~(3) when a person files a written election with the association to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);~~

(2) when a city manager files a written election with the association to discontinue employee deductions under section 353.028, subdivision 2; or

(3) when a member transfers to a temporary position and becomes excluded from membership under subdivision 2b, clause (4).

(b) The termination of membership under clause (3) must be reported to the association by the governmental subdivision.

~~(c) If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.~~

Sec. 9. Minnesota Statutes 2004, section 353.01, subdivision 12, is amended to read:

Subd. 12. **Authorized temporary or seasonal layoff.** "Authorized temporary or seasonal layoff," including seasonal leave of absence, means a suspension of public service for a limited period during a year authorized by the employing governmental subdivision for a period not exceeding three months in any calendar year, as evidenced by appropriate record of the employer and promptly transmitted to the association member who is expected to return to the same position at the end of the layoff period and for which there has been no termination of public service under subdivision 11a.

Sec. 10. Minnesota Statutes 2004, section 353.01, is amended by adding a subdivision to read:

Subd. 12c. **Indefinite layoff.** "Indefinite layoff" occurs when a member is placed on a layoff that is not a temporary or seasonal layoff under subdivision 12, for which no date has been specified by the employing governmental subdivision for the employee's return to work, and there has been no termination of public service under subdivision 11a.

Sec. 11. Minnesota Statutes 2004, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

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

(7) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service is credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding

the period of the uniformed service. Payment of the member equivalent contributions must be made during a period which begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 20 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period.

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

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

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

(e) MS 2002 (Expired)

Sec. 12. Minnesota Statutes 2004, section 353.03, subdivision 1, is amended to read:

Subdivision 1. **Management; composition; election.** (a) The management of the public employees retirement fund is vested in an 11-member board of trustees consisting of ten members and the state auditor ~~who~~. The state auditor may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who is a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect five trustees for terms of four years, one of whom must be a

member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership or a member who receives a disability benefit, ~~for terms of four years. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are seated.~~ Except as provided in this subdivision, trustees elected by the membership of the association must be public employees and members of the association.

(b) For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the ~~fund~~ association. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies, subject to review and approval by the secretary of state under paragraph (e), to govern the form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. ~~These policies must be approved by the secretary of state.~~ The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement.

(c) By January 10 of each year in which elections are to be held, the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void. No special marking may be used on the ballot to indicate incumbents. Ballots mailed to the association must be postmarked no later than January 31. The ballot envelopes must be so designated and the ballots counted in a manner that ensures that each vote is secret.

(d) A candidate who:

(1) receives contributions or makes expenditures in excess of \$100 $\frac{1}{2}$ or

(2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100 for the purpose of bringing about the candidate's election, shall file a report with the campaign finance and public disclosure board disclosing the source and amount of all contributions to the candidate's campaign. The campaign finance and public disclosure board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the results of the election are announced. The Campaign Finance and Public Disclosure Board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. ~~By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes must be so designed and the ballots counted in a manner that ensures that each vote is secret.~~

(e) The secretary of state shall ~~supervise~~ review and approve the procedures defined by the board of trustees for conducting the elections specified in this subdivision, including board policies adopted under paragraph (b).

(f) The board of trustees and the executive director shall undertake their activities consistent with chapter 356A.

Sec. 13. Minnesota Statutes 2004, section 353.03, subdivision 1a, is amended to read:

Subd. 1a. **Vacancy, how filled.** Any vacancy on the board caused by death, resignation, or removal of any trustee, or occurring because an elected trustee ceases to be a public employee and an active member of the association, must be filled by the board for trustees elected by members, and by the governor for other trustees, for the unexpired portion of the term in which the vacancy occurs. The board shall adopt policies and procedures governing how the vacancy of an elected trustee is to be filled.

Sec. 14. Minnesota Statutes 2004, section 353.03, is amended by adding a subdivision to read:

Subd. 2b. **Board legal authority.** The board is authorized to take legal action when necessary to effectively administer the various plans administered by the association, consistent with applicable articles of incorporation, bylaws, law, and rules, as applicable, and including but not limited to the recapture of overpaid annuities, benefits, or refunds, and the correction of omitted or deficient deductions.

Sec. 15. Minnesota Statutes 2004, section 353.27, subdivision 7, is amended to read:

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions for a person, who otherwise does not qualify for membership under this chapter, are considered:

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

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall ~~require the employer to discontinue erroneous employee deductions and erroneous employer contributions and additional employer contributions. Upon discontinuance, the association shall refund all erroneous employee deductions to the person, with interest, under section 353.34, subdivision 2, and all erroneous employer contributions and additional employer contributions to the employer as specified in paragraph (d).~~ No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the association by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, the association shall remove all invalid service and upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest under section 353.34, subdivision 2, and all erroneous employer contributions to the employer. This paragraph has both retroactive and prospective application.

(c) Employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, are invalid upon discovery by the association and ~~may must~~ be refunded ~~at any time as specified in paragraph (d).~~

(d) Upon discovery of the receipt of erroneous deductions and contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions. Upon discontinuation, the association must refund the invalid employee

deductions to the person without interest and invalid employer contributions to the employer or provide a credit against future contributions payable by the employer for the amount of all erroneous deductions and contributions. In the event a retirement annuity or disability benefit had been computed using invalid service or salary, the association must adjust the annuity or benefit and recover the overpayment under subdivision 7b.

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

(f) Any refund to a member under this subdivision that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded and instead must be credited against future contributions payable by the employer. The employer receiving the credit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

Sec. 16. Minnesota Statutes 2004, section 353.27, subdivision 7a, is amended to read:

Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions and employer contributions were erroneously transmitted to the association, but should have been transmitted to another Minnesota public pension plan, the association shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable, without interest. The time limitations in subdivisions 7 and 12 do not apply.

(b) For purposes of this subdivision, a Minnesota public pension plan means a plan specified in section 356.30, subdivision 3, or the ~~plan plans~~ governed by ~~chapter~~ chapters 353D and 354B.

(c) A potential transfer under paragraph (a) that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the retirement fund of the appropriate Minnesota public pension plan, or to the individual account if the proper coverage is by a defined contribution plan. The association must provide a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer.

Sec. 17. Minnesota Statutes 2004, section 353.27, subdivision 7b, is amended to read:

Subd. 7b. **Overpayments to members.** In the event of an overpayment to a member, retiree, beneficiary, or other person, the executive director shall recover the overpayment by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until all outstanding money has been recovered.

Sec. 18. Minnesota Statutes 2005 Supplement, section 353.28, subdivision 6, is amended to read:

Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which receives the direct proceeds of property taxation fails to pay an amount due under chapter 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify the amount to the applicable county

auditor for collection. The county auditor shall collect the amount out of the revenue of the governmental subdivision, or shall add the amount to the levy of the governmental subdivision and make payment directly to the association. This tax must be levied, collected, and apportioned in the manner that other taxes are levied, collected, and apportioned.

(b) If a governmental subdivision which is not funded directly from the proceeds of property taxation fails to pay an amount due under this chapter, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to pay the amount for a period of 60 days after certification, the executive director shall certify the amount to the commissioner of finance, who shall deduct the amount from any subsequent state-aid payment or state appropriation amount applicable to the governmental subdivision and make payment directly to the association.

Sec. 19. Minnesota Statutes 2004, section 353.29, subdivision 8, is amended to read:

Subd. 8. **Annuities; payment; evidence of receipt.** Payment of any annuity or benefit for a given month shall be mailed by the association to the annuitant, recipient of a disability benefit, or survivor, or automatically deposited under section 356.401, subdivision 2, during the first week of that month. ~~Evidence of receipt of warrants issued by the association in payment of an annuity or benefit shall be submitted by the payee thereof to the association periodically at times specified by the board of trustees, together with a written declaration that the annuitant or recipient of a disability benefit has or has not returned to public service; that the surviving dependent spouse has or has not remarried; and shall be furnished on forms provided by the executive director thereof, before the association shall pay to the disability recipient or survivor for the next ensuing month, the benefit to which the person otherwise may be entitled. In lieu of the evidence of receipt of warrants for recipients of an annuity or a benefit, The board may contract for professional services to identify deceased annuitants and benefit recipients through a review of nationally maintained death records.~~

Sec. 20. Minnesota Statutes 2004, section 353.30, subdivision 3a, is amended to read:

Subd. 3a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 3 after June 30, 1989, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) ~~A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date~~ The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.

(c) ~~A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary dies first but has not died before July 1, 1989, shall have their annuity increased as of July 1,~~

~~1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

Sec. 21. Minnesota Statutes 2004, section 353.30, subdivision 3b, is amended to read:

Subd. 3b. **Bounce-back annuity.** (a) The board of trustees must provide a joint and survivor annuity option to members of the police and fire fund. ~~Under this option, a~~ If a joint and survivor annuity is elected on or after July 1, 1989, the former member or disabiltant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabiltant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

~~(b) A former member or disabiltant of the police and fire fund who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabiltant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabiltant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.~~

~~(c) A former member or disabiltant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabiltant if the designated optional beneficiary dies first but has not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

Sec. 22. Minnesota Statutes 2004, section 353.32, subdivision 1a, is amended to read:

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

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

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

(e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death. The annuity must be computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b, 1c, and 5; and 353.31, subdivision 3.

(f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. No payment may accrue beyond the end of the month in which entitlement to the annuity has terminated or upon expiration of the term certain benefit payment under subdivision 1b. An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the ~~deceased member's last designated beneficiary or, if none, as specified under subdivision 1~~ surviving spouse's estate.

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

Sec. 23. Minnesota Statutes 2004, section 353.32, subdivision 1b, is amended to read:

Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain 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 1a.

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

Sec. 24. Minnesota Statutes 2004, section 353.33, subdivision 1, is amended to read:

Subdivision 1. **Age, service, and salary requirements.** A coordinated member who has at least three years of allowable service and becomes totally and permanently disabled before normal retirement age, and a basic member who has at least three years of allowable service and who becomes totally and permanently disabled is entitled to a disability benefit in an amount determined under subdivision 3. If the disabled person's public service has terminated at any time, at least two of the required three years of allowable service must have been rendered after last becoming ~~a~~ an active member. A repayment of a refund must be made within six months after the effective date

of disability benefits under subdivision 2 or within six months after the date of the filing of the disability application, whichever is later. No purchase of prior service or payment made in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16, ~~353.017, subdivision 4, or 353.36, subdivision 2,~~ may be made after the occurrence of the disability for which an application under this section is filed.

Sec. 25. Minnesota Statutes 2004, section 353.33, subdivision 9, is amended to read:

Subd. 9. **Return to public service employment.** (a) Any person receiving a disability benefit under this section who is restored to ~~active public service except persons receiving benefits as provided in employment not covered by~~ subdivision 7, ~~or 7a~~ shall have the disability benefit discontinued on the first day of the month following the return to employment.

(b) If the person is employed by a governmental subdivision as defined under section 353.01, subdivision 6, deductions must be taken for the retirement fund and upon subsequent retirement have the retirement annuity payable based upon all allowable service including that upon which the disability benefits were based.

(c) If the employment is not through public service covered under this chapter, the account may be placed on a deferred status and the subsequent retirement annuity must be calculated as provided in section 353.34, subdivision 3, if the person meets the length of allowable service requirement stated in that subdivision; or the person may request a refund of any remaining employee deductions. The refund shall be in an amount equal to the accumulated employee deductions plus six percent interest compounded annually less the sum of the disability benefits paid to the member.

Sec. 26. **[353.335] DISABILITANT EARNINGS REPORTS.**

Disability benefit recipients must report all earnings from reemployment and from income from workers' compensation to the association annually by May 15 in a format prescribed by the executive director. If the form is not submitted by May 15, benefits will be suspended effective June 1. Upon receipt of the form, if the disability benefit recipient is deemed to be eligible for continued payment, benefits will be reinstated retroactive to June 1.

Sec. 27. Minnesota Statutes 2004, 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. 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~~ placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of ~~membership service~~ under section 353.01, subdivision 11b, ~~clause (3) 11a.~~

(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 is employed by a different employer and 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. 28. Minnesota Statutes 2004, section 353.656, subdivision 4, is amended to read:

Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to receive a disability benefit payment when there remains to the member's credit 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 as a police officer ~~or, a firefighter, or a paramedic as defined in section 353.64, subdivision 10,~~ whichever applies.

(b) If a disabled member resumes a gainful occupation with earnings ~~less than, that when added to the normal disability benefit, and workers' compensation benefit if applicable, exceed the disabilitant reemployment earnings limit,~~ the amount of the disability benefit must be reduced as provided in this paragraph. The disabilitant reemployment earnings limit is the greater of:

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

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

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

Sec. 29. Minnesota Statutes 2004, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan is available to:

(1) elected local government officials of a governmental subdivision who elect to participate in the plan under section 353D.02, subdivision 1, and who, for the elected service rendered to a governmental subdivision, are not members of the Public Employees Retirement Association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life support emergency medical service personnel employed by ~~or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity~~ that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan; and

(5) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the Public Employees Retirement Association under section 353.01, subdivision 7.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public-at-large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff.

(c) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(d) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

Sec. 30. Minnesota Statutes 2004, section 353D.02, subdivision 3, is amended to read:

Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service ~~or privately operated ambulance service~~ with eligible personnel ~~that receives an operating subsidy from a governmental entity~~ may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within 30 days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, whichever date is later. An election by a service or an individual is revocable.

Sec. 31. Minnesota Statutes 2004, section 353E.02, subdivision 3, is amended to read:

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; or

(4) a juvenile correctional facility administered by a county or on behalf of multiple counties.

Sec. 32. Minnesota Statutes 2004, section 354.45, subdivision 1a, is amended to read:

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

~~(b) A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 1 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.~~

~~(c) The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the Teachers Retirement Association, whichever date is later.~~

Sec. 33. Minnesota Statutes 2004, section 354A.32, subdivision 1a, is amended to read:

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

~~(b) A former coordinated member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date. The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph should not be interpreted as authorizing retroactive payments.~~

~~(c) A former coordinated member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary dies first but has not died before July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

~~(d) Unless otherwise specified in this subdivision, the restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the appropriate teachers retirement fund association, whichever date is later.~~

Sec. 34. Minnesota Statutes 2004, section 354D.05, is amended to read:

354D.05 CONTRIBUTIONS.

Subdivision 1. **Member contributions.** ~~Eligible employees (a) Participants in the individual retirement account plan who are specified in section 354D.02, subdivision 2, clause (1) or (2), and who would otherwise be eligible to participate in the members of a Minnesota State Retirement System, the Public Employees Retirement Association, or the Teachers Retirement Association plan, but who participate in the individual retirement account plan, shall make a member contribution in an amount equal to the member contribution amount required by the plan for which the individual was originally eligible for membership. The contribution as specified in section 354B.23, subdivision 1.~~

(b) For individual retirement account plan members specified in section 354D.02, subdivision 2, clause (3), the member contribution is the employee contribution specified in applicable law for the Minnesota State Retirement System, Public Employees Retirement Association, or Teachers Retirement Association plan in which the individual would otherwise be a member.

(c) Contributions under this subdivision must be made by payroll deduction each pay period and must be in accordance with either section 403(b) or 414(h) of the Internal Revenue Code.

Subd. 2. **Employer contributions.** ~~(a) The employer of eligible employees an employee described in subdivision 1 who are eligible to participate in either the Minnesota State Retirement System or the Public Employees Retirement Association shall, paragraph (a), must make an employer contribution to the employee's individual retirement account plan in an amount equal to the employer contribution amount required by the plan for which the individual was originally eligible for membership account as specified in section 354B.23, subdivisions 3 and 4.~~

~~(b) The employer of eligible employees an employee described in subdivision 1 who are eligible to participate in the Teachers Retirement Association shall, paragraph (b), must make an employer contribution to the employee's individual retirement account plan in an amount account equal to the employer contribution including, if applicable, any employer additional contribution required by section 354.42, subdivision 3, and shall make an employer contribution to the applicable plan law for the Minnesota State Retirement System, Public Employees Retirement Association, or Teachers Retirement Association in an amount equal to which the employer contribution required by section 354.42, subdivision 5 individual would otherwise be a member.~~

Sec. 35. Laws 2004, chapter 267, article 8, section 41, is amended to read:

Sec. 41. **REPEALER.**

~~(a) Minnesota Statutes 2002, sections 353.33, subdivision 5b; and 490.11, are repealed on July 1, 2004.~~

~~(b) Sections 3 and 19 are repealed on July 1, 2006.~~

Sec. 36. **EARLY RETIREMENT INCENTIVE.**

Subdivision 1. **Eligibility.** An appointing authority in the executive or legislative branch of state government or the Board of Public Defense or the Minnesota Historical Society or the Minnesota State Colleges and Universities or any school district may offer the early retirement incentive in this section to an employee who:

(1) has at least 15 years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3, or has at least five years of coverage by the individual retirement account plan governed by Minnesota Statutes, chapter 354B, and upon retirement is immediately eligible for a retirement annuity or benefit from one or more of these funds; and

(2) terminates state or teaching service after the effective date of this section and before September 1, 2006.

Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, the employer may provide an amount up to \$17,000, to be used:

(1) for an employee who terminates state service after the effective date of this section and on or before July 15, 2006, for deposit in the employee's account in the health care savings plan established by Minnesota Statutes, section 352.98; or

(2) for an employee who terminates state service after July 15, 2006, and before September 1, 2006:

(i) notwithstanding Minnesota Statutes, section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, for purchase of service credit for unperformed service sufficient to enable the employee to retire under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30; or 354.44, subdivision 6, paragraph (b), whichever applies; or

(ii) for purchase of a lifetime annuity or annuity for a specific number of years from the state unclassified retirement program to provide additional benefits under Minnesota Statutes, section 352D.06, subdivision 1.

(b) An employee is eligible for the payment under paragraph (a), clause (2), item (i), if the employee uses money from a deferred compensation account that, combined with the payment under paragraph (a), clause (2), item (i), would be sufficient to purchase enough service credit to qualify for retirement under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; or 354.44, subdivision 6, paragraph (b), whichever applies.

(c) The cost to purchase service credit under this section must be made in accordance with Minnesota Statutes, section 356.551.

Subd. 3. **Designation of positions; employer discretion.** Before offering an incentive under this section, an appointing authority must be experiencing employee layoffs due to budget shortfalls or reorganization that would be offset by offering the incentive. The appointing authority must document that the incentive payment is equal to or less than the cost of the employee layoff. The appointing authority must designate the job classifications or positions within the job classifications that qualify for the incentive. The appointing authority may modify this designation at any time. Designation of positions eligible for the incentive under this section, participation of individual employees, and the amount of the payment under this section are at the sole discretion of the appointing authority. Unilateral implementation of this section by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A.

Sec. 37. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ILLINOIS MUNICIPAL RETIREMENT PLAN COVERED SERVICE.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a member of the general employees retirement plan of the Public Employees Retirement Association who left active employment covered by Minnesota Statutes, chapter 353, was employed in public employment covered by the Illinois municipal retirement plan, and returned to active Minnesota local government employment may purchase allowable service credit in the general employees retirement plan of the Public Employees Retirement Association for the period of service covered by the Illinois municipal retirement plan by authorizing the transfer of funds specified in paragraph (b) and by making the payment specified in paragraph (c).

(b) If a person elects to obtain service credit under this section, the person shall authorize an institution-to-institution transfer of the person's account in the Illinois municipal retirement plan to the general employees retirement fund of the Public Employees Retirement Association.

(c) If a person elects to obtain service credit under this section and authorizes an account transfer under paragraph (b), the person shall pay the balance of the prior service credit purchase payment calculated under Minnesota Statutes, section 356.551, in excess of the account transfer amount.

(d) The election under this section must be made in writing on a form prescribed by the executive director of the Public Employees Retirement Association. The person making this election also must waive any retirement annuity or benefit from the Illinois municipal retirement fund and must provide any reasonable documentation of the person's compliance with qualification requirements to the executive director of the Public Employees Retirement Association that is requested by the director.

Sec. 38. **REPEALER.**

Minnesota Statutes 2004, section 43A.34, subdivision 1, is repealed.

Sec. 39. **EFFECTIVE DATE.**

(a) Sections 1 and 38 are effective the day following final enactment.

(b) Sections 2 to 33 and 35 are effective July 1, 2006.

(c) Section 34 is effective the first day of the first payroll period next following final enactment.

(d) Sections 3, 4, 20, 21, 32, and 33 are not intended to increase, modify, impair, or diminish the benefit entitlements specified in the sections of Minnesota Statutes being amended. If the executive director of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, or a first class city teacher retirement fund association, whichever is applicable, determines that any provision of those sections does increase, modify, impair, or diminish the benefit entitlements as reflected in applicable law just prior to the effective date of this section, the applicable executive director shall certify that determination and a recommendation as to the required legislative correction to the chairs of the Legislative Commission on Pensions and Retirement, the house Governmental Operations and Veterans Affairs Policy Committee, the senate State and Local Governmental Operations Committee, and the executive director of the Legislative Commission on Pensions and Retirement.

ARTICLE 4

PERA-P&F RETIREMENT PLAN CHANGES

Section 1. Minnesota Statutes 2005 Supplement, section 353.656, subdivision 1, is amended to read:

Subdivision 1. **In line of duty; computation of benefits.** (a) A member of the police and fire plan who;

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

(2) has met the requirements for a retirement annuity under section 353.651, subdivision 1, but who does not have 20 years of credited service; and who becomes disabled and physically unfit to perform duties as a police officer, firefighter, 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, 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.

(b) The benefits must be in an amount equal to 60 percent of the "average salary" as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years. If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire 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. 2. Minnesota Statutes 2004, section 353.656, subdivision 3, is amended to read:

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

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

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

(b) The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. 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. 3. Minnesota Statutes 2004, section 353.656, subdivision 6a, is amended to read:

Subd. 6a. **Disability survivor benefits.** If a member who is receiving a disability benefit under subdivision 1 or 3:

~~(a)~~ (1) dies before attaining the age-65 required for receipt of a retirement annuity under section 353.651, subdivision 1, or within five years of the effective date of the disability, whichever is later, the surviving spouse shall receive a survivor benefit under section 353.657, subdivision 2 or 2a, unless the surviving spouse elected to receive a refund under section 353.32, subdivision 1. The joint and survivor optional annuity under subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the deceased member's allowable service, whichever is greater;

~~(b)~~ (2) is living at the age-65 required for receipt of a retirement annuity under section 353.651, subdivision 1, or five years after the effective date of the disability, whichever is later, the member may continue to receive a normal disability benefit, or the member may elect a joint and survivor optional annuity under section 353.30. The optional annuity is based on the minimum disability benefit under subdivision 1 or 3, or the member's allowable service, whichever is greater. The election of this joint and survivor annuity must occur within 90 days of the age-65 required for receipt of a retirement annuity under section 353.651, subdivision 1, or the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity takes effect the first of the month following the month in which the person attains the age-65 required for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the five-year anniversary of the effective date of the disability benefit, whichever is later; or

~~(c) if there is~~ (3) has a dependent child or children under ~~paragraph (a) or (b) clause (1) or (2),~~ the association shall grant a dependent child benefit under section 353.657, subdivision 3.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective July 1, 2006.

ARTICLE 5

PRIVATIZATION RETIREMENT COVERAGE CHANGE

Section 1. Minnesota Statutes 2004, section 352F.04, is amended to read:

352F.04 AUGMENTATION INTEREST ~~RATE~~ RATES FOR TERMINATED ~~UNIVERSITY HOSPITAL~~ PRIVATIZED EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated hospital employee ~~who attained that status prior to the effective date of this section~~ is subject to augmentation ~~in accordance with under~~ Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of ~~interest for this purpose~~ augmentation is 5.5 percent compounded annually until January 1 following the year in which ~~such the~~ person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually. ~~These~~

(b) If a terminated hospital employee attained that status on or after the effective date of this section, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

Subd. 2. **Exceptions.** ~~The increased augmentation rates are no longer applicable for any time after specified in subdivision 1 do not apply if the terminated hospital employee or Academic Health Center employee;~~

~~(1) becomes covered again by a retirement fund plan enumerated in section 356.30, subdivision 3. These increased deferred annuity augmentation rates do not apply to a terminated transferred hospital employee or Academic Health Center employee who; or~~

(2) begins receipt of a retirement annuity while employed by ~~Fairview~~ the employer which assumed operations of the medical facility or other public employing unit or purchased the medical facility or other public employing unit.

Sec. 2. Minnesota Statutes 2005 Supplement, section 353F.02, subdivision 4, is amended to read:

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

(1) Bridges Medical Services;

(2) the City of Cannon Falls Hospital;

(3) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;

(4) the Dassel Lakeside Community Home;

(5) the Fair Oaks Lodge, Wadena;

~~(3)~~ (6) the Glencoe Area Health Center;

~~(4)~~ (7) the Hutchinson Area Health Care;

~~(5)~~ (8) the Kanabec Hospital;

- ~~(6)~~ (9) the Luverne Public Hospital;
- ~~(7)~~ (10) the Northfield Hospital;
- ~~(8)~~ (11) the RenVilla Nursing Home;
- ~~(9)~~ (12) the Renville County Hospital in Olivia;
- ~~(10)~~ (13) the St. Peter Community Healthcare Center; and
- ~~(11)~~ (14) the Waconia-Ridgeview Medical Center.

Sec. 3. Minnesota Statutes 2004, section 353F.04, is amended to read:

353F.04 AUGMENTATION INTEREST RATE RATES FOR TERMINATED MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated medical facility or other public employing unit employee is subject to augmentation in accordance with under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of interest for this purpose augmentation is as specified in paragraph (b) or (c), whichever is applicable.

(b) This paragraph applies if the legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before July 26, 2005, and became effective before January 1, 2007. For a terminated medical facility or other public employing unit employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which such the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually. These

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

Subd. 2. **Exceptions.** The increased augmentation rates are no longer applicable for any time after specified in subdivision 1 do not apply if the terminated medical facility or other public employing unit employee;

(1) becomes covered again by a retirement fund plan enumerated in section 356.30, subdivision 3.—These increased deferred annuity augmentation rates do not apply to a terminated transferred medical facility or other public employing unit employee who; or

(2) begins receipt of a retirement annuity while employed by the employer which assumed operations of the medical facility or other public employing unit or purchased the medical facility or other public employing unit.

Sec. 4. **EFFECTIVE DATE.**

(a) Sections 1 and 3 are effective the day following final enactment and section 3 has effect retroactively from July 25, 2005.

(b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the latter of:

(1) the day after the governing body of the Cannon Falls Hospital District and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month following certification to the Cannon Falls Hospital District 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 City of Cannon Falls Hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(c) Section 2, with respect to Clearwater County Memorial Hospital, is effective upon the latter of:

(1) the day after the governing body of Clearwater County and its chief clerical officer meet the requirements under Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month following certification to Clearwater County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Clearwater Health Services employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization.

(d) Section 2 with respect to the Dassel Lakeside Community Home is effective upon the latter of:

(1) the day after the governing body of the city of Dassel and its chief clerical officer timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the Dassel City Council by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Dassel Lakeside Community Home employees under section 2 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel or by the entity which is the employer following the privatization.

ARTICLE 6

SOCIAL SECURITY COVERAGE CHANGES

Section 1. Minnesota Statutes 2004, section 355.01, subdivision 3g, is amended to read:

Subd. 3g. **Local governmental subdivision.** "Local governmental subdivision" means:

- (1) a political subdivision as defined in section 218(b) of the Social Security Act;
- (2) an instrumentality of the state;
- (3) an instrumentality of one or more of the political subdivisions of the state, ~~including the League of Minnesota Cities;~~
- (4) an instrumentality of the state and one or more of its political subdivisions;
- (5) a governmental subdivision as defined in section 353.01, subdivision 6; and

(6) any instrumentality established under a joint powers agreement under section 471.59 wherein the instrumentality is responsible for the employment and the payment of the salaries of the employees of the instrumentality.

Sec. 2. Minnesota Statutes 2004, section 355.02, subdivision 1, is amended to read:

Subdivision 1. **General authority.** (a) The director, with the approval of the governor, is hereby authorized to enter into an agreement on behalf of the state, its political subdivisions, and its other governmental employers, with the federal Secretary of Health and Human Services, consistent with the terms and provisions of this chapter, for the purpose of extending the benefits of the federal old age, survivors, and disability insurance system to employees of the state or any political subdivision thereof who hold positions covered by a retirement system with respect to services specified in the agreement which constitute "employment," ~~whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.~~

(b) ~~Under this specific authorization~~ The agreement may contain those provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the director and the federal Secretary of Health and Human Services shall agree upon, but, except as may be otherwise required by or under the Social Security Act as to the services to be covered, such agreement must provide in effect that:

(1) benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though those services constituted employment within the meaning of title II of the Social Security Act;

(2) the state or other employer will pay to the federal Secretary of the Treasury, at such time or times as may be prescribed under the Social Security Act, contributions with respect to wages, equal to the sum of the taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by the agreement constituted employment within the meaning of that act;

(3) the agreement is effective with respect to services in employment covered by the agreement performed after a date specified therein; and

(4) all services which constitute employment and are performed in the employ of the state or any of its political subdivisions by employees thereof, may be covered by the agreement ~~whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.~~

Sec. 3. Minnesota Statutes 2004, section 355.02, subdivision 3, is amended to read:

Subd. 3. **Groups covered by Social Security.** (a) The following groups having coverage under a retirement plan in section 356.30, subdivision 3, except clauses (4) and (8) must be covered by an agreement or a modification to an agreement between the director and the federal Secretary of Health and Human Services:

(1) constitutional officers;

(2) Duluth teachers;

(3) educational employees;

(4) higher education employees;

- (5) hospital employees;
- (6) judges;
- (7) legislators;
- (8) Minneapolis teachers;
- (9) public employees;
- (10) St. Paul teachers; and
- (11) ~~special authority or district employees; and~~
- ~~(12)~~ state employees.

(b) The following groups must be covered prospectively following the referendum in subdivision 4 and the modification to the state Social Security agreement under subdivision 1:

(1) special authority or district employees in positions covered by a retirement plan provided by the employer; and

(2) local elected officials of a local governmental subdivision or of a special authority or district holding positions covered by the defined contribution plan under chapter 353D.

(c) Each local governmental subdivision or special authority or district desiring inclusion in the state Social Security agreement for groups covered by paragraph (b) must request such coverage by submitting a formal resolution to the director, including therein the desired starting date for Social Security coverage.

(d) For purposes of paragraph (b), clause (2), the defined contribution plan of the Public Employees Retirement Association is considered a separate retirement system with respect to each local governmental subdivision or special authority or district, and the elected officials in a local governmental subdivision or in a special authority or district must be treated separately and independently from the other governmental subdivisions.

Sec. 4. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision to read:

Subd. 4. **Referendum.** The director shall authorize and supervise a referendum under section 218(d)(6)(C) of the Social Security Act to be held on the date or dates set by the local governmental subdivision or by the special authority or district desiring inclusion under subdivision 3, paragraph (b). The referendum must permit each eligible employee the opportunity to elect Social Security coverage. The notice of referendum required by section 218(d) of the Social Security Act must contain a statement sufficient to inform the person of the rights which accrue under the Social Security Act and the employee contribution rates applicable to the program. The cost of the referendum must be borne by the governmental subdivision. The director, on receiving satisfactory evidence that the conditions required by section 218 of the Social Security Act have been met, must so certify to the Secretary of Health and Human Services.

Sec. 5. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision to read:

Subd. 5. **Retroactive Social Security coverage.** An employee or elected official who elects Social Security coverage under subdivision 4 may obtain retroactive coverage for the period specified in the modification of the agreement if the individual is employed by the local governmental subdivision or by the special authority or district

on the date of the modification of the agreement. The employee or elected official must pay an amount equal to the taxes which would have been imposed on the person by the Federal Insurance Contributions Act had the service been covered at the time performed. The employing local governmental subdivision or special authority or district must pay the necessary employer contributions for the retroactive period. Nothing in this section shall require an employee or elected official to elect retroactive Social Security coverage.

Sec. 6. **[355.095] OPTIONAL MEDICARE COVERAGE FOR CERTAIN PUBLIC EMPLOYEES.**

Subdivision 1. Agreement. (a) The director, on behalf of the state, its political subdivisions, and its other governmental employers, is authorized to enter into an agreement with the Secretary of Health and Human Services to extend the provisions of United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who do not have coverage by the federal old age, survivors, and disability insurance program for that employment under any previous modification of the agreement or previous Medicare referendum.

(b) The applicable employees are:

(1) employees who are members of one of the retirement plans in section 356.30, subdivision 3, except clauses (4) and (8), based on continuous employment since March 31, 1986; and

(2) employees of a special authority or district who have been continuously employed by the special authority or district since March 31, 1986.

Subd. 2. Referendum. (a) Each local governmental subdivision or special authority or district desiring inclusion in the state Social Security agreement under subdivision 1 must request such coverage by submitting a formal resolution to the director, including therein the desired starting date for Social Security coverage.

(b) The director shall authorize a referendum on the question of extending the provisions of United States Code, title 42, sections 426, 426-1, and 1395c. The director shall supervise the referendum in accordance with the requirements of United States Code, title 42, section 418, on the date or dates set. The cost of such referendum must be borne by the requesting retirement plan, or the requesting special authority or district. The notice of the referendum provided to each eligible employee must contain a statement sufficient to inform the person of the rights available as an employee in Medicare qualified government employment and the employee contribution rates applicable to the program. The referendum must permit each eligible employee the opportunity to vote in such referendum in accordance with the requirements in the Social Security Act. The director, on receiving satisfactory evidence that the conditions specified in United States Code, title 42, section 418(d)(7) have been met, must so certify to the Secretary of Health and Human Services.

Subd. 3. Contributions. Employers must pay the necessary employer contributions and make the necessary deductions from salary for employees who elect to participate in the federal Medicare program under this section and as required by federal law.

Subd. 4. Retroactive Medicare coverage. An individual who obtains Medicare coverage through the referendum under subdivision 2 may obtain retroactive coverage for the period specified in the modification of the agreement if employed by the governmental subdivision or by the special authority or district on the date of the modification of the agreement. The individual must pay an amount equal to the Medicare taxes which would have been imposed on the employee had the service been covered at the time performed. The employing local governmental subdivision or special authority or district must pay the necessary employer contributions for the retroactive Medicare coverage period. Nothing in this section shall require an employee or elected official to elect retroactive Medicare coverage.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 7

SUPPLEMENTAL RETIREMENT PLAN COVERAGE CHANGES

Section 1. Minnesota Statutes 2004, 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 to 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 Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, if the supplemental plan coverage is 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 contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, 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;
- (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is 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 \$2,700 a year for each employee;
- (7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;
- (8) to the laborer's national industrial pension fund or to a laborer's local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund or to a plumbers' and pipefitters' local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per employee;

(10) to the International Union of Operating Engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per employee; ~~or~~

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay; or

(12) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

ARTICLE 8

RETIREMENT FUND INVESTMENT AUTHORITY CHANGES

Section 1. Minnesota Statutes 2004, section 69.77, subdivision 9, is amended to read:

Subd. 9. Local police and paid fire relief association investment authority. (a) The funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies. Up to 75 percent of the market value of the assets of ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the special fund of the relief association may be additionally invested in:~~

(1) open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7, up to 75 percent of the market value of the assets of the fund; and

(2) domestic government and corporate debt obligations that are not rated in the top four quality categories by a nationally recognized rating agency, and comparable unrated securities if the percentage of these assets does not exceed five percent of the total assets of the special fund or 15 percent of the special fund's nonequity assets, whichever is less, the special fund's participation is limited to 50 percent of a single offering of the debt obligations, and the special fund's participation is limited to 25 percent of an issuer's debt obligations that are not rated in the top four quality categories. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the State Board of Investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).

Sec. 2. Minnesota Statutes 2004, section 354A.08, is amended to read:

354A.08 AUTHORIZED INVESTMENTS.

In addition to investments authorized under section 356A.06, subdivision 7, a teachers retirement fund association may receive, hold, and dispose of:

(1) real estate or personal property acquired by it, whether the acquisition was by purchase, or any other lawful means, as provided in this chapter or in the association's articles of incorporation; and

(2) domestic government and corporate debt obligations that are not rated in the top four quality categories by a nationally recognized rating agency, and comparable unrated securities if the percentage of these assets does not exceed five percent of the total assets of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less, the pension plan's participation is limited to 50 percent of a single offering of the debt obligations, and the pension plan's participation is limited to 25 percent of an issuer's debt obligations that are not rated in the top four quality categories.

In addition to other authorized real estate investments, an association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust. The board may also certify assets for investment by the State Board of Investment as provided under section 11A.17.

Sec. 3. Minnesota Statutes 2004, section 354A.28, subdivision 5, is amended to read:

Subd. 5. **Investment.** The assets of the annuity reserve fund must be invested, reinvested, and retained ~~in the discretion of~~ by the board of trustees of the Minneapolis Teachers Retirement Fund Association in authorized investments under section ~~11A.24~~ 356A.06, subdivision 7.

Sec. 4. Minnesota Statutes 2004, section 356.219, subdivision 3, is amended to read:

Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include a written statement of the investment policy ~~in effect on June 30, 1997, if that statement has not been previously submitted.~~ Following that ~~date initial report,~~ subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If after four years of reporting under this paragraph, the total portfolio time weighted rate of return, net of all investment related costs and fees, provided by the public pension plan differs by no more than 0.1 percent from the comparable return for the plan calculated by the office of the state auditor, and if a public pension plan has a total market value of \$10,000,000 \$25,000,000 or more as of the beginning of the calendar year, and if the public pension plan's annual audit is performed by the state auditor or by the legislative auditor, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and as of the end of the calendar year. At the discretion of the state auditor, the public pension plan may be required to submit the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph the market value of a public pension plan's fund drops below \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any subsequent year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below \$10,000,000 in market value in that subsequent year except that if the public pension plan's annual audit is not performed by the state auditor or legislative auditor, paragraph (c) applies.

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

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

~~(d)~~ (e) If a public pension plan has a total market value of less than ~~\$10,000,000~~ \$25,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b) or (c), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

~~(e)~~ (f) Any public pension plan reporting under paragraph (b) or ~~(d)~~ may (c) must include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. ~~If these returns are supplied, the individual who computed~~ The chief administrative officer of the public pension plan submitting the returns must certify on a form prescribed by the state auditor that the returns have been computed by the pension plan's investment performance consultant or custodial bank. The chief administrative officer of the public pension plan submitting the returns also must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with Bank Administration Institute studies of investment performance measurement and Association for Investment Management and Research presentation standards set by the Certified Financial Analyst Institute. If the certifications required under this paragraph are not provided, the reporting requirements of paragraph (c) apply.

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

Sec. 5. Minnesota Statutes 2004, section 356.219, subdivision 6, is amended to read:

Subd. 6. **Investment disclosure report.** (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to ~~(e)~~ (f).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall ~~compute and~~ report total portfolio and asset class time-weighted rates of return, net of all investment-related costs and fees. If the state auditor has required a plan to submit the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund for each month, and the amount

and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class as prescribed under subdivision 3, paragraph (b), the state auditor shall also compute and report total portfolio and asset class time-weighted rates of return, net of all costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (c), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all costs and fees.

(d) For each public pension plan reporting under subdivision 3, paragraph ~~(d)~~ (e), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph ~~(f)~~ (g), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

~~(d)~~ (e) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph ~~(e)~~ (d), or a synopsis of that information.

~~(e)~~ (f) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Sec. 6. Minnesota Statutes 2005 Supplement, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** Except to the extent otherwise authorized by law ~~or bylaws~~, a covered pension plan not described by subdivision 6, paragraph (a), ~~may~~ shall invest its assets only in accordance with this subdivision.

(b) **Securities generally.** The covered pension plan has the authority to purchase, sell, lend, or exchange the securities specified in paragraphs (c) to ~~(h)~~ (i), including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned as units in commingled trusts that own the securities described in paragraphs (c) to ~~(h)~~ (i), including real estate investment trusts and insurance company commingled accounts, including separate accounts.

(c) **Government obligations.** The covered pension plan may invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness provided the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph include guaranteed or insured issues of (1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress; (2) Canada and its provinces, provided the principal and interest is payable in United States dollars; (3) the states and their municipalities, political subdivisions, agencies, or instrumentalities; (4) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars.

(d) **Corporate obligations.** The covered pension plan may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof must be payable in United States dollars; and

(2) obligations must be rated among the top four quality categories by a nationally recognized rating agency.

(e) **Other obligations.** (1) The covered pension plan may invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage participation certificates and pools, asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(i) bankers acceptances and deposit notes of United States banks are limited to those issued by banks rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit are limited to those issued by (A) United States banks and savings institutions that are rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (B) credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper is limited to those issued by United States corporations or their Canadian subsidiaries and rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3, does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3;

(v) collateral for repurchase agreements and reverse repurchase agreements is limited to letters of credit and securities authorized in this section;

(vi) guaranteed investment contracts are limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts are limited to those fully insured by federal agencies; and

(viii) asset backed securities must be rated in the top four quality categories by a nationally recognized rating agency.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), the covered pension plan may purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(f) **Corporate stocks.** The covered pension plan may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, any corporation organized under the laws of the Dominion of Canada or its provinces, or any corporation listed on an exchange regulated by an agency of the United States or of the Canadian national government, if they conform to the following provisions:

(1) the aggregate value of ~~corporate stock~~ investments under this paragraph, plus paragraphs (g) and (k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized profits gains and losses, must not exceed 85 percent of the market or book value, whichever is less, of a fund, less the aggregate value of investments according to paragraph (h); and

(2) investments must not exceed five percent of the total outstanding shares of any one corporation.

(g) **Developed market foreign stocks investments.** In addition to investments authorized under paragraph (f), the covered pension fund may invest in foreign stock sold on an exchange in any developed market country included in the Europe, Australia, and Far East Index.

(h) **Commingled or mutual investments.** The covered pension plan may invest in index funds or mutual funds, including index mutual funds, through bank-sponsored collective funds and shares of open-end investment companies registered under the Federal Investment Company Act of 1940, if the investments of the index or mutual fund comply with paragraphs (c) to (j).

(i) **Real estate investment trust; related investments.** The covered pension plan may invest in real estate investment trusts secured by mortgages or deeds of trust and sold on an exchange, and insurance company commingled accounts, including separate accounts, of a debt or equity nature.

(j) **Exchange traded funds.** The covered pension plan may invest funds in exchange traded funds, subject to the maximums, the requirements, and the limitations set forth in ~~paragraph (d), (e), (f), or (h), whichever applies~~ paragraphs (c) to (i), as applicable.

~~(h)~~ (k) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to ~~(g)~~ (j), and subject to the provisions in clause (2), the covered pension plan may invest funds in:

(i) venture capital investment businesses through participation in limited partnerships and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust through investment in limited partnerships, or bank sponsored collective funds, trusts, and insurance company commingled accounts, including separate accounts;

(iii) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940 which do not qualify under paragraph (h);

(iv) resource investments through limited partnerships, private placements, and corporations; and

(v) international debt securities and emerging market equity securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made according to clause (1) may not exceed ~~35~~ 20 percent of the market value of the fund for which the covered pension plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the covered pension plan for investments made under clause (1), item (i), (ii), (iii), or (iv);

(iii) covered pension plan participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and

(iv) covered pension plan participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The covered pension plan may not engage in any activity as a limited partner which creates general liability.

Sec. 7. **TRANSITION PROVISION.**

A covered pension plan with investments that on the day prior to the effective date of this section do not comply with section 3 shall divest of any assets not in compliance before January 1, 2008.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 9

MINNEAPOLIS EMPLOYEES RETIREMENT FUND CHANGES

Section 1. Minnesota Statutes 2004, section 422A.05, subdivision 2c, is amended to read:

Subd. 2c. **Minneapolis employees retirement fund investment authority.** (a) For investments made on or after July 1, 1991, the board shall invest funds only in investments authorized by section 356A.06, subdivision 7.

(b) However, in addition to real estate investments authorized under paragraph (a), the board may also make loans to purchasers of Minnesota situs nonfarm residential real estate that is owned by the Minneapolis Employees Retirement Fund. The loans must be secured by mortgages or deeds of trust.

(c) For investments made before July 1, 1991, the board may, but is not required to, comply with paragraph (a). However, with respect to these investments, the board shall act in accordance with subdivision 2a and chapter 356A.

(d) The board may certify assets for investment by the State Board of Investment under section 11A.14, subject to any restrictions established by the State Board of Investment, and section 11A.17.

Sec. 2. Minnesota Statutes 2004, section 422A.06, subdivision 3, is amended to read:

Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists of the assets held in the fund, including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments.

(b) There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, including the death-while-active refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

(c) To the extent that the deposit accumulation fund has insufficient assets to transfer the total value of the required reserves for retirement annuities to either the fund under subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required, the deposit accumulation fund has a transfer amount payable on which an interest charge accrues. The executive director must determine the interest charge for the period that transfer amount payable remains unpaid at an annual rate equal to five percent plus the percentage increase in the amount of the annual Consumer Price Index for urban wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the United States Department of Labor from the previous June 30. The interest charge must be reflected in the books of the Minneapolis Employees Retirement Fund and assessed against the deposit accumulation fund based on the average quarterly transfer amount payable balance outstanding. Any revenue received by the deposit accumulation fund subsequent to unpaid transfers must be transferred from the deposit accumulation fund to the disability benefit fund or to the retirement fund, whichever applies, must first be applied to any remaining interest charge and then must be applied to the principal amount of transfer amount payable outstanding.

Sec. 3. Minnesota Statutes 2004, section 422A.06, subdivision 5, is amended to read:

Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities as determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the ~~commission-retained~~ actuary retained under section 356.214 and using the postretirement interest assumption specified in section 356.215, subdivision 8, ~~shall must~~ be transferred to the disability benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) If a full transfer amount is not payable from the deposit accumulation fund, the applicable fund must be credited with an interest-bearing transfer amount receivable.

~~(b)-(c)~~ Annuity payments shall must be adjusted in accordance with this chapter, except that no minimum retirement payments described in this chapter ~~shall must~~ include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

~~(e)-(d)~~ Increases in annuity payments pursuant to under this section shall must be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase not be made.

~~(d)-(e)~~ Any additional annuity which began to accrue on July 1, 1973, or which began to accrue on January 1, 1974, pursuant to Laws 1973, chapter 770, section 1, shall must be considered as part of the base amount to be used in determining any postretirement adjustments payable ~~pursuant to under~~ the provisions of subdivision 8.

Sec. 4. Minnesota Statutes 2005 Supplement, section 422A.06, subdivision 7, is amended to read:

Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established, containing the required reserves for disability allowances under this chapter unless subdivision 3, paragraph (c), applies. A proportionate share of income from investments must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. There must be paid from this fund the disability allowances payable under this chapter.

(b) In the event of the termination of any disability allowance for any reason other than the death of the recipient, the balance of the required reserves for the disability allowance as of the date of the termination must be transferred from the disability benefit fund to the deposit accumulation fund.

(c) At the end of each fiscal year, as part of the annual actuarial valuation, a determination must be made of the required reserves for all disability allowances being paid from the disability benefit fund. Any excess of assets over actuarial required reserves in the disability benefit fund must be transferred to the deposit accumulation fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the disability benefit fund must be funded by a transfer of the appropriate amount of assets from the deposit accumulation fund.

Sec. 5. Minnesota Statutes 2004, section 422A.06, subdivision 8, is amended to read:

Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~ consists of amounts held for payment of retirement allowances for members retired ~~pursuant to~~ under this chapter, including any transfer amount payable under subdivision 3, paragraph (c).

(b) ~~Unless subdivision 3, paragraph (c), applies,~~ assets equal to the required reserves for retirement allowances ~~pursuant to~~ under this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the ~~commission retained~~ actuary shall retained under section 356.214, must be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets ~~shall must~~ be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. There ~~shall must~~ be paid from this fund the retirement annuities authorized by law. A required reserve calculation for the retirement benefit fund must be made by the actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 and must be certified to the retirement board by the ~~commission retained~~ actuary.

(c) The retirement benefit fund ~~shall must~~ be governed by the applicable laws governing the accounting and audit procedures, investment, actuarial requirements, calculation and payment of postretirement benefit adjustments, discharge of any deficiency in the assets of the fund when compared to the actuarially determined required reserves, and other applicable operations and procedures regarding the Minnesota postretirement investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996, section 11A.18, and any legal or administrative interpretations of those laws of the State Board of Investment, the legal advisor to the Board of Investment and the executive director of the State Board of Investment in effect on June 30, 1997. If a deferred yield adjustment account is established for the Minnesota postretirement investment fund before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the retirement board shall also establish and maintain a deferred yield adjustment account within this fund.

(d) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of the Legislative Commission on Pensions and Retirement and to the commissioner of finance indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

(e) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the Metropolitan Airports Commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214.

Sec. 6. Minnesota Statutes 2004, section 422A.101, subdivision 3, is amended to read:

Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis Employees Retirement Fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded

actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made September 15 annually.

(c) The annual state contribution under this subdivision may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under section 356.43.

(d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

Sec. 7. **REPEALER.**

Minnesota Statutes 2004, section 422A.101, subdivision 4, is repealed.

Sec. 8. **EFFECTIVE DATE; LOCAL APPROVAL.**

Sections 1 to 7 are effective retroactively on June 30, 2005, once the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 10

MINNEAPOLIS POLICE RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2004, section 423B.07, is amended to read:

423B.07 AUTHORIZED FUND DISBURSEMENTS.

The police pension fund may be used only for the payment of:

- (1) service, disability, or dependency pensions;
- (2) notwithstanding a contrary provision of section 69.80, the salaries of the elected members of the board of trustees in an amount not to exceed ~~three~~ seven units for the president and five units for other elected board members;
- (3) expenses of officers and employees of the association in connection with the protection of the fund;
- (4) expenses of operating and maintaining the association, including the administrative expenses related to the administration of the insurance plan authorized in section 423B.08; and
- (5) other expenses authorized by section 69.80, or other applicable law.

Sec. 2. Minnesota Statutes 2005 Supplement, section 423B.09, subdivision 1, is amended to read:

Subdivision 1. **Minneapolis police; persons entitled to receive pensions.** The association shall grant pensions payable from the police pension fund in monthly installments to persons entitled to pensions in the manner and for the following purposes.

(a) An active member or a deferred pensioner who has performed duty as a member of the police department of the city for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension. Active members, deferred members, and service pensioners are entitled to a service pension according to the following schedule:

	<u>A</u>	<u>B</u>
5 years	8.0 <u>8.5</u> units	<u>9.0</u> units
6 years	9.6 <u>10.1</u> units	<u>10.6</u> units
7 years	11.2 <u>11.7</u> units	<u>12.2</u> units
8 years	12.8 <u>13.3</u> units	<u>13.8</u> units
9 years	14.4 <u>14.9</u> units	<u>15.4</u> units
10 years	16.0 <u>16.5</u> units	<u>17.0</u> units
11 years	17.6 <u>18.1</u> units	<u>18.6</u> units
12 years	19.2 <u>19.7</u> units	<u>20.2</u> units
13 years	20.8 <u>21.3</u> units	<u>21.8</u> units
14 years	22.4 <u>22.9</u> units	<u>23.4</u> units
15 years	24.0 <u>24.5</u> units	<u>25.0</u> units
16 years	25.6 <u>26.1</u> units	<u>26.6</u> units
17 years	27.2 <u>27.7</u> units	<u>28.2</u> units
18 years	28.8 <u>29.3</u> units	<u>29.8</u> units
19 years	30.4 <u>30.9</u> units	<u>31.4</u> units
	<u>A</u>	<u>B</u>
20 years	34.5 units	35.0 units
21 years	36.1 units	36.6 units
22 years	37.7 units	38.2 units
23 years	39.3 units	39.8 units
24 years	40.9 units	41.4 units
25 years	42.5 units	43.0 units

Column A is applicable until December 31, 2005, and applies retroactively to January 1, 2005, for a service pensioner who retired before January 1, 2005. Column B applies on and after January 1, 2006.

Fractional years of service may not be used in computing pensions.

(b) An active member who after five years' service but less than 20 years' service with the police department of the city, becomes superannuated so as to be permanently unable to perform the person's assigned duties, is entitled to be paid monthly for life a superannuation pension equal to four units for five years of service and an additional two units for each full year of service over five years and less than 20 years.

(c) An active member who is not eligible for a service pension and who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service that permanently unfits the member for the performance of police duties is entitled to be paid monthly for life a pension equal to 34 units while so disabled.

Sec. 3. **EFFECTIVE DATE; LOCAL APPROVAL.**

(a) Section 1 is effective the day after the date of approval by the city council of the city of Minneapolis and the timely completion by the chief clerical officer of the city of Minneapolis of compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 2 is effective the day after the governing body of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 11

RECODIFICATION OF VARIOUS
STATEWIDE SPECIALTY RETIREMENT PLANS

Section 1. Minnesota Statutes 2004, section 3A.01, subdivision 1, is amended to read:

Subdivision 1. **Purposes.** Each of the terms defined in this section, for the purposes of this chapter shall be given the meanings meaning ascribed to them.

Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 1a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one allowance or benefit having an equal actuarial present value to another allowance or benefit, determined by the actuary retained under section 356.214 as of a given date at a specified age with each actuarial present value based on the mortality table applicable for the plan and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 1b. **Average monthly salary.** "Average monthly salary" means the average of the member's highest five successive years of salary that was received as a member of the legislature and upon which the member has made contributions under section 3A.03, subdivision 1, or for which the member of the legislature has made payments for past service under Minnesota Statutes 2004, section 3A.02, subdivision 2, or has made, before July 1, 1994, payments in lieu of contributions under Minnesota Statutes 1992, section 3A.031.

Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 1c. **Constitutional officer.** "Constitutional officer" means a person who was duly elected, qualifies for, and serves as the governor, the lieutenant governor, the attorney general, the secretary of state, or the state auditor of the state of Minnesota.

Sec. 5. Minnesota Statutes 2004, section 3A.01, subdivision 2, is amended to read:

Subd. 2. **Dependent child.** (a) "Dependent child" means any natural or adopted child of a deceased member of the legislature or a former legislator who is under the age of 18, or who is under the age of 22 and is a full-time student, and who, in either case, is unmarried and was actually dependent for more than one-half of support upon such the legislator for a period of at least 90 days immediately prior to before the legislator's death. It

(b) The term also includes any child of the member of the legislature or former legislator who was conceived during the lifetime of, and who was born after the death of, the member or former legislator. This subdivision shall be retroactive as to any dependent child under the age of 22 years as of April 1, 1975.

Sec. 6. Minnesota Statutes 2004, section 3A.01, subdivision 6, is amended to read:

Subd. 6. **Director.** "Director" means the executive director of the Minnesota State Retirement System who was appointed under section 352.03, subdivision 5.

Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 6b. **Former legislator.** "Former legislator" means a legislator who has ceased to be a member of the legislature for any reason, including, but not limited to, the expiration of the term for which a member of the legislature was elected or the death of the member.

Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 6c. **Member of the legislature.** "Member of the legislature" means a person who was a member of the house of representatives or of the senate of the state of Minnesota who has subscribed to the oath of office after July 1, 1965, and who was first elected to a legislative office before July 1, 1997, and retained coverage by the plan under Laws 1997, chapter 233, article 2, section 15.

Sec. 9. Minnesota Statutes 2004, section 3A.01, subdivision 8, is amended to read:

Subd. 8. **Normal retirement age.** "Normal retirement age" means the age of ~~60 years with regard to any member of the legislature whose service terminates prior to the beginning of the 1981 legislative session, and the age of 62 years with regard to any member of the legislature whose service terminates after the beginning of the 1981 session.~~

Sec. 10. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 9. **Retirement.** "Retirement" means the period of time after which a former legislator is entitled to a retirement allowance.

Sec. 11. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to read:

Subd. 10. **Salary.** (a) "Salary" means the regular compensation payable under law to a member of the legislature and paid to the person for service as a legislator.

(b) The term includes the monthly compensation paid to the member of the legislature and the per diem payments paid during a regular or special session to the member of the legislature.

(c) The term does not include per diem payments paid to a member of the legislature other than during the regular or special session; additional compensation attributable to a leadership position under section 3.099, subdivision 3; living expense payments under section 3.101; and special session living expense payments under section 3.103.

Sec. 12. Minnesota Statutes 2004, section 3A.011, is amended to read:

3A.011 ADMINISTRATION OF PLAN.

The executive director and the board of directors of the Minnesota State Retirement System shall administer the legislators retirement plan in accordance with this chapter and chapter 356A.

Sec. 13. Minnesota Statutes 2004, section 3A.02, subdivision 1, is amended to read:

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

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

(2) has attained the normal retirement age;

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

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

~~(b) This paragraph applies to members of the legislature who terminate service as a legislator before July 1, 1997. For service rendered before the beginning of the 1979 legislative session, but not to exceed eight years of service, the retirement allowance is an amount equal to five percent per year of service of that member's average monthly salary. For service in excess of eight years rendered before the beginning of the 1979 legislative session, and for service rendered after the beginning of the 1979 legislative session, Unless the former legislator has legislative service before January 1, 1979, the retirement allowance is an amount equal to 2-1/2 percent per year of service of that member's average monthly salary.~~

~~(c) This paragraph applies to members of the legislature who terminate service as a legislator after June 30, 1997. The retirement allowance is an amount equal to the applicable rate or rates under paragraph (b) per year of service of the member's average monthly salary and adjusted for that person on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent. The adjustment must be calculated by or, alternatively, the adjustment procedure must be specified by, the actuary retained by the Legislative Commission on Pensions and Retirement under section 356.214. The purpose of this adjustment is to ensure that the total amount of benefits that the actuary predicts an individual member will receive over the member's lifetime under this paragraph will be the same as the total amount of benefits the actuary predicts the individual member would receive over the member's lifetime under the law in effect before enactment of this paragraph. If the former legislator has legislative service before January 1, 1979, the person's benefit must include the additional benefit amount in effect on January 1, 1979, and adjusted as otherwise provided in this paragraph.~~

~~(d)-(c)~~ The retirement allowance accrues beginning with the first day of the month of receipt of the application, but not before age 60, and for the remainder of the former legislator's life, if the former legislator is not serving as a member of the legislature or as a constitutional officer or commissioner as defined in section 352C.021, subdivisions 2 and 3 3A.01, subdivision 1c. The annuity does not begin to accrue ~~prior to before~~ the person's retirement as a legislator. No annuity payment may be made retroactive for more than 180 days before the date that the annuity application is filed with the director.

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

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

Sec. 14. Minnesota Statutes 2004, section 3A.02, subdivision 1b, is amended to read:

Subd. 1b. **Reduced retirement allowance.** (a) Upon separation from service after the beginning of the 1981 legislative session, a former member of the legislature who has attained the age set by the board of directors of the Minnesota State Retirement System and who is otherwise qualified ~~in accordance with~~ under subdivision 1 is entitled, upon making written application on ~~forms supplied~~ a form prescribed by the director, to a reduced retirement allowance ~~in~~. The reduced retirement allowance is an amount equal to the retirement allowance specified in subdivision 1, paragraph (b), that is reduced so that the reduced annuity-allowance is the actuarial equivalent of the annuity-allowance that would be payable if the former member of the legislature deferred receipt of the annuity allowance and the annuity-allowance amount were was augmented at an annual rate of three percent compounded annually from the date the annuity-allowance begins to accrue until age 62.

(b) The age set by the board of directors under paragraph (a) cannot be ~~less an earlier age~~ than the early retirement age under section 352.116, subdivision 1a.

(c) If there is an actuarial cost to the plan of resetting the early retirement age under paragraph (a), the retired legislator is required to pay an additional amount to cover the full actuarial value. The additional amount must be paid in a lump sum within 30 days of the certification of the amount by the executive director.

(d) The executive director of the Minnesota State Retirement System shall report to the Legislative Commission on Pensions and Retirement on the utilization of this provision annually on or before September 1, ~~2000~~.

Sec. 15. Minnesota Statutes 2004, section 3A.02, subdivision 3, is amended to read:

Subd. 3. **Appropriation.** The amounts required for payment of retirement allowances provided by this section are appropriated annually to the director from the participation of the legislators retirement plan in the Minnesota postretirement investment fund ~~and shall~~. The retirement allowance must be paid monthly to the recipients entitled thereto to those retirement allowances.

Sec. 16. Minnesota Statutes 2004, section 3A.02, subdivision 4, is amended to read:

Subd. 4. **Deferred annuities augmentation.** (a) The deferred ~~annuity-retirement allowance~~ of any former legislator must be augmented as provided herein.

(b) The required reserves applicable to the deferred ~~annuity-retirement allowance~~, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of six percent, must be augmented from the first of the month following the termination of active service, or July 1, 1973, whichever is later, to the first day of the month in which the annuity-allowance begins to accrue, at the following annually compounded rate of five percent per annum compounded annually until January 1, 1981, and thereafter at the rate of three percent per annum compounded annually until January 1 of the year in which the former legislator attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually, or rates:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, or from the first day of the month following the termination of active service, whichever is later, until January 1 of the year in which the former legislator attains age 55; and

(3) five percent from the period end date under clause (2) to the effective date of retirement.

~~(b) The retirement allowance of, or the survivor benefit payable on behalf of, a former member of the legislature who terminated service 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 8, from five percent to six percent under a calculation procedure and tables adopted by the board of directors of the Minnesota State Retirement System and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.~~

Sec. 17. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal ~~annuity allowance~~ computed under this section, plus the actuarial value of any surviving spouse benefit otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1. An individual selecting an optional annuity under this subdivision ~~waives and the person's spouse waive~~ any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life ~~annuity allowance~~ if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life ~~annuity allowance~~ in the event of the death of the designated optional annuity beneficiary.

(c) The surviving spouse of a legislator who has attained at least age 60 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

Sec. 18. Minnesota Statutes 2004, section 3A.03, subdivision 1, is amended to read:

Subdivision 1. **Percentage.** (a) Every member of the legislature shall contribute nine percent of total salary;

~~(b) The contribution must be made by payroll deduction, to and must be paid into the state treasury and deposited in the general fund. It shall be the duty of~~

~~(c) The director to must record the periodic contributions of each member of the legislature and must credit such each contribution to the member's account.~~

Sec. 19. Minnesota Statutes 2004, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member ~~must be considered is a new member of this plan the unclassified employees retirement program of the Minnesota State Retirement System.~~

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at an annual rate of 8.5 percent compounded annually from the date on which the refund was taken to the date on which the refund is repaid.

~~(d)~~(e) No person may be required to apply for or to accept a refund.

Sec. 20. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse.** (a) Upon the death of a member of the legislature while serving as ~~such a member after June 30, 1973,~~ or upon the death of a former member of the legislature with at least ~~the number of six full~~ years of service ~~as required by section 3A.02, subdivision 1, clause (1) or service in all or part of four regular legislative sessions,~~ the surviving spouse ~~shall be paid~~ is entitled to a survivor benefit ~~in the amount of.~~

(b) The surviving spouse benefit is one-half of the retirement allowance of the member of the legislature computed as though the member were at least normal retirement age on the date of death and based upon ~~the member's~~ allowable service or upon eight years, whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, ~~shall must~~ be applied for the period up to, and including, the month of death.

(c) Upon the death of a former legislator receiving a retirement allowance, the surviving spouse ~~shall be is~~ entitled to one-half of the amount of the retirement allowance being paid to the legislator. ~~Such~~

(d) The surviving spouse benefit ~~shall be paid during~~ is payable for the lifetime of the surviving spouse.

Sec. 21. Minnesota Statutes 2004, section 3A.04, subdivision 2, is amended to read:

Subd. 2. **Dependent children.** (a) Upon the death of a member of the legislature while serving as a member, or upon the death of a former member of the legislature who has rendered at least ~~the number of six full~~ years of service ~~as required by section 3A.02, subdivision 1, clause (1) or service in all or part of four regular legislative sessions~~ and who was not receiving a retirement allowance, each dependent child of the member or former legislator ~~shall be is~~ entitled to receive a survivor benefit in the following amount:

(1) ~~for the~~ first dependent child, a monthly allowance ~~which equals benefit equal to~~ 25 percent of the monthly retirement allowance of the member of the legislature or ~~the~~ former legislator computed as though the member or ~~the~~ former legislator had attained at least the normal retirement age on the date of death and based upon the average monthly salary as of the date of death or as of the date of termination, ~~whichever is applicable~~ applies, and the ~~member's~~ allowable service or eight years, whichever is greater;

(2) for each additional dependent child, a monthly allowance ~~which equals benefit equal to~~ 12-1/2 percent of the monthly retirement allowance of the member or ~~the~~ former legislator computed as ~~provided in the case of the first child clause (1); but and~~

(3) the total amount paid to the surviving spouse and to the dependent child or children ~~shall may not exceed,~~ in any one month, 100 percent of the monthly retirement allowance of the member or of the former legislator computed as ~~provided in the case of the first child clause (1).~~

(b) The augmentation provided in section 3A.02, subdivision 4, if applicable, ~~shall be applied~~ applies from the first day of the month next following the date of the termination of the person from service as a member of the legislature to the month of the death of the person.

(c) Upon the death of a former legislator who was receiving a retirement allowance, ~~the a~~ surviving dependent child ~~shall be is~~ entitled to the applicable percentage specified ~~above in paragraph (a), clause (1) or (2),~~ whichever applies, of the amount of the allowance which was paid to the former legislator for the month immediately ~~prior to~~ before the date of death of the former legislator.

(d) The payments for dependent children shall must be made to the surviving spouse or to the guardian of the estate of the dependent children, if there is one.

Sec. 22. Minnesota Statutes 2004, section 3A.04, subdivision 3, is amended to read:

Subd. 3. **Payment.** The surviving ~~spouse's spouse~~ and dependent ~~children's child or children~~ survivor benefits payable under this section ~~shall be paid~~ are payable by the director monthly in the same manner as retirement allowances are authorized to be paid by this chapter.

Sec. 23. Minnesota Statutes 2004, section 3A.04, subdivision 4, is amended to read:

Subd. 4. **Death refunds.** (a) Upon the death of a member of the legislature or ~~of a former legislator who was not receiving a retirement allowance;~~ without leaving either a surviving spouse or a dependent child or dependent children, the last designated beneficiary named on a form that was filed with the director before the death of the legislator, or if no designation is filed, the estate of the member or the former legislator, upon application, ~~shall be is~~ entitled to a refund.

(b) The refund is the amount of contributions credited to the person's account plus interest as provided in section 3A.03, subdivision 2, clause (2)-paragraph (a).

Sec. 24. Minnesota Statutes 2004, section 3A.04, is amended by adding a subdivision to read:

Subd. 5. **Appropriation.** The survivor benefits and the death refunds authorized by this section are appropriated to the director from the general fund when they are due and payable.

Sec. 25. Minnesota Statutes 2004, section 3A.05, is amended to read:

3A.05 APPLICATION FOR SURVIVOR BENEFIT.

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

(b) Survivor benefits ~~shall~~ accrue as of the first day of the month following the death of the member of the legislature or former legislator and payments ~~shall~~ commence as of the first of the month next following the filing of the application, and ~~shall be are~~ retroactive to the date the benefit accrues; ~~provided, however, that no payment shall be retroactive for more than or the first of the month occurring 12 months prior to before the month in which the application is filed with the director, whichever is earlier.~~

Sec. 26. Minnesota Statutes 2004, section 3A.07, is amended to read:

3A.07 APPLICATION.

(a) Except as provided in paragraph (b), this chapter applies to members of the legislature in service after July 1, 1965, who otherwise meet the requirements of this chapter.

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

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

Sec. 27. Minnesota Statutes 2004, section 3A.10, subdivision 1, is amended to read:

Subdivision 1. **Service credit for legislative term.** (a) In the case of a member of the house of representatives, one full term of office ~~shall~~must be considered two full years of service, notwithstanding the fact that the oath of office ~~may be~~was taken on different days each biennium.

(b) In the case of a member of the senate, one full term of office ~~shall~~must be considered four full years of service, notwithstanding the fact that the oath of office ~~may be~~was taken on different days at the start of each term.

(c) For purposes of this chapter, a legislative term ~~shall~~must be deemed to commence on January ~~1st~~1 and to end on December ~~31st~~31.

Sec. 28. Minnesota Statutes 2004, section 3A.12, is amended to read:

3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.

Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been ~~an employee covered by a member of a retirement plan listed in paragraph (b) is entitled, when otherwise qualified, to a retirement allowance or annuity from each plan if the total allowable service in all plans or in any two of these plans totals ten or more years.~~

(b) This section applies to any retirement plan or program administered by the Minnesota State Retirement System, or ~~a member of any retirement plan administered by the Public Employees Retirement Association, including the Public Employees Retirement Association police and fire fund, or the Teachers Retirement Association, or the Minneapolis employees retirement fund plan, or the State Patrol retirement fund plan, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all.~~

(c) This section does not apply to other ~~funds retirement plans providing benefits for police or firefighters, shall be entitled when qualified to an annuity from each fund if the total allowable service for which the legislator has credit in all funds or in any two of these funds totals ten or more years, provided.~~

(d) No portion of the allowable service upon which the retirement annuity from one ~~fund plan~~ is based is again used in the computation for benefits from another ~~fund plan~~. The annuity from each ~~fund shall plan must~~ be determined by the appropriate provisions of the law, except that the requirement that a person must have ~~at least ten a minimum number of years of allowable service in the respective system or association shall does not~~ apply for the purposes of this section ~~provided if the combined service in two or more of these funds plans equals ten or more years. The augmentation of deferred annuities provided in section 3A.02, subdivision 4, shall apply applies to the annuities accruing hereunder under this section.~~

Subd. 2. **Refund repayment.** ~~Any A~~ former legislator who has received a refund as provided in section 3A.03, subdivision 2, who is a currently contributing member of a retirement ~~fund plan~~ specified in subdivision 1, paragraph (b), may repay the refund as provided in section 3A.03, subdivision 2. ~~Any A~~ member of the legislature who has received a refund from any of the ~~funds retirement plans~~ specified in subdivision 1, may repay the refund to the respective ~~fund plan~~ under such terms and conditions consistent with the law governing ~~such fund the retirement plan~~ if the law governing ~~such fund the plan~~ permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment may be made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

Sec. 29. **[352C.001] RETIREMENT PLAN; APPLICATION.**

(a) The retirement plan applicable to a former constitutional officer who was first elected to a constitutional office after July 1, 1967, and before July 1, 1997, is the applicable portions of this chapter and chapter 356 in effect on the date on which the person terminated active service as a constitutional officer.

(b) Nothing in this section or section 30 or 33, subdivision 2, is intended to reduce the benefits of former constitutional officers or to adversely modify their eligibility for benefits in effect as of the day before the effective date of this section.

Sec. 30. Minnesota Statutes 2004, section 352C.091, subdivision 1, is amended to read:

Subdivision 1. **Administrative agency and standards.** ~~This chapter~~ (a) The elected officers retirement plan must be administered by the board of directors and the executive director of the Minnesota State Retirement System.

(b) The elected state officers retirement plan must be administered consistent with this chapter the applicable statutory provisions governing the plan and chapters 356 and 356A.

Sec. 31. Minnesota Statutes 2004, section 352C.10, is amended to read:

352C.10 BENEFIT ADJUSTMENTS.

Retirement allowances payable to retired constitutional officers ~~pursuant to section 352C.031~~ and surviving spouse benefits payable ~~pursuant to section 352C.04~~, ~~shall must~~ be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to retirees of a participating public pension fund.

Sec. 32. Minnesota Statutes 2004, 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 (14), 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 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 clause (5)~~, are participants in the unclassified program under this chapter unless the person ~~is was~~ eligible to elect different coverage under section 3A.07 ~~or 352C.011~~ and, ~~after July 1, 1998, elects~~ elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), 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, and the attorney general;

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

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

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

(9) the executive director, associate executive director, and not to exceed nine positions of the 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 State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3; and

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

Sec. 33. **REPEALER; EFFECT ON BENEFIT COVERAGE.**

Subdivision 1. **Legislators retirement plan; repealed as obsolete.** Minnesota Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04, subdivision 1a; and 3A.09, are repealed.

Subd. 2. **Elective state officers retirement plan; repealed as obsolete.** Minnesota Statutes 2004, sections 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, and 7; 352C.031, subdivisions 1, 2, 4, 5, and 6; 352C.033; 352C.04; 352C.051; 352C.09; and 352C.091, subdivisions 2 and 3, and Minnesota Statutes 2005 Supplement, section 352C.021, subdivision 1a, are repealed.

Sec. 34. **EFFECTIVE DATE.**

Sections 1 to 33 are effective July 1, 2006.

ARTICLE 12

JUDGES RETIREMENT PLAN AND
BOARD ON JUDICIAL STANDARDS RECODIFICATION

Section 1. Minnesota Statutes 2004, section 490.121, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 490.121 to 490.132, ~~unless the context clearly indicates otherwise, each of the terms defined in this section have has the meanings meaning given them unless the context clearly indicates otherwise it.~~

Sec. 2. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 2a. **Actuarial equivalent.** "Actuarial 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 with each actuarial present value based on the appropriate mortality table adopted by the board of directors of the Minnesota State Retirement System based on the experience of the fund as recommended by the actuary retained under section 356.214 and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

Sec. 3. Minnesota Statutes 2005 Supplement, section 490.121, subdivision 4, is amended to read:

Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, ~~or during which the judge received compensation for that service from the state, municipality, or county, whichever applies, and for which the judge made any required member contribution. It also includes any month~~ served as a referee in probate for all referees in probate who were in office ~~prior to~~ before January 1, 1974.

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus annual compound interest at the rate of 8.5 percent from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on which the authorized leave of absence terminated. Service credit for an authorized leave of absence is in addition to a uniformed service leave under section 490.1211.

(c) "Allowable service" does not mean service as a retired judge.

Sec. 4. Minnesota Statutes 2004, section 490.121, subdivision 6, is amended to read:

Subd. 6. **Annuity.** "Annuity" means the payments that are made each year to an annuitant from the judges' retirement fund, ~~pursuant to the provisions of under~~ sections 490.121 to 490.132.

Sec. 5. Minnesota Statutes 2004, section 490.121, subdivision 7, is amended to read:

Subd. 7. **Annuitant.** "Annuitant" means a former judge, a surviving spouse, or a dependent child who is entitled to and is receiving an annuity under ~~the provisions of~~ sections 490.121 to 490.132.

Sec. 6. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 7a. **Approved actuary.** "Approved actuary" means an actuary as defined in section 356.215, subdivision 1, paragraph (c).

Sec. 7. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 7b. **Court.** "Court" means any court of this state that is established by the Minnesota Constitution.

Sec. 8. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 7c. **Dependent surviving child.** "Dependent surviving child" means any natural or adopted child of a deceased judge who has not reached the age of 18 years, or having reached the age of 18, is under age 22 and who is a full-time student throughout the normal school year, is unmarried, and is actually dependent for more than one-half of the child's support upon the judge for a period of at least 90 days before the judge's death. It also includes any natural child of the judge who was born after the death of the judge.

Sec. 9. Minnesota Statutes 2004, section 490.121, subdivision 13, is amended to read:

Subd. 13. **Disability.** "Disability" means the permanent inability of a judge to continue to perform the functions of judge by reason of a physical or mental impairment resulting from a sickness or an injury.

Sec. 10. Minnesota Statutes 2004, section 490.121, subdivision 14, is amended to read:

Subd. 14. **Disability retirement date.** "Disability retirement date" means the last day of the first month after the date on which the governor determines, upon receipt of the voluntary application by the judge or otherwise, that a judge suffers from a disability.

Sec. 11. Minnesota Statutes 2004, section 490.121, subdivision 15, is amended to read:

Subd. 15. **Disability retirement annuity.** "Disability retirement annuity" means an annuity to which a judge is entitled under section 490.124, subdivisions 1 and 4, after the retirement ~~for reason of the judge because of a~~ disability.

Sec. 12. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

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

Sec. 13. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 15b. **Early retirement annuity.** "Early retirement annuity" means an annuity to which a judge is entitled under section 490.124, subdivisions 1 and 3, upon retirement by the judge at an early retirement date.

Sec. 14. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 21b. **Judge.** "Judge" means a judge or a justice of any court as defined under subdivision 7b.

Sec. 15. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 21c. **Judges' retirement fund; retirement fund; fund.** "Judges' retirement fund," "retirement fund," or "fund" means the fund created by section 490.123.

Sec. 16. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 21d. **Mandatory retirement date.** "Mandatory retirement date" means the last day of the month in which a judge has attained 70 years of age.

Sec. 17. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 21e. **Normal retirement annuity.** Except as otherwise provided in sections 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is entitled under section 490.124, subdivision 1, upon retirement on or after the normal retirement date of the judge.

Sec. 18. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

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

Sec. 19. Minnesota Statutes 2004, section 490.121, subdivision 22, is amended to read:

Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1) 24 years of allowable service under ~~this chapter 490~~; or (2) for judges with allowable service rendered ~~prior to before~~ July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage listed in section 356.315, subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

Sec. 20. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 23. **Surviving spouse.** "Surviving spouse" means the surviving legally married spouse of a deceased judge.

Sec. 21. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision to read:

Subd. 24. **Survivor's annuity.** "Survivor's annuity" means an annuity to which a surviving spouse or dependent child is entitled under section 490.124, subdivision 9.

Sec. 22. Minnesota Statutes 2004, section 490.122, is amended to read:

490.122 ADMINISTRATION OF JUDGES' RETIREMENT.

Subdivision 1. **Administration.** The policy-making, management, and administrative functions governing the operation of the judges' retirement fund and the administration of ~~sections 490.121 to 490.132 this chapter~~ are vested in the board of directors and executive director of the Minnesota State Retirement System ~~with such.~~ In administering the plan and fund, the board and the director have the same duties, authority, and responsibility as are provided in chapter 352.

Subd. 2. **Inapplicability of certain laws.** Except as otherwise specified, no provision of chapter 352 applies to the judges' retirement fund or any judge.

Subd. 3. **Fiduciary responsibility.** Fiduciary activities ~~of relating to the uniform judges' retirement and Survivors' Annuities for Judges plan~~ must be undertaken in a manner consistent with chapter 356A.

Sec. 23. Minnesota Statutes 2004, section 490.123, subdivision 1, is amended to read:

Subdivision 1. **Fund creation; revenue and authorized disbursements.** (a) There is created a special fund to be known as the "judges' retirement fund."

(b) The judges' retirement fund must be credited with all contributions; all interest, dividends, and other investment proceeds; and all other income authorized by this chapter or other applicable law.

(c) From this fund there are appropriated the payments authorized by sections 490.121 to 490.132, in the amounts and at the times provided, including the necessary and reasonable expenses of the Minnesota State Retirement System in administering the fund and the transfers to the Minnesota postretirement investment fund.

Sec. 24. Minnesota Statutes 2004, 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 and 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. The deduction must be made by the state court administrator under section 352.04, subdivisions 4, 5, and 8.~~

Sec. 25. Minnesota Statutes 2004, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the fund on behalf of a judge is 20.5 percent of salary and. The employer obligation continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

(b) The employer contribution must be paid by the state court administrator and. The employer contribution is payable at the same time as member contributions are made under subdivision 1a or as employee contributions are made to the unclassified plan in program governed by chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

Sec. 26. Minnesota Statutes 2004, section 490.123, subdivision 1c, is amended to read:

Subd. 1c. **Additional employer contribution.** ~~In the event that~~ If the employer contribution under subdivision 1b and the assets of the judges retirement fund are insufficient to meet reserve transfers to the Minnesota postretirement investment fund or payments of survivor benefits before July 1, 1993 in a month, the necessary amount is appropriated from the general fund to the executive director of the Minnesota State Retirement System, upon the certification of the required amount by the executive director to the commissioner of finance.

Sec. 27. Minnesota Statutes 2004, section 490.123, subdivision 2, is amended to read:

Subd. 2. **Commissioner of finance.** The commissioner of finance ~~shall be~~ is the ex officio treasurer of the judges' retirement fund ~~and the~~. The commissioner's general bond to the state shall must be so conditioned as to cover all liability for acting as the treasurer of this the fund. ~~All moneys money~~ received by the commissioner pursuant to under this section ~~shall must~~ be set aside in the state treasury to the credit of the judges' retirement fund. ~~The commissioner shall transmit monthly to the executive director described in section 352.03, subdivision 5, a detailed statement of all amounts so received and credited to the fund. The commissioner shall pay out the fund only upon vouchers signed by said executive director; provided that vouchers for investment may be signed by the secretary of the State Board of Investment.~~

Sec. 28. Minnesota Statutes 2004, section 490.123, subdivision 3, is amended to read:

Subd. 3. **Investment.** (a) The executive director referred to in subdivision 2 of the Minnesota State Retirement System shall, from time to time, certify to the State Board of Investment such portions of the judges' retirement fund as in the director's judgment may not be required for immediate use.

(b) Assets from the judges' retirement fund shall must be transferred to the Minnesota postretirement investment fund for retirement and disability benefits as provided in sections 11A.18 and 352.119.

(c) The State Board of Investment shall thereupon invest and reinvest sums so transferred, or certified, in such securities as are duly authorized legal investments for such purposes under section 11A.24 in compliance with sections 356A.04 and 356A.06.

Sec. 29. Minnesota Statutes 2004, section 490.124, subdivision 1, is amended to read:

Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from and after the mandatory retirement date, the normal retirement date, the early retirement date, or one year from the disability retirement date, as the case may be, a retiring judge is eligible to receive a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in.

(b) The retirement annuity is an amount equal to: (1) the percent specified in section 356.315, subdivision 7, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered prior to before July 1, 1980; plus (2) the percent specified in section 356.315, subdivision 8, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980.

(c) Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but the compensation earned by the judge during this period of judicial service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 30. Minnesota Statutes 2004, section 490.124, subdivision 2, is amended to read:

Subd. 2. **Minimum service requirement; extension of term.** ~~No (a) Unless section 356.30 applies, a judge shall be is not eligible for an annuity at the normal retirement date or the early retirement date if the judge has less than five years of allowable service.~~

(b) A judge who shall retire retires on or, as permitted under sections 490.121 to 490.132, after the judge's mandatory retirement date, shall be is entitled to a proportionate annuity based upon the allowable service of the judge at the date of retirement.

~~A judge who was in office on December 31, 1973, and thereafter and who, by the date on which the current term expires, would not be eligible to retire with full benefits under statutes in effect on December 31, 1973, may apply to the governor for an extension to serve up to three additional years, stating the intention of the judge to retire upon attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125, the governor shall forthwith make a written order accepting the retirement application, and extending the term of office of the judge for the period of time, not to exceed three years, as may be necessary to make the judge eligible for retirement, solely for purposes of computing benefits hereunder.~~

Sec. 31. Minnesota Statutes 2004, section 490.124, subdivision 3, is amended to read:

Subd. 3. **Early reduced retirement.** The retirement annuity ~~provided by~~ under subdivision 1 of any judge ~~electing who elects~~ to retire at an early retirement date ~~shall~~ must be reduced by one-half of one percent per month from the retirement date to the normal retirement date.

Sec. 32. Minnesota Statutes 2004, section 490.124, subdivision 4, is amended to read:

Subd. 4. **Disability retirement.** (a) When the governor determines that a judge is disabled under section 490.121, subdivision 13, notice of the governor's determination must be sent to the judge, to the chief justice of the Supreme Court, to the state court administrator, and to the executive director of the Minnesota State Retirement System.

(b) From and after disability retirement date, a disabled judge shall be is entitled to continuation of the judge's full salary payable by the judge's employer, as if the judge's office were not vacated by retirement, for a period of up to one full year, but in no event beyond the judge's mandatory retirement date. During this year the judge will is entitled to earn additional service credit in the judges' retirement plan. The salary earned will be payable to a disabled judge is subject to retirement deductions and will must be included in computing final average compensation of the judge. Thereafter

(c) At the conclusion of the year of continued salary following a disability or upon the judge's mandatory retirement date, whichever is earlier, the disabled judge is entitled to a disability retirement annuity computed as provided in subdivision 1 shall be paid, provided that. If the computed retirement annuity is a smaller amount, the judge shall is entitled to receive a minimum annuity of 25 percent of the judge's final average compensation.

Sec. 33. Minnesota Statutes 2004, section 490.124, subdivision 5, is amended to read:

Subd. 5. **Deferred benefits.** (a) ~~Any A~~ benefit to which a judge is entitled under this section may be deferred until the early or normal retirement date or later, notwithstanding the termination of ~~such the~~ judge's service prior thereto.

(b) The retirement annuity of, or the survivor benefit payable on behalf of, a former judge, who terminated service 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 8, from five percent to six percent under a calculation procedure and tables adopted by the board of directors of the Minnesota State Retirement System and approved by the actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214.

Sec. 34. Minnesota Statutes 2004, section 490.124, subdivision 8, is amended to read:

Subd. 8. **Exclusive normal retirement benefits.** ~~Any~~ (a) Except as provided in paragraph (b), a judge who retires after December 31, 1973, ~~shall be~~ is entitled to a retirement pension, retirement compensation or other retirement payment under statutes applicable solely to judges ~~pursuant to~~ under this section only; ~~except that any such.~~

(b) A judge who was in office prior to ~~before~~ January 1, 1974, who retires at or after normal retirement age may then elect to receive during the judge's lifetime a normal retirement annuity computed on the basis of retirement compensation provided for such judge under statutes in effect on December 31, 1973, in lieu of the amount of normal retirement annuity otherwise computed under sections 490.121 to 490.132.

~~For purposes of this subdivision, the Conciliation Court of the city of Duluth shall be deemed to have been a court of record by the statutes in effect on December 31, 1973.~~

Sec. 35. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to ~~before~~ retirement, or upon the death of a person who has qualified for an annuity under this section but who ceases to be a judge ~~prior to~~ before retirement and who has not received a refund of contributions ~~pursuant to~~ under subdivision 12, a surviving spouse is entitled to, or, if there be no surviving spouse, dependent children, shall are entitled to receive an annuity, payable monthly, equal in total to 60 percent of the normal retirement annuity which would have been payable to the judge or former judge had the date of death been the normal retirement date; ~~provided that the.~~

(b) The annuity payable to a surviving spouse or to dependent children shall receive an annuity is an amount of not less than 25 percent of the judge's or the former judge's final average compensation.

~~If a judge, whose surviving spouse was not entitled to survivors benefits provided solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to retirement on or after May 23, 1973 and before January 1, 1974, a surviving spouse and dependent children, if any, shall be entitled to survivors benefits as provided hereunder as if such judge had died on January 1, 1974.~~

Sec. 36. Minnesota Statutes 2004, section 490.124, subdivision 10, is amended to read:

Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided pursuant to ~~under~~ Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a surviving spouse of a retired judge, payable after the death of the judge, ~~shall be~~ are limited to:

(a) spouses of judges who have retired prior to ~~before~~ January 1, 1974; ~~and.~~

(b) spouses of judges in office on December 31, 1973 and thereafter who elect to continue contributions pursuant to section 490.102, subdivision 6 or 490.109. The contributions shall be in addition to contributions pursuant to section 490.123, and upon retirement the judge may not elect to receive any optional annuity pursuant to subdivision 11 unless the judge and the spouse shall waive any benefits pursuant to section 490.102, subdivision 6 or 490.1091.

No other judge in office on or after January 1, 1974, ~~shall be~~ is required to contribute ~~pursuant to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, 2 or 490.109.

Sec. 37. Minnesota Statutes 2004, section 490.124, subdivision 11, is amended to read:

Subd. 11. **Limitation on survivor benefits; optional annuities.** ~~(a)~~ No survivor or death benefits may be paid in connection with the death of a judge who retires after December 31, 1973, except as otherwise provided in sections 490.121 to 490.132.

~~(b)~~ Except as provided in subdivision 10, a judge may elect to receive, instead of the normal retirement annuity, an optional retirement annuity in the form of ~~either (1) an annuity payable for a period certain and for life after that period, (2) a joint and survivor annuity without reinstatement in the event of if the designated beneficiary predeceasing-predeceases the retired judge, or (3) a joint and survivor annuity with reinstatement in the event of if the designated beneficiary predeceasing-predeceases the retired judge.~~

~~(c)~~ An optional retirement annuity must be actuarially equivalent to a single-life annuity with no term certain and must be established by the board of directors of the Minnesota State Retirement System. In establishing these optional retirement annuity forms, the board shall obtain the written recommendation of the actuary retained ~~by the Legislative Commission on Pensions and Retirement under section 356.214.~~ The recommendations must be retained as a part of the permanent records of the board.

Sec. 38. Minnesota Statutes 2004, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge ~~but who does not qualify for a retirement annuity or other benefit under section 490.124~~ is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

~~(c)~~ A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credits-credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at an annual rate of 8.5 percent, compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

Sec. 39. Minnesota Statutes 2004, section 490.124, subdivision 13, is amended to read:

Subd. 13. **Death refund.** If a judge who has not received other benefits under this chapter dies and there are no survivor benefits payable under this chapter, a refund plus interest as provided in subdivision 12 is payable to the last designated beneficiary named on a form filed with the director before the death of the judge, or, ~~if no designation is on file, the refund is payable~~ to the estate of the deceased judge.

Sec. 40. Minnesota Statutes 2004, section 490.125, subdivision 1, is amended to read:

Subdivision 1. **Mandatory retirement age.** Except as otherwise provided in sections 490.121 to 490.132, ~~each~~ a judge shall retire-terminate active service as a judge on the judge's mandatory retirement date.

Sec. 41. Minnesota Statutes 2004, section 490.125, subdivision 2, is amended to read:

Subd. 2. **Exception.** ~~Except as provided by sections 490.025, subdivision 3, 490.102, subdivisions 3 and 3a and 490.12, subdivision 2,~~ Any judge in office on December 31, 1973 who shall have attained 70 years of age on or prior to such date shall retire upon the expiration of the term of office of such judge.

Sec. 42. Minnesota Statutes 2004, section 490.126, as amended by Laws 2005, First Special Session chapter 8, article 10, section 79, is amended to read:

490.126 PROCEDURES.

Subdivision 1. **Compulsory retirement.** Proceedings for compulsory retirement of a judge, if necessary, ~~shall~~ must be conducted in accordance with rules issued by the Supreme Court ~~pursuant to under~~ section 490.16 490A.02.

Subd. 2. **Vacancies.** Any judge may make written application to the governor for retirement. The governor thereupon shall direct the judge's retirement by written order which, when filed in the Office of the Secretary of State, ~~shall effect effects~~ a vacancy in the office to be filled as provided by law.

Subd. 3. **Application for annuity or refund.** An application for an annuity or a refund under sections 490.121 to 490.132 may be made by the potential annuitant or by someone authorized to act for the potential annuitant. Every application for an annuity or refund, ~~with~~ accompanied by a proof of age and by a record of years of service when required, ~~shall must~~ be submitted to the ~~governing body~~ executive director of the Minnesota State Retirement System in a form prescribed by ~~it~~ the director.

Subd. 4. **Manner of payment.** Unless otherwise specifically provided by statute or agreed upon by the annuitant and the ~~governing body~~ board of directors of the Minnesota state retirement system, annuities payable under sections 490.121 to 490.132 ~~shall must~~ be paid in the manner and at the intervals as prescribed by the executive director of the Minnesota state retirement system. The annuity ~~shall cease ceases~~ with the last payment received by the annuitant while living.

Subd. 5. **Exemption from process; no assignment.** The provisions of section 356.401 apply to the judges retirement plan.

Sec. 43. Minnesota Statutes 2004, section 490.133, is amended to read:

490.133 RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO COURT OF APPEALS.

(a) If a judge to whom or to whose survivors benefits would be payable under Minnesota Statutes 2004, sections 490.101 to 490.12, is elected or appointed to the Court of Appeals, that judge and the judge's survivors, ~~shall~~ continue to be eligible for benefits under those sections and not under sections 490.121 to 490.132.

(b) ~~In that the case of a judge to whom paragraph (a) applies,~~ the service of the judge in the Court of Appeals ~~shall must~~ be added to the prior service as district judge, probate judge, or judge of any other court of record in determining eligibility and the compensation of a judge of the Court of Appeals at the time of the judge's death, disability, or retirement ~~shall be is~~ the "compensation allotted to the office" for the purposes of calculating benefit amounts.

(c) All other judges of the Court of Appeals and their survivors ~~shall be are~~ subject to the retirement and survivor's annuity provisions of sections 490.121 to 490.132.

Sec. 44. [490A.01] BOARD OF JUDICIAL STANDARDS; ESTABLISHMENT.

Subdivision 1. **Establishment; composition.** The Board on Judicial Standards is established. The board is a continuation of the board established by Laws 1971, chapter 909, sections 1 and 2, as amended.

Subd. 2. **Composition; appointment.** (a) The board consists of one judge of the Court of Appeals, three trial court judges, two lawyers who have practiced law in the state for at least ten years, and four citizens who are not judges, retired judges, or lawyers.

(b) All members must be appointed by the governor with the advice and consent of the senate. Senate confirmation is not required for judicial members.

Subd. 3. **Term maximum; membership termination.** No member may serve more than two full four-year terms or their equivalent. Membership terminates if a member ceases to hold the position that qualified the member for appointment.

Subd. 4. **Member terms; compensation; removal.** The membership terms, compensation, removal of members, and filling of vacancies on the board are as provided in section 15.0575.

Subd. 5. **Executive secretary appointment; salary.** (a) The board shall appoint the executive secretary.

(b) The salary of the executive secretary of the board is 85 percent of the maximum salary provided for an administrative law judge under section 15A.083, subdivision 6a.

Sec. 45. **[490A.02] JUDICIAL STANDARDS BOARD; POWERS.**

Subdivision 1. **Judicial disqualification.** A judge is disqualified from acting as a judge, without a loss of salary, while there is pending an indictment or any information charging the judge with a crime that is punishable as a felony under either Minnesota law or federal law, or while there is pending a recommendation to the Supreme Court by the Board on Judicial Standards for the judge's removal or retirement.

Subd. 2. **Judicial suspension.** On receipt of a recommendation of the Board on Judicial Standards or on its own motion, the Supreme Court may suspend a judge from office without salary when the judge pleads guilty to or no contest to or is found guilty of a crime that is punishable as a felony under either Minnesota law or federal law or any other crime that involves moral turpitude. If the conviction is reversed, the suspension terminates and the judge must be paid a salary for the period of suspension. If the judge is suspended and the conviction becomes final, the Supreme Court shall remove the judge from office.

Subd. 3. **Judicial disability.** On receipt of a recommendation of the Board on Judicial Standards, the Supreme Court may retire a judge for a disability that the court determines seriously interferes with the performance of the judge's duties and is or is likely to become permanent, and censure or remove a judge for an action or inaction that may constitute persistent failure to perform the judge's duties, incompetence in performing the judge's duties, habitual intemperance, or conduct prejudicial to the administration of justice that brings the judicial office into disrepute.

Subd. 4. **Authority to reopen matters.** The board is specifically empowered to reopen any matter wherein any information or evidence was previously precluded by a statute of limitations or by a previously existing provision of time limitation.

Subd. 5. **Retirement status.** (a) A judge who is retired by the Supreme Court must be considered to have retired voluntarily.

(b) This section and section 490A.01 must not affect the right of a judge who is suspended, retired, or removed hereunder from qualifying for any pension or other retirement benefits to which the judge would otherwise be entitled by law to receive.

Subd. 6. **Eligibility for judicial office; practice law.** A judge removed by the Supreme Court is ineligible for any future service in a judicial office. The question of the right of a removed judge to practice law in this state must be referred to the proper authority for review.

Subd. 7. **Supreme court rules.** The Supreme Court shall make rules to implement this section.

Sec. 46. **[490A.03] PERSONS AFFECTED.**

The provisions of sections 490A.01 and 490A.02 apply to all judges, judicial officers, and referees.

Sec. 47. Minnesota Statutes 2004, section 525.05, is amended to read:

525.05 JUDGE OR REFEREE; GROUNDS FOR DISQUALIFICATION.

The following shall be grounds for disqualification of any judge or referee from acting in any matter: (1) That the judge or the judge's spouse or any of either of their kin nearer than first cousin is interested as representative, heir, devisee, legatee, ward, or creditor in the estate involved therein; (2) that it involves the validity or interpretation of a will drawn or witnessed by the judge; (3) that the judge may be a necessary witness in the matter; (4) that it involves a property right in respect to which the judge has been engaged or is engaged as an attorney; or (5) that the judge was engaged in a joint enterprise for profit with the decedent at the time of death or that the judge is then engaged in a joint enterprise for profit with any person interested in the matter as representative, heir, devisee, legatee, ward, or creditor. When grounds for disqualification exist, the judge may, and upon proper petition of any person interested in the estate must, request another judge or a judge who has retired ~~as provided in section 490.12, subdivision 2,~~ to act in the judge's stead in the matter.

Sec. 48. **REVISOR'S INSTRUCTION.**

(a) In Minnesota Statutes, chapters 352, 352D, 355, 356, and 487, the revisor of statutes shall change references to "sections 490.121 to 490.132" to "chapter 490."

(b) In Minnesota Statutes, chapter 490, the revisor of statutes shall change references to "sections 490.121 to 490.132" to "this chapter."

(c) In Minnesota Statutes, sections 175A.01, subdivision 4, and 271.01, subdivision 1, the revisor of statutes shall change references to "sections 490.15 and 490.16" to "sections 490A.01 and 490A.02."

Sec. 49. **REPEALER.**

Subdivision 1. **Judicial retirement plans; repealed as obsolete.** Minnesota Statutes 2004, sections 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, and 19; 490.124, subdivision 6; and 490.132, and Minnesota Statutes 2005 Supplement, section 490.121, subdivision 20, are repealed.

Subd. 2. **Judicial standards board; repealed for relocation as Minnesota Statutes, chapter 490A.** Minnesota Statutes 2004, sections 490.15; 490.16; and 490.18, are repealed.

Subd. 3. **Uniform judicial retirement plan; no benefit diminishment intended; procedure.** Sections 1 to 49 are not intended to reduce or increase the entitlement of active, deferred, or retired judges to retirement annuities or benefits as of July 1, 2006, as reflected in the records of the Minnesota State Retirement System. If the executive director of the Minnesota State Retirement System determines that any provision of sections 1 to 47 functions to modify, impair, or diminish the retirement annuity or benefit entitlement of any judge that had accrued or earned

before July 1, 2006, the executive director shall certify that determination and a recommendation as to the required legislative correction to the chair of the Legislative Commission on Pensions and Retirement, the chair of the senate State and Local Government Operations Committee, the chair of the house Governmental Operations and Veterans Affairs Policy Committee, and the executive director of the Legislative Commission on Pensions and Retirement on or before the October 1 next following that determination.

Sec. 50. **EFFECTIVE DATE.**

Sections 1 to 49 are effective July 1, 2006.

ARTICLE 13

JUDGES RETIREMENT PLAN AND RELATED CHANGES

Section 1. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal annuity computed under this section, plus the actuarial value of any surviving spouse benefit otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1. An individual selecting an optional annuity under this subdivision waives any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

(c) The surviving spouse of a legislator who has attained at least age ~~60~~ 55 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

Sec. 2. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse.** Upon the death of a member of the legislature while serving as such member after June 30, 1973, or upon the death of a former member of the legislature with at least the number of years of service as required by section 3A.02, subdivision 1, clause (1), if section 3A.02, subdivision 5, paragraph (c), does not apply, the surviving spouse shall be paid a survivor benefit in the amount of one-half of the retirement allowance of the member of the legislature computed as though the member were at least normal retirement age on the date of death and based upon allowable service or eight years whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a former legislator receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the allowance being paid to the legislator. Such benefit shall be paid during the lifetime of the surviving spouse.

Sec. 3. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to retirement, or upon the death of a person who has qualified for an annuity but who ceases to be a judge prior to retirement and has not received a refund of contributions pursuant to subdivision 12, a surviving spouse or, if there be no surviving spouse, dependent children, shall receive an annuity, payable monthly, equal to 60 percent of the normal retirement annuity which would have

been payable to the judge or former judge had the date of death been the normal retirement date, provided that the surviving spouse or dependent children shall receive an annuity of not less than 25 percent of the judge's or former judge's final average compensation.

(b) The surviving spouse of a deceased judge may elect to receive, in lieu of the annuity under paragraph (a), an annuity equal to the 100 percent joint and survivor annuity which the judge or former judge could have qualified for on the date of death.

(c) If a judge, whose surviving spouse was not entitled to survivors benefits provided solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to retirement on or after May 23, 1973, and before January 1, 1974, a surviving spouse and dependent children, if any, shall be entitled to survivors benefits as provided hereunder as if such judge had died on January 1, 1974.

Sec. 4. **EFFECTIVE DATE.**

(a) Sections 1 and 2 are effective the day following final enactment.

(b) Section 3 is effective January 1, 2006, and applies to the surviving spouse of any judge who died on or after that date.

ARTICLE 14

VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2004, section 6.72, is amended to read:

6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Subdivision 1. **Reporting requirements.** ~~Commencing November 15, 1981, and every two years thereafter~~ (a) Annually, the state auditor shall report to the legislature on the general financial condition of the various volunteer firefighters' relief associations in the state as of December 31 of the year preceding the filing of the report.

(b) Two copies of the report shall be filed with the executive director of the Legislative Commission on Pensions and Retirement and ten copies of the report shall be filed with the director of the Legislative Reference Library.

Subd. 2. **Contents of report.** The report ~~shall must~~ include ~~the aggregate totals~~ for all volunteer firefighters' relief associations directly associated with the municipal fire departments and all volunteer firefighters' relief associations subsidiary to independent nonprofit firefighting corporations, ~~the aggregate totals by the various benefit types and the individual results for each volunteer firefighters' relief association listed by various benefit types specified in subdivision 3. The following items shall be reported in each instance:~~

- (1) amount of accrued liability,
- (2) amount of the assets of the special fund,
- (3) amount of surplus or unfunded accrued liability,
- (4) funding ratio,
- (5) amount of annual accruing liability or normal cost,

- (6) amount of annual required contribution to amortize the unfunded accrued liability,
- (7) amount of total required contribution,
- (8) amount of fire state aid and supplemental fire state aid,
- (9) amount of any municipal contributions,
- (10) amount of administrative expenses,
- (11) amount of service pension disbursements,
- (12) amount of other retirement benefit disbursements,
- (13) number of active members,
- (14) number of retired members,
- (15) number of deferred members,
- (16) amount of fidelity bond of secretary and treasurer,
- (17) amount of lump sum or monthly service pension accrued per year of service credit,
- (18) minimum retirement age required for commencement of a service pension,
- (19) minimum years of active service credit required for commencement of service pension,
- (20) minimum years of active membership credit required for commencement of service pension, and
- (21) type and amount of other retirement benefits.

Subd. 3. **Benefit categories Report format.** ~~For purposes of compiling~~ The report required by this section, ~~the various benefit types shall be as follows:~~

- ~~(1) volunteer firefighters' relief associations paying a lump sum service pension of:~~
 - ~~(i) less than \$50 per year of service,~~
 - ~~(ii) \$50 or more, but less than \$100 per year of service,~~
 - ~~(iii) \$100 or more, but less than \$200 per year of service,~~
 - ~~(iv) \$200 or more, but less than \$300 per year of service,~~
 - ~~(v) \$300 or more per year of service;~~
- ~~(2) volunteer firefighters' relief associations paying a monthly benefit service pension of:~~
 - ~~(i) less than \$2 per month per year of service,~~

~~(ii) \$2 or more per month per year of service;~~

~~(3) volunteer firefighters' relief associations paying a defined contribution service pension;~~

~~(4) volunteer firefighters' relief associations paying no service pension must be organized in a manner that the state auditor determines to provide fair representation of the condition of the various volunteer firefighters' relief associations.~~

Sec. 2. Minnesota Statutes 2004, section 424A.001, is amended by adding a subdivision to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who:

(1) was a member of the applicable fire department or the firefighting corporation and a member of the relief association on July 1, 2006; or

(2) became a member of the applicable fire department or the firefighting corporation and is eligible for membership in the applicable relief association after June 30, 2006, and

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a municipal fire department, a joint powers entity fire department, or an independent nonprofit firefighting corporation;

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department or firefighting corporation or specified in the articles of incorporation or bylaws of the relief association.

Sec. 3. Minnesota Statutes 2004, section 424A.02, subdivision 8b, is amended to read:

Subd. 8b. **Transfer to individual retirement account.** A relief association that is a qualified pension plan under section 401(a) of the federal Internal Revenue Code, as amended, and that provides a lump sum service pension, at the written request of ~~a the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse,~~ may directly transfer the eligible member's lump sum pension ~~or the death, funeral, or survivor benefit attributable to the member, whichever applies,~~ to the ~~member's requesting person's~~ individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended.

Sec. 4. Minnesota Statutes 2004, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements from the special fund 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, and if survivors and if no designated beneficiary, for the payment of a death benefit to the estate of the deceased active firefighter, 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, 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 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. 5. RANDALL FIREMEN'S RELIEF ASSOCIATION; REVISED BENEFIT FOR SPOUSE OF DECEASED FIREFIGHTER.

Subdivision 1. Application. This section applies to a surviving spouse of a person who:

(1) was born on June 21, 1973;

(2) as a member of the Randall Firemen's Relief Association provided one year and ten months of service to the associated fire department and had one year of service credit in the association on the date of death; and

(3) was killed in a construction accident on October 28, 2005.

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 Randall Firemen's Relief Association benefit plan as revised in November 2005, not to exceed the survivor benefit amount that would be applicable if the firefighter had lived until a day after the effective date of the increased minimum surviving spouse benefit approved by the Randall City Council in November 2005, consistent with Minnesota Statutes, section 424A.02, subdivision 9.

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 Randall Firemen's Relief Association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Randall Firemen's Relief Association benefit plan as revised in November 2005.

Sec. 6. EFFECTIVE DATE.

(a) Sections 1 and 4 are effective July 1, 2006.

(b) Section 2 is effective January 1, 2008.

(c) Section 3 is effective the day following final enactment and applies retroactively to January 1, 2006.

(d) Section 5 is effective the day after the date on which the Randall City Council and the chief clerical office of the city of Randall complete, in a timely manner, compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 15

ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS

Section 1. **CORRECTING PLAN COVERAGE ERROR BY PROVIDING A PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN ANNUITY.**

Subdivision 1. **Purpose.** The annuity provided under this section is intended to compensate for an error in pension coverage. Due to the employment specified in subdivision 2, an eligible individual specified in subdivision 2 should have become a member of the public employees police and fire retirement plan but was incorrectly placed in the St. Paul Fire Department Relief Association retirement plan.

Subd. 2. **Eligibility.** (a) An eligible individual under paragraph (b) is authorized to receive the benefit specified in subdivision 4, upon satisfying all requirements specified in this section.

(b) An eligible individual is an individual who:

(1) was born on April 24, 1951;

(2) was hired as a St. Paul firefighter with a certified appointment date of June 13, 1980, but first earned salary as a St. Paul firefighter on June 30, 1980;

(3) was erroneously placed in the St. Paul Fire Department Relief Association retirement plan due to that employment; and

(4) terminated from the St. Paul Fire Department employment on January 3, 1990.

Subd. 3. **Additional employee contribution or refund amount.** (a) If a valid annuity application is made under subdivision 7, the executive director of the Public Employees Retirement Association shall determine the employee contributions that an eligible individual under subdivision 2 would have made to the public employees police and fire retirement plan fund, if coverage had been provided by that plan for the employment period specified in subdivision 2, and from each of these contribution amounts the employee contribution actually made by the eligible individual to the St. Paul Fire Department Relief Association for the same payroll period shall be subtracted. These differences, plus 8.5 percent annual compound interest from the date the public employees police and fire retirement plan contribution would have been made until the first of the month after a valid annuity application has been received, shall be aggregated.

(b) If the aggregate amount under paragraph (a) is a positive number, the total amount shall be paid in a lump sum to the executive director of the Public Employees Retirement Association. The executive director shall notify the eligible individual in writing of the required amount. To be eligible for the current or deferred annuity specified in subdivision 4, the eligible individual must pay the amount required under this paragraph, if applicable, within three months of the executive director's notification.

(c) If the aggregate amount computed under paragraph (a) is a negative amount, the value of the contributions that the eligible employee made to the local relief association exceeded the value of employee contributions that would have been made to the public employees police and fire fund. This aggregate negative amount shall be multiplied by minus one and the resulting amount shall be refunded to the eligible individual by the city of St. Paul. The executive director shall inform the eligible individual of the refund amount in writing, and shall notify the city of St. Paul. The city of St. Paul shall pay this amount to the eligible individual within 30 days of notification.

Subd. 4. **Benefit amount.** The eligible individual is entitled to apply for an annuity, as further specified in subdivision 7, and to receive a public employees police and fire retirement plan retirement annuity computed based on the version of Minnesota Statutes, chapter 353, in effect on the date that the eligible individual terminated from St. Paul Fire Department Relief Association employment.

Subd. 5. **Calculation of reserves; payment by city of St. Paul.** The executive director of the Public Employees Retirement Association shall compute the full required reserves for the annuity determined under subdivision 4 using all applicable actuarial assumptions for the public employees police and fire retirement plan. This amount, after deducting the amount received by the Public Employees Retirement Association under subdivision 3, paragraph (b), if applicable, is to be paid to the executive director of the Public Employees Retirement Association in a lump sum by the city of St. Paul. The executive director shall notify the chief administrative officer of the city of St. Paul in writing of the payment amount required under this subdivision. This notification shall be made by the executive director within one month following the receipt by the executive director of any amount required under subdivision 3, paragraph (b), if applicable. The city of St. Paul must pay the amount required under this subdivision within 30 days after receipt of the executive director's notification.

Subd. 6. **Actions upon failure to pay.** If the city of St. Paul fails to transmit the amount required under subdivision 5 in a timely manner, or fails to make a timely refund under subdivision 3, paragraph (c), if applicable, the executive director of the Public Employees Retirement Association shall notify the commissioner of finance of this nonpayment or nonpayments, and the commissioner of finance shall deduct the applicable amount or amounts from any state aid otherwise payable to the city and transmit the amount required under subdivision 5 to the executive director for deposit in the public employees police and fire fund. If the city of St. Paul fails to make a payment required under subdivision 3, paragraph (c), if applicable, the commissioner of finance will make any necessary refund, with reimbursement through the withholding of aid, as stated in this subdivision.

Subd. 7. **Annuity application.** An eligible individual described in subdivision 2 shall apply in writing on forms provided by the Public Employees Retirement Association for the annuity provided by this section. The application must be made before January 1, 2007, and must include all necessary documentation of the applicability of this section and any other relevant information which the executive director may require.

Subd. 8. **Service credit grant.** Service credit in the public employees police and fire retirement plan for the eligible individual's employment period as a St. Paul firefighter shall be granted following the filing of a valid application for an annuity under subdivision 7 and receipt by the executive director of any amount applicable under subdivision 3, paragraph (b).

Sec. 2. **PERA-P&F; PURCHASE OF SERVICE CREDIT.**

Subdivision 1. **Eligibility.** An eligible person may purchase allowable service credit from the public employees police and fire plan for the period from November 23, 1984, to March 16, 1985. An eligible person is a person who:

(1) is currently a member of the public employees police and fire plan; and

(2) was employed by the city of Faribault as a firefighter since November 23, 1984, but was not covered by the public employees police and fire plan from November 23, 1984, until March 16, 1985, despite the provided firefighting service.

Subd. 2. **Purchase requirements.** An eligible person must apply to the executive director of the Public Employees Retirement Association to make the service credit purchase authorized in this section. The application must be in writing and must contain documentation required by the executive director.

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

Subd. 4. **Additional requirements.** (a) In addition to the one-year payment limitation in Minnesota Statutes, section 356.551, the authority provided by this section is voided if the amount required under subdivision 3, from an eligible person is not paid to the executive director of the Public Employees Retirement Association prior to termination of service by the eligible person.

(b) Notwithstanding Minnesota Statutes, section 356.551, allowable service credit in the public employees police and fire plan for the eligible person must be granted upon receipt by the executive director of payment from the eligible person of the amount required under subdivision 3.

(c) If the city of Faribault fails to pay the amount required under subdivision 3, within 30 days of notification from the executive director of the amount required, the executive director shall inform the commissioner of the Department of Finance of the amount of the deficiency, and the amount must be deducted from any subsequent state aid to the city.

Sec. 3. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR SERVICE CREDIT FOR MONTANA TEACHING SERVICE.

(a) An eligible person described in paragraph (b) is authorized to purchase service credit, in accordance with Minnesota Statutes, section 356.551, from the Teachers Retirement Association coordinated program for a period of teaching service in Montana public schools, not to exceed ten years.

(b) An eligible person is a person who:

(1) is currently an active member of the Teachers Retirement Association for teaching service at the Northfield Middle School in Independent School District No. 659;

(2) was born on January 1, 1959; and

(3) was a teacher at the Pine Hills School in Miles City, Montana, for 11.2 years with coverage for that service by the Montana Teachers Retirement System.

(c) An eligible person described in paragraph (b) is authorized to apply with the executive director of the Teachers Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section, and any other relevant information which the executive director may require. The payment required under this section to receive the service credit must be received by the executive director of the Teachers Retirement Association before December 31, 2006, and before the eligible person's retirement or termination from service. The service credit authorized by this section shall be granted upon receipt of the service credit purchase payment by the executive director.

(d) The authority under this section is voided if an eligible person under paragraph (b) retains a right to an annuity from the Montana Teachers Retirement System.

Sec. 4. PERA-GENERAL; PUBLIC DEFENDER SERVICE CREDIT PURCHASE.

(a) An eligible person described in paragraph (b) may purchase allowable service credit in the general employees retirement plan of the Public Employees Retirement Association for the period described in paragraph (c) by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on October 7, 1949;

(2) was employed as a public defender by the Tenth Judicial District on July 1, 1987;

(3) was also retained as an independent contractor by Washington County as a public defender as of June 12, 1989;

(4) was determined to have had deductions related to the Tenth Judicial District employment for the general employees retirement plan of the Public Employees Retirement Association taken in error and had those deductions returned on January 7, 1991; and

(5) is currently a member of the general state employees retirement plan of the Minnesota State Retirement System.

(c) The period of allowable service credit available for purchase under this section is 21 months.

(d) The prior service credit purchase payment must be calculated under Minnesota Statutes, section 356.551.

Sec. 5. PUBLIC EMPLOYEES POLICE AND FIRE PLAN; EMPLOYEE ORGANIZATION BUSINESS AGENT LEAVE OF ABSENCE SERVICE CREDIT PURCHASE.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit in the public employees police and fire retirement plan for the period described in paragraph (c) by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on January 3, 1959;

(2) was employed by the Minnetonka Police Department before 1995;

(3) was granted a leave of absence from employment by the Minnetonka Police Department in 1995 to serve as the business agent for an employee labor organization; and

(4) returned to employment with the Minnetonka Police Department from the leave of absence in 1997.

(c) The period of service credit available for purchase under this section is one year.

(d) The prior service credit purchase payment must be calculated under Minnesota Statutes, section 356.551.

Sec. 6. PERA-GENERAL; PUBLIC GOLF COURSE EMPLOYEE SERVICE CREDIT PURCHASE.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the general employees retirement plan of the Public Employees Retirement Association for the period of employment by the city of Anoka at the Greenhaven Golf Course between March 1, 1984, and December 28, 1997, that qualified as employment by a public employee under Minnesota Statutes, section 353.01, subdivisions 2, 2a, and 2b, that was not previously credited by the retirement plan.

(b) An eligible person is a person who:

(1) was born on July 18, 1954;

(2) was first employed by the city of Anoka at the Greenhaven Golf Course as a part-time employee in 1978;

(3) was incorrectly characterized as an independent contractor by the city of Anoka during the period 1982-1998, although the person was provided health insurance and other employment recognition during portions of that period; and

(4) became a member of the general employees retirement plan of the Public Employees Retirement Association in 1998.

(c) The eligible person described in paragraph (b) must apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the general employees retirement plan of the Public Employees Retirement Association to the account of the eligible person upon the receipt of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551.

(e) Of the prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the eligible person must pay an amount equal to the employee contribution rate or rates in effect during the uncredited employment period applied to the actual salary rates in effect during the period, plus annual compound interest at the rate of 8.5 percent from the date the member contribution payment should have been made if made in a timely fashion until the date on which the contribution is actually made. If the equivalent member contribution payment, plus interest, is made, the city of Anoka shall pay the balance of the total prior service credit purchase payment amount under Minnesota Statutes, section 356.551, within 60 days of notification by the executive director of the Public Employees Retirement Association of the member contribution equivalent payment.

(f) Authority for an eligible person to make a prior service credit purchase under this section expires on June 30, 2007.

(g) If the city of Anoka fails to pay its portion of the prior service credit purchase payment amount under paragraph (e), the executive director of the Public Employees Retirement Association must notify the commissioners of finance and revenue of that fact and the commissioners shall order the deduction of the required payment amount from the next subsequent payment of any state aid to the city of Anoka and be transmitted to the general employees retirement fund.

Sec. 7. TEACHERS RETIREMENT ASSOCIATION; REFUND REPAYMENT OF CERTAIN TRANSFERRED AMOUNTS.

(a) Notwithstanding Minnesota Statutes, section 352D.12 or 354.50, or any other provision to the contrary, an eligible person described in paragraph (b) may repay to the Teachers Retirement Association the amount specified in paragraph (c) and thereby restore the person's prior allowable and formula service credit under Minnesota Statutes, chapter 354.

(b) An eligible person is a person who:

(1) was born on July 17, 1947;

(2) taught for ten years with Independent School District No. 191, Burnsville;

(3) was employed by the Minnesota Educational Computing Corporation in 1984 and 1985;

(4) transferred accumulated employee contributions and an equal employer contribution amount from the Teachers Retirement Association to the unclassified state employees retirement program of the Minnesota State Retirement System in 1985; and

(5) after employment in the private sector in educational computing, returned to teaching employed by Independent School District No. 196, Rosemount-Apple Valley-Eagan.

(c) The amount of the refund to be repaid to the Teachers Retirement Association is an amount equal to the amount transferred from the Teachers Retirement Association to the unclassified state employees retirement program of the Minnesota State Retirement System under Laws 1984, chapter 619, section 6, subdivision 3, plus compound annual interest at the rate of 8.5 percent from the date on which the amount was transferred from the Teachers Retirement Association to the date on which the transfer amount is repaid.

(d) Upon the repayment of the transfer amount, plus interest, the allowable and formula service credit in the Teachers Retirement Association under Minnesota Statutes, section 354.05, subdivisions 13 and 25, related to the transferred amount in 1985, must be restored to the eligible person.

(e) The transfer amount repayment, plus interest, may be made through an institution to institution transfer.

(f) This provision expires on July 1, 2007.

Sec. 8. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF PAST SERVICE CREDIT.

(a) An eligible person described in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement Association, and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactive from January 1, 1995, upon making an election under paragraph (c) and upon making the required payment under paragraph (d).

(b) An eligible person is a person who:

(1) was born on September 10, 1958;

(2) has prior employment covered by the Public Employees Retirement Association general plan;

(3) is the director of student support services at North Hennepin Community College;

(4) began working at North Hennepin Community College on February 3, 1992, with coverage for that service by the higher education individual retirement account plan; and

(5) was not offered an election of Teachers Retirement Association coverage, as required under Laws 1994, chapter 508, article 1, section 10.

(c)(1) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Following receipt by the executive director of the written application specified in this paragraph and receipt of the payment specified in paragraph (d):

(i) Teachers Retirement Association plan membership commences as of July 1, 2006;

(ii) individual retirement account plan coverage terminates for the applicable eligible person; and

(iii) past salary and service credit is granted from January 1, 1995, as specified in this section.

(2) The authority granted by this section is voided if the applicable eligible individual terminates from Minnesota State Colleges and Universities system employment prior to receipt by the executive director of the Teachers Retirement Association of the application specified in this paragraph and the amount specified in paragraph (d).

(d) To receive the treatment specified in this section, an eligible person shall make payment of the amount determined under Minnesota Statutes, section 356.551, to the executive director of the Teachers Retirement Association for the period from January 1, 1995. The individual is authorized to cover the payment using assets transferred from the eligible individual's individual retirement account plan account, or from any other sources permitted by law. The total amount to be paid under this paragraph shall be determined by the executive director of the Teachers Retirement Association. Written notification of the amount required under this paragraph should be transmitted to the eligible individual. The Teachers Retirement Association is authorized to utilize the actuary jointly retained under Minnesota Statutes, section 356.214, to make the computations required under this paragraph. The Teachers Retirement Association shall allocate the amount received under this paragraph between the Teachers Retirement Association and the Public Employees Retirement Association, or other applicable pension fund, as indicated by the full actuarial cost determination required under this paragraph.

Sec. 9. TRA; PURCHASE OF UNCREDITED MEDICAL LEAVE.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable and formula service credit in the Teachers Retirement Association for any period of medical leave that was not properly reported to the Teachers Retirement Association by Independent School District No. 197, West St. Paul, and consequently not previously audited under Minnesota Statutes, section 354.05, subdivision 13, upon the making of the payments required under paragraphs (c) and (d).

(b) An eligible person is a person who:

(1) was born on August 24, 1948;

(2) was initially employed as a teacher in September 1970;

(3) is employed by Independent School District No. 197, West St. Paul; and

(4) took a medical leave during the 2003-2004 school year that was not reported to the Teachers Retirement Association in a timely fashion.

(c) The eligible person shall make a payment equal to five percent of the person's 2004-2005 school year salary, plus compound interest at the rate of 8.5 percent per annum from July 1, 2004, to the date on which the payment is made.

(d) Upon the payment under paragraph (c), the executive director of the Teachers Retirement Association shall, within 30 days, notify Independent School District No. 197, West St. Paul, of its obligation under this section. The school district's obligation is the balance of the prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, that exceeds the payment under paragraph (c). If the school district fails to pay

its obligation within 60 days following notification, the executive director shall certify that failure and the amount due to the commissioner of finance, who shall deduct the amount due from any subsequent state aid payable to Independent School District No. 197, West St. Paul, plus interest at the rate of 0.71 percent per month from the date of the payment under paragraph (c) to the date of the actual payment.

(e) This provision expires on July 1, 2008.

Sec. 10. INTERNATIONAL FALLS AND RED WING SCHOOL STRIKE SERVICE CREDIT PROVISION.

Notwithstanding any provision of Minnesota Statutes, section 356.195, a teacher who was covered by the Teachers Retirement Association and who was on strike between September 20, 2002, and October 14, 2002, if the teacher was employed by the International Falls public schools or was on strike between October 22, 2002, and November 14, 2002, if the teacher was employed by the Red Wing public schools, is authorized to make a payment to the Teachers Retirement Association and receive allowable and formula service credit under Minnesota Statutes, section 354.05, subdivisions 13 and 25, for the applicable strike period under Minnesota Statutes, section 356.195, subdivision 2, paragraph (c).

Sec. 11. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL; BLOOMINGTON PUBLIC SCHOOLS CUSTODIAN SERVICE CREDIT PURCHASE AUTHORIZATION.

(a) Notwithstanding any provision of law to the contrary, an eligible person specified in paragraph (b) may purchase allowable service credit in the general employees retirement plan of the Public Employees Retirement Association for the years and months that elapsed between the date of hire by Independent School District No. 271, Bloomington, and the date on which the person was recorded as a member of the general employees retirement plan of the Public Employees Retirement Association upon the payment of the amount set forth in paragraph (c).

(b) An eligible person is a person who was employed by Independent School District No. 271, Bloomington, on the applicable indicated employment date, but who was not reported to the Public Employees Retirement Association as a member of the general employees retirement plan until the applicable indicated membership record date, and who consequently has an uncredited period of school district employment, as follows:

<u>employee</u>	<u>employment date</u>	<u>membership record date</u>
<u>A</u>	<u>August 29, 1985</u>	<u>January 1, 1989</u>
<u>B</u>	<u>April 29, 1986</u>	<u>November 16, 1988</u>
<u>C</u>	<u>January 7, 1987</u>	<u>June 12, 1989</u>
<u>D</u>	<u>July 21, 1986</u>	<u>July 1, 1989</u>
<u>E</u>	<u>May 22, 1988</u>	<u>June 12, 1989</u>
<u>F</u>	<u>September 11, 1988</u>	<u>June 12, 1989</u>
<u>G</u>	<u>February 9, 1989</u>	<u>June 16, 1989</u>
<u>H</u>	<u>February 15, 1989</u>	<u>June 16, 1989</u>
<u>I</u>	<u>March 25, 1989</u>	<u>June 12, 1989</u>

(c) The prior service credit purchase payment amount is the amount determined for each eligible person by the executive director of the Public Employees Retirement Association under Minnesota Statutes, section 356.551.

(d) The eligible person shall pay an amount equal to the member contribution that the person would have paid if the person had been a member of the general employees retirement plan of the Public Employees Retirement Association during the period between the applicable employment date and the applicable membership record date, plus annual compound interest on the total amount at the rate of 8.5 percent from the midpoint date of the uncredited employment period until the date on which the equivalent member contribution is paid. Payment must be made by July 1, 2006, or by the date of the termination of employment, whichever is earlier.

(e) If the eligible person makes the required payment under paragraph (d) in a timely fashion, Independent School District No. 271, Bloomington, may pay the difference between the amount determined under paragraph (c) and the amount paid under paragraph (d). If Independent School District No. 271, Bloomington, does not pay that balance within 30 days of notification by the executive director of the Public Employees Retirement Association of the payment by an eligible person under paragraph (d), the executive director shall notify the commissioner of finance of that fact and the commissioner of finance shall deduct the balance, plus compound interest on that amount at the rate of 1.5 percent per month or portion of a month that has elapsed from the effective date of this section, from any state aid payable to the school district and shall transmit that amount to the executive director of the Public Employees Retirement Association.

(f) The eligible person shall provide any relevant documentation related to the eligibility to make this service credit purchase that is required by the executive director of the Public Employees Retirement Association.

(g) Only periods of employment when the eligible person would have been eligible for coverage by the general employees retirement plan of the Public Employees Retirement Association is purchasable under this section.

Sec. 12. PERA-GENERAL; AUTHORIZING TRANSFER OF COVERAGE FROM DEFINED CONTRIBUTION PLAN IN CERTAIN INSTANCES.

(a) An eligible person described in paragraph (b) may elect under paragraph (c) to transfer past retirement coverage from the defined contribution retirement plan of the public employees retirement association to the general employees retirement plan of the Public Employees Retirement Association by authorizing the transfer of assets specified in paragraph (d) and making the additional payment, if any, specified in paragraph (e).

(b) An eligible person is a former public employee or official who:

(1) was born on August 2, 1950;

(2) served in the Minnesota house of representatives from 1975 to 1991;

(3) served in the Minnesota senate from 1991 to 2002;

(4) became the mayor of a Minnesota home rule city in January 2002; and

(5) elected retirement coverage by the defined contribution retirement plan of the Public Employees Retirement Association on January 15, 2002.

(c) The election of the retirement coverage transfer must be made in writing within 180 days of the date of enactment of this act. The election must authorize the asset transfer specified in paragraph (d) and must be accompanied with any payment amount required under paragraph (e). Upon the transfer and payment, the electing eligible person is entitled to allowable service and salary credit under Minnesota Statutes, section 353.01, subdivisions 10 and 16, for the service and salary related to the defined contribution retirement plan coverage period.

(d) The transfer amount is the total member and employer contributions and any investment performance to the credit of the eligible person in the defined contribution retirement plan of the Public Employees Retirement Association.

(e) The additional payment amount is the amount by which the transfer amount under paragraph (d) is less than the amount that would be required to be transferred to the Minnesota postretirement investment fund for the coordinated program of the general employees retirement plan of the Public Employees Retirement Association

retirement annuity payable to the eligible person on the first day of the month next following the date of enactment or on the first day of the month next following the day on which the eligible person is first eligible to receive a retirement annuity from the general employees retirement plan of the Public Employees Retirement Association if that date is later than the date of enactment plus the amount representing the present value of the amount by which the retirement annuity from the legislators retirement plan was increased or the retirement age eligibility was modified under Minnesota Statutes, section 356.30, from the additional service and salary credit under Minnesota Statutes, chapter 353. The former employer of the eligible employee may pay a portion of the additional payment amount, but not to exceed 52 percent of the total amount, at the discretion of the former employer.

(f) The executive director of the Public Employees Retirement Association may request any relevant documentation to verify a person's status as an eligible person under this section and may audit city records to verify conformity with Minnesota Statutes, section 353.01, subdivisions 10 and 16.

Sec. 13. MSRS-GENERAL; PAYMENT OF PORTION OF ANNUITY IN CERTAIN MARRIAGE DISSOLUTIONS.

(a) Notwithstanding the provisions of Minnesota Statutes, section 518.58, subdivision 4, or any other law to the contrary, if a court of competent jurisdiction makes a finding meeting the requirements of paragraph (b), and that finding is filed with the executive director of the Minnesota State Retirement System, an eligible person described in paragraph (c) is entitled to immediately receive the person's designated portion of the ex-spouse's public retirement plan annuity awarded as part of the applicable marriage dissolution judgement that conformed with Minnesota Statutes, section 518.58, subdivision 4, when issued.

(b) The finding necessary to implement this section would be:

(1) that the court in its marriage dissolution judgment intended that the eligible person described in paragraph (c) receive a portion of the person's ex-spouse's public retirement plan annuity in a timely fashion;

(2) that the ex-spouse has declined to commence receipt of that public retirement plan annuity; and

(3) that the decision of the ex-spouse not to draw the public retirement plan annuity was not reasonably done in pursuit of an end other than to frustrate the payment of a portion of the retirement annuity to the eligible person.

(c) An eligible person is a person:

(1) who was born on August 12, 1944;

(2) who resides in Edina, Minnesota;

(3) who was married to a member of the general state employees retirement plan of the Minnesota State Retirement System; and

(4) whose marriage was dissolved on December 15, 1999.

(d) If the immediate payment of the eligible person's designated portion of the ex-spouse's public retirement plan annuity occurs under this section, the executive director of the Minnesota State Retirement System shall establish a separate account for the eligible person within the state employees retirement fund, shall credit that account with the applicable percentage of the actuarial present value of the retirement annuity of the ex-spouse under the marriage dissolution judgment, and shall reduce the account of the ex-spouse by that amount. The present value of the subsequent retirement annuity of the ex-spouse, when initiated, may not exceed the person's account value upon the division, plus the value of any deferred annuity augmentation.

Sec. 14. MINNEAPOLIS EMPLOYEES RETIREMENT FUND; SERVICE CREDIT PURCHASE FOR CERTAIN WORKERS' COMPENSATION INJURY PERIODS.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis Employees Retirement Fund for up to two years for the period of the injury that qualified for a workers' compensation benefit but that was not previously credited by the Minneapolis Employees Retirement Fund.

(b) An eligible person is a person who:

(1) was born on January 4, 1951;

(2) was first employed in the engineering department of the city of Minneapolis in 1974;

(3) suffered an injury that, in 1978, qualified the person for workers' compensation benefits;

(4) applied for disabled status in the Minneapolis Employees Retirement Fund in 1986 and accrued allowable service credit for the period from 1986 to 1991; and

(5) was advised by the Minneapolis Employees Retirement Fund to wait until retirement age to pursue a claim for allowable service credit for the period from 1978 to 1985.

(c) The eligible person described in paragraph (b) must apply with the executive director of the Minneapolis Employees Retirement Fund to make a service credit purchase under this section. 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.

(d) Allowable service credit under Minnesota Statutes, sections 422A.15, subdivisions 1 and 4, and 422A.19, must be granted by the Minneapolis Employees Retirement Fund to the eligible person upon receipt from the applicable eligible person of the portion of the prior service credit purchase payment amount payable under paragraph (e) in a lump sum.

(e) Notwithstanding any provision of Minnesota Statutes, section 356.551, to the contrary, to obtain the service credit an eligible person must pay an amount equal to one-half of the prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551. Payment must be made before July 1, 2007, or prior to termination of Minneapolis Employees Retirement Fund covered employment, whichever is earlier.

(f) If the eligible person makes the payment under paragraph (e), the city of Minneapolis must pay the remaining balance of the prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, within 30 days of the payment by the eligible person. The executive director of the Minneapolis Employees Retirement Fund must notify the chief financial officer of the city of Minneapolis of its payment amount and its payment due date if the eligible person makes the required payment. If the city of Minneapolis fails to pay its portion of the required prior service credit purchase payment amount, the executive director of the Minneapolis Employees Retirement Fund must notify the commissioner of finance of that fact within 30 days of the city payment due date and the commissioner of finance must order that the required city payment be deducted from any state aid otherwise payable to the city and be transmitted to the Minneapolis Employees Retirement Fund.

Sec. 15. CERTAIN NORTH ST. PAUL CITY ELECTED OFFICIALS; SERVICE CREDIT PURCHASES.

(a) An eligible person described in paragraph (b) is entitled, upon making written application, to purchase service credit in the coordinated program of the general employees retirement plan of the Public Employees Retirement Association under paragraph (c) and to have future retirement coverage by the coordinated program of the general employees retirement plan of the Public Employees Retirement Association for future North St. Paul city elected official service.

(b) An eligible person is an elected official who has been serving the city of North St. Paul since January 1, 2001, who was not informed of the option to be a member of the coordinated program of the general employees retirement plan of the Public Employees Retirement Association on January 1, 2001, when the minimum salary eligibility requirement for membership was first met, who was in elected office on June 30, 2002, when the coordinated program of the general employees retirement plan of the Public Employees Retirement Association was closed to membership by elected officials, and who was born on January 29, 1932, March 1, 1951, or December 7, 1951.

(c) The purchase payment amount for the prior service credit purchase must be calculated under Minnesota Statutes, section 356.551. The eligible person must pay an amount equal to the employee contributions to the general employees retirement plan of the Public Employees Retirement Association that the person would have made from January 1, 2001, to the date of the purchase, plus annual compound interest at the rate of 8.5 percent from the date on which payment should have been made if a membership election option had been exercised in 2001 to the date of actual payment. If the eligible person makes the required employee contribution equivalent payment, the executive director of the Public Employees Retirement Association shall notify the city of North St. Paul of the balance of the prior service credit purchase payment amount under Minnesota Statutes, section 356.551. The city of North St. Paul shall pay the certified payment amount to the Public Employees Retirement Association within 60 days of the certification, plus interest at the rate of 0.71 percent per month, compounded monthly, from the date of the employee contribution equivalent payment until the date on which the balance of the total purchase payment is paid.

(d) This section expires on January 1, 2007.

Sec. 16. **EFFECTIVE DATE.**

(a) Sections 1 to 11 and 13 are effective the day following final enactment.

(b) Section 12 is effective the day following the date on which the city council of the city of St. Paul and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 14 is effective the day following the date on which the city council of the city of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(d) Section 12 expires July 1, 2007."

Delete the title and insert:

"A bill for an act relating to retirement; increasing Minnesota state retirement contributions; providing inclusions to correctional retirement plan; allowing coverage for prior service; allowing service credit transfers and purchases; modifying certain retirement plan administrative provisions; requiring certain reports; modifying certain retirement plan coverages; making changes to Social Security coverage; modifying investment authority; providing changes to certain retirement funds, plans, and associations; recodifying various plans; correcting coverage error; amending Minnesota Statutes 2004, sections 3A.01, subdivisions 1, 2, 6, 8, by adding subdivisions; 3A.011; 3A.02, subdivisions 1, 1b, 3, 4, 5; 3A.03, subdivisions 1, 2; 3A.04, subdivisions 1, 2, 3, 4, by adding a subdivision; 3A.05; 3A.07; 3A.10, subdivision 1; 3A.12; 6.72; 69.77, subdivision 9; 136F.45, subdivision 1a; 352.04, subdivisions 2, 3; 352.113, subdivision 7a; 352.116, subdivisions 3a, 3b; 352.90; 352.91, subdivisions 1, 2, 3c, 3d, 3e, 3f, 3g, by adding subdivisions; 352.92, subdivisions 1, 2; 352B.02, subdivisions 1a, 1c; 352C.091, subdivision 1; 352C.10; 352D.02, subdivision 1; 352D.04, subdivision 2; 352F.04; 353.01, subdivisions 2a, 11a, 11b, 12, 16, by adding a subdivision; 353.03, subdivisions 1, 1a, by adding a subdivision; 353.27, subdivisions 7, 7a, 7b; 353.29, subdivision

8; 353.30, subdivisions 3a, 3b; 353.32, subdivisions 1a, 1b; 353.33, subdivisions 1, 9; 353.34, subdivision 1; 353.656, subdivisions 3, 4, 6a; 353D.01, subdivision 2; 353D.02, subdivision 3; 353E.02, subdivision 3; 353F.04; 354.45, subdivision 1a; 354A.08; 354A.28, subdivision 5; 354A.32, subdivision 1a; 354D.05; 355.01, subdivision 3g; 355.02, subdivisions 1, 3, by adding subdivisions; 356.219, subdivisions 3, 6; 356.24, subdivision 1; 422A.05, subdivision 2c; 422A.06, subdivisions 3, 5, 8; 422A.101, subdivision 3; 423B.07; 424A.001, by adding a subdivision; 424A.02, subdivision 8b; 424A.05, subdivision 3; 490.121, subdivisions 1, 6, 7, 13, 14, 15, 22, by adding subdivisions; 490.122; 490.123, subdivisions 1, 1a, 1b, 1c, 2, 3; 490.124, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13; 490.125, subdivisions 1, 2; 490.126, as amended; 490.133; 525.05; Minnesota Statutes 2005 Supplement, sections 353.01, subdivision 2d; 353.28, subdivision 6; 353.656, subdivision 1; 353F.02, subdivision 4; 356A.06, subdivision 7; 422A.06, subdivision 7; 423B.09, subdivision 1; 490.121, subdivision 4; Laws 2004, chapter 267, article 8, section 41; proposing coding for new law in Minnesota Statutes, chapters 352; 352C; 353; 355; proposing coding for new law as Minnesota Statutes, chapter 490A; repealing Minnesota Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, 7; 3A.02, subdivision 2; 3A.04, subdivision 1a; 3A.09; 43A.34, subdivision 1; 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, 7; 352C.031, subdivisions 1, 2, 4, 5, 6; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091, subdivisions 2, 3; 422A.101, subdivision 4; 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19; 490.124, subdivision 6; 490.132; 490.15; 490.16; 490.18; Minnesota Statutes 2005 Supplement, sections 352C.021, subdivision 1a; 490.121, subdivision 20."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 2564, A bill for an act relating to human services; excluding aid and attendance benefits from the MinnesotaCare definition of income for other household members; amending Minnesota Statutes 2005 Supplement, section 256L.01, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 20, before "be" insert "not" and delete everything after "income" and insert a period

Page 1, delete line 21

Page 1, line 22, delete "July 1, 2006" and insert "January 1, 2009"

Amend the title as follows:

Page 1, line 3, delete "for other household members"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Tingelstad from the Committee on Governmental Operations and Veterans Affairs to which was referred:

H. F. No. 2805, A bill for an act relating to insurance; modernizing insurance regulation; amending mutual holding company laws; enacting the interstate insurance product regulation compact; making miscellaneous insurance law changes; amending Minnesota Statutes 2004, sections 60A.075, subdivision 1; 60A.077, subdivisions 1, 3, by adding a subdivision; 60A.207; 60D.19, subdivision 1; 60K.56, subdivisions 5, 6; 64B.13; Minnesota Statutes 2005 Supplement, sections 66A.02, subdivisions 2, 3; 66A.07, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 60A.

Reported the same back with the following amendments:

Page 29, after line 34, insert:

"Sec. 2. **[60A.991] CONSULTATION AND REPORTING.**

(a) The commissioner of commerce must, to the extent practical, consult with the chairs of legislative committees with jurisdiction over insurance issues on matters relating to the work of the Interstate Insurance Product Regulation Commission on:

(1) topics that the commission may select for study; and

(2) major issues of insurance policy on which the commissioner of commerce anticipates taking a position on the commission on behalf of the state.

(b) The commissioner of commerce must report in the manner required by section 3.195 and also to the chairs and ranking minority members of legislative committees with jurisdiction over insurance issues by October 15 each year. The report must summarize commission activities, decisions, and plans."

Amend the title as follows:

Page 1, line 4, before "amending" insert "requiring a report;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 2831, A bill for an act relating to insurance; reforming two employer health coverage pooling programs; recodifying them; appropriating money; amending Minnesota Statutes 2004, sections 43A.316; 43A.317.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[604.111] MEDICAL LIABILITY; USE OF PROVIDER'S APOLOGY.**

Subdivision 1. **Apology not admission; medical liability.** In any civil action brought by an alleged victim of an unanticipated outcome of medical care, or in any arbitration proceeding related to such civil action, any and all statements, affirmations, gestures, or conduct expressing apology, fault, sympathy, commiseration, condolence,

compassion, or a general sense of benevolence, which are made by a health care provider or an employee of a health care provider to the alleged victim, a relative of the alleged victim, or a representative of the alleged victim and which relate to the discomfort, pain, suffering, injury, or death of the alleged victim as a result of the unanticipated outcome of medical care shall be inadmissible as evidence of an admission of liability or as evidence of an admission against interest or as an excited utterance.

Subd. 2. **Definitions.** For purposes of this section, unless the context otherwise requires:

(a) "Health care provider" means any person licensed, certified, or registered in this state to deliver health care and any clinic, pharmacy, hospital, or other health facility located in this state. The term includes any professional corporation or other professional entity comprised of such health care providers as permitted by the laws of this state.

(b) "Relative" means a victim's spouse, parent, grandparent, stepfather, stepmother, child, grandchild, brother, sister, half brother, half sister, or spouse's parents. The term includes those relationships if created as a result of adoption. In addition, "relative" includes any person who is a member of the victim's household.

(c) "Representative" means a legal guardian, attorney, person designated to make decisions on behalf of a patient under a health care power of attorney, or any person recognized in law or custom as a patient's agent.

(d) "Unanticipated outcome" means the outcome of a medical treatment or procedure that differs from an expected result.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2007, and applies to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to civil actions; regulating medical liability actions; providing for the inadmissibility of certain health care provider statements, gestures, or conduct; proposing coding for new law in Minnesota Statutes, chapter 604."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 2832, A bill for an act relating to insurance; creating an employee health coverage reinsurance pool for businesses and political subdivisions; appropriating money; amending Minnesota Statutes 2004, sections 123A.21, subdivision 7; 471.61, by adding a subdivision; 471.617, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 62U.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA EMPLOYEES INSURANCE PROGRAM

Section 1. Minnesota Statutes 2004, section 43A.317, is amended to read:

43A.317 MINNESOTA EMPLOYEES INSURANCE PROGRAM.

Subdivision 1. **Intent.** The legislature finds that the creation of a statewide program to provide employers with the advantages of a large pool for insurance purchasing would advance the welfare of the citizens of the state.

Subd. 2. **Definitions.** (a) **Scope.** For the purposes of this section, the terms defined have the meaning given them.

(b) **Commissioner Board.** ~~"Commissioner" means the commissioner of employee relations.~~ "Board" means the board of directors created under subdivision 4.

(c) **Eligible employee.** "Eligible employee" means an employee eligible to participate in the program under the terms described in subdivision 6.

(d) **Eligible employer.** "Eligible employer" means an employer eligible to participate in the program under the terms described in subdivision 5.

(e) **Eligible individual.** "Eligible individual" means a person eligible to participate in the program under the terms described in subdivision 6.

(f) **Employee.** "Employee" means an employee of an eligible employer. "Employee" includes a sole proprietor, partner of a partnership, member of a limited liability company, or independent contractor.

(g) **Employer.** "Employer" means a private person, firm, corporation, partnership, limited liability company, association, or other entity actively engaged in business or public services. "Employer" includes both for-profit and nonprofit entities.

(h) **Program.** "Program" means the Minnesota employees insurance program created by this section.

Subd. 3. **Entity status and administration.** ~~After consulting with the chairs of the senate Governmental Operations and Veterans Committee and the house of representatives Governmental Operations and Veterans Affairs Policy Committee, the commissioner may determine when the program provided under this section is available. When the commissioner makes the program available, The board is created and may operate as an unincorporated association and may incorporate as a Minnesota nonprofit corporation under chapter 317A. The board shall have all powers available under that chapter, except to the extent inconsistent with this section. The commissioner board shall, consistent with the provisions of this section, administer the program and determine its coverage options, funding and premium arrangements, contractual arrangements, and all other matters necessary to administer the program. The commissioner's contracting authority for the program, including authority for competitive bidding and negotiations, is governed by section 43A.23.~~

Subd. 4. ~~**Advisory committee Board of directors.** After the commissioner consults as required in subdivision 3 and then determines to make the program available, The commissioner governor shall establish a appoint an initial ten-member advisory committee board of directors that includes five members who represent eligible employers and~~

~~five, two~~ members who represent eligible individuals. ~~The committee shall advise the commissioner on issues related to administration of the program. The committee is governed by sections 15.014 and 15.059, and continues to exist while the program remains in operation.,~~ and three public members, for initial terms of two years for five directors and three years for the other five directors. Subsequent board members shall be appointed by the governor to serve staggered three-year terms. The governor may decide when to activate the board and the program by making the initial appointments.

Subd. 5. **Employer eligibility.** (a) **Procedures.** All employers are eligible for coverage through the program subject to the terms of this subdivision. The ~~commissioner~~ board shall establish procedures for an employer to apply for coverage through the program.

(b) **Term.** The initial term of an employer's coverage ~~may~~ must be for ~~up to~~ at least two years from the effective date of the employer's application. After that, coverage will be automatically renewed for an additional term of two years unless the employer gives notice of withdrawal from the program according to procedures established by the ~~commissioner~~ board or the ~~commissioner~~ board gives notice to the employer of the discontinuance of the program. The ~~commissioner~~ board may establish conditions under which an employer may withdraw from the program prior to the expiration of a term, including by reason of an increase in health coverage premiums of 50 percent or more from one insurance year to the next. An employer that withdraws from the program may not reapply for coverage for ~~a period of time equal to its initial term of coverage~~ two years.

(c) **Minnesota work force.** An employer is not eligible for coverage through the program if ~~five~~ 50 percent or more of its eligible employees work primarily outside Minnesota, except that an employer that either does or does not meet that requirement may apply to the program on behalf of only those employees who work primarily in Minnesota, and the board may accept or reject the application.

(d) **Employee participation; aggregation of groups.** An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the ~~commissioner~~ board.

(e) **Private employer.** A private employer is not eligible for coverage unless it has two or more eligible employees who live in the state of Minnesota. If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid Social Security or self-employment tax on behalf of both eligible employees.

(f) **Minimum participation.** The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage ~~under another group health benefit plan~~, eligible for waiver under section 62L.03, subdivision 3, paragraph (a). An employer may not offer any employee health coverage other than that offered by the board, except with prior approval of the board.

(g) **Employer contribution.** The ~~commissioner~~ board must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) **Enrollment cap.** The ~~commissioner~~ board may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Subd. 6. **Individual eligibility.** (a) **Procedures.** The ~~commissioner~~ board shall establish procedures for eligible employees and other eligible individuals to apply for coverage through the program.

(b) **Employees.** An employer shall determine when it applies to the program the criteria its employees must meet to be eligible for coverage under its plan. An employer may subsequently change the criteria annually or at other times with approval of the ~~commissioner~~ board. The criteria must provide that new employees become eligible for coverage after a probationary period of at least 30 days, but no more than 90 days.

(c) **Other individuals.** An employer may elect to cover under its plan:

- (1) the spouse, dependent children, and dependent grandchildren of a covered employee;
- (2) a retiree who is eligible to receive a pension or annuity from the employer and a covered retiree's spouse, dependent children, and dependent grandchildren;
- (3) the surviving spouse, dependent children, and dependent grandchildren of a deceased employee or retiree, if the spouse, children, or grandchildren were covered at the time of the death;
- (4) a covered employee who becomes disabled, as provided in sections 62A.147 and 62A.148; or
- (5) any other categories of individuals for whom group coverage is required by state or federal law.

An employer shall determine when it applies to the program the criteria individuals in these categories must meet to be eligible for coverage. An employer may subsequently change the criteria annually, or at other times with approval of the ~~commissioner~~ board. The criteria for dependent children and dependent grandchildren may be no more inclusive than the criteria under section 43A.18, subdivision 2. This paragraph shall not be interpreted as relieving the program from compliance with any federal and state continuation of coverage requirements.

(d) **Waiver and late entrance.** An eligible individual may waive coverage at the time the employer joins the program or when coverage first becomes available. The ~~commissioner~~ board may establish a preexisting condition exclusion of not more than 18 months for late entrants as defined in section 62L.02, subdivision 19.

(e) **Continuation coverage.** The program shall provide all continuation coverage required by state and federal law.

Subd. 7. **Coverage.** ~~Coverage is available through the program beginning on July 1, 1993. Until an arrangement is in place to provide coverage may be provided through a transfer of risk to one or more carriers regulated under chapter 62A, 62C, or 62D, the commissioner shall solicit bids under section 43A.23, from carriers regulated under chapters 62A, 62C, and 62D, to provide coverage of eligible individuals. The commissioner shall provide coverage through contracts with carriers, unless the commissioner receives no reasonable bids from carriers; through a group self-insured arrangement under chapter 62H; or through a combination of those methods. The board may, on behalf of the program, participate in an insured or self-insured reinsurance pool.~~

(a) **Health coverage.** Health coverage is available to all employers in the program. The ~~commissioner~~ board shall attempt to establish health coverage options that have strong care management features to control costs and promote quality and shall attempt to make a choice of health coverage options available. Health coverage for a retiree who is eligible for the federal Medicare program must be administered as though the retiree is enrolled in Medicare parts A and B, and D. ~~To the extent feasible as determined by the commissioner and in the best interests of the program, the commissioner shall model coverage after the plan established in section 43A.18, subdivision 2. Health coverage must include at least the benefits required of a carrier regulated under chapter 62A, 62C, or 62D for comparable coverage. Coverage under this paragraph must not be provided as part of the health plans available to state employees.~~

(b) **Choice of providers.** All benefits provided by the program relating to expenses incurred for medical treatment or services of a health care provider must also include treatment and services of any other type of licensed, certified, or registered health care provider to the extent that the services and treatment are within the scope of the provider's licensure, certification, or registration.

(c) **Optional coverages.** In addition to offering health coverage, the ~~commissioner~~ board may arrange to offer dental or other health-related coverage through the program. Employers with health coverage may choose to offer dental or other health-related coverage according to the terms established by the ~~commissioner~~ board.

(~~e~~) (d) **Open enrollment.** The program must meet all underwriting requirements of chapter 62L and must provide periodic open enrollments for eligible individuals for those coverages where a choice exists.

(~~d~~) (e) **Technical assistance.** The ~~commissioner~~ board may arrange for technical assistance and referrals for eligible employers in areas such as health promotion and wellness, employee benefits structure, tax planning, and health care analysis services as described in section 62J.2930.

Subd. 8. **Premiums.** (a) **Payments.** Employers enrolled in the program shall pay premiums according to terms established by the ~~commissioner~~ board. If an employer fails to make the required payments, the ~~commissioner~~ board may cancel coverage and pursue other civil remedies.

(b) **Rating method.** The ~~commissioner~~ board shall determine the premium rates and rating method for the program. The rating method for eligible small employers must meet or exceed the requirements of chapter 62L. The rating methods must recover in premiums all of the ongoing costs for state administration and for maintenance of a premium stability and claim fluctuation reserve. ~~On June 30, 1999, after paying all necessary and reasonable expenses, the commissioner must apply up to \$2,075,000 of any remaining balance in the Minnesota employees' insurance trust fund to repayment of any amounts drawn or expended for this program from the health care access fund. The board may decide to rate specific employers separately for premium purposes, if the board determines that doing so is in the best interests of the program.~~

(c) **Taxes and assessments.** To the extent that the program operates as a self-insured group, the premiums paid to the program are not subject to the taxes imposed by chapter 297I, but the program is subject to a Minnesota Comprehensive Health Association assessment under section 62E.11.

(d) The board may require that employers entering the program pay a premium of up to three times the normal monthly premium, as a contribution to reserves. If an employer leaves the program, the board may refund the excess premium if the program's reserves would remain adequate in the judgment of the board.

Subd. 9. ~~Minnesota employees insurance trust fund.~~ (a) **Contents.** ~~The Minnesota employees insurance trust fund in the state treasury consists of deposits received from eligible employers and individuals, contractual settlements or rebates relating to the program, investment income or losses, and direct appropriations.~~

(b) **Appropriation.** ~~All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other costs necessary to administer the program.~~

(~~e~~) (a) **Reserves.** (a) For any coverages for which the program does not contract to transfer full financial responsibility, the ~~commissioner~~ board shall establish and maintain reserves:

(1) for claims in process, incomplete and unreported claims, premiums received but not yet earned, and all other accrued liabilities; and

(2) to ensure premium stability and the timely payment of claims in the event of adverse claims experience. The reserve for premium stability and claim fluctuations must be established according to ~~the sound actuarial standards of section 62C.09, subdivision 3, except that the reserve may exceed the upper limit under this standard until July 1, 1997.~~

~~(d) **Investments.** The State Board of Investment shall invest the fund's assets according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.~~

(b) If the board determines that it needs additional funds for start-up costs, the board may access additional funds as needed in the form of loans from the health care access fund, not to exceed a total indebtedness of \$1,000,000 at any one time. Such loans accrue interest at three percent per annum simple interest and must be payable in monthly installments beginning no later than two years after the board first provides coverage and must be fully repaid no later than five years after that date. The monthly repayment installments must be reamortized as needed to reflect repayments and additional loan amounts accessed, so that monthly installments will be sufficient to repay the existing balance, including accrued interest, at the end of that five-year period. The board may make additional repayments of principal and interest at any time. The \$1,000,000 amount is available until the end of that five-year period. Amounts of principal repaid are available to be accessed for new loans within that period.

Subd. 10. **Program status.** The Minnesota employees insurance program is a ~~state~~ state-created program to provide the advantages of a large pool to ~~small~~ employers for ~~purchasing~~ providing health coverage, other coverages, and related services from insurance companies, health maintenance organizations, and other organizations. The program is not an insurance company. Coverage under this program shall be considered a certificate of insurance or similar evidence of coverage and is subject to all applicable requirements of chapters 60A, 62A, 62C, 62D, 62E, 62H, 62L, and 72A, ~~and is subject to regulation by the commissioner of commerce to the extent applicable.~~

Subd. 12. **Status of agents.** Notwithstanding sections 60K.49 and 72A.07, the program may use, and pay referral fees, commissions, or other compensation to, agents licensed as insurance producers under chapter 60K or licensed under section 62C.17, regardless of whether the agents are appointed to represent the particular health carriers or community integrated service networks that provide the coverage available through the program. When acting under this subdivision, an agent is not an agent of the health carrier or community integrated service network, with respect to that transaction.

Sec. 2. **APPROPRIATION.**

\$1,000,000 is appropriated from the health care access fund to the commissioner of employee relations for the as-needed loans to the Minnesota Employees Insurance Program, as provided in Minnesota Statutes, section 43A.317, subdivision 9, paragraph (b).

ARTICLE 2

PRIVATE SECTOR HEALTH COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2004, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association may impose deductibles not to exceed \$3,000 \$5,000 per person, per year and \$6,000 \$10,000 per family, per year. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts may impose deductibles not to exceed \$2,250 per person, per year and \$4,500 per family, per year.~~

Sec. 2. Minnesota Statutes 2004, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association must include a limitation not to exceed \$4,500 \$5,000 per person and \$7,500 \$10,000 per family on total annual out-of-pocket enrollee cost-sharing expenses. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts must include a limitation not to exceed \$3,000 per person and \$6,000 per family on total annual out-of-pocket enrollee cost-sharing expenses.~~

Sec. 3. Minnesota Statutes 2004, section 62D.095, is amended by adding a subdivision to read:

Subd. 5a. **Lifetime maximum benefit.** A health maintenance contract issued by a health maintenance organization may impose a lifetime maximum benefit no less than \$3,000,000. At no time shall a health maintenance organization impose a lifetime maximum lower than the required lifetime maximum of the comprehensive health insurance plan under section 62E.12.

Sec. 4. **[62Q.645] DISTRIBUTION OF INFORMATION; ADMINISTRATIVE EFFICIENCY AND COVERAGE OPTIONS.**

(a) The commissioner may use reports submitted by health plan companies, service cooperatives, and the public employee insurance program created in section 43A.316 to compile entity specific administrative efficiency report cards; may make these report cards available on state agency Web sites, including minnesotahealthinfo.com; and may include information on:

(1) number of covered lives;

(2) covered services;

(3) geographic availability;

(4) whom to contact to obtain current premium rates;

(5) administrative costs, using the definition of administrative costs developed under section 62J.38;

(6) Internet links to information on the health plan, if available; and

(7) any other information about the health plan identified by the commissioner as being useful for employers, consumers, providers, and others in evaluating health plan options.

(b) This section does not apply to a health plan company unless its annual Minnesota premiums exceed \$50,000,000 based on the most recent assessment base of the Minnesota Comprehensive Health Association. For purposes of this determination, the premiums of a health plan company include those of its affiliates.

Sec. 5. **[62Q.676] MEDICATION THERAPY MANAGEMENT CARE.**

(a) A health plan company or pharmacy benefit manager that provides prescription drug coverage must provide or arrange for medication therapy management services for enrollees taking four or more prescriptions to treat or prevent two or more chronic medical conditions. For purposes of this section, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist to optimize the therapeutic outcomes of the patient's medications:

(1) performing or obtaining necessary assessments of the patient's health status in compliance with applicable health data privacy laws;

(2) formulating a medication treatment plan;

(3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;

(4) performing a comprehensive medication review to identify, resolve, and prevent medication related problems, including adverse drug events;

(5) documenting the care delivered and communicating essential information to the patient's other primary care providers;

(6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;

(7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and

(8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

(b) Nothing in this section shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

Sec. 6. **MEDICAL MALPRACTICE INSURANCE REPORT.**

(a) The commissioner of commerce shall provide to the legislature, no later than June 1 each year, a brief written report on the status of the market for medical malpractice insurance in Minnesota. The report must summarize, interpret, explain, and analyze information on that subject available to the commissioner, through annual statements filed by insurance companies, information obtained under paragraph (c), and other sources.

(b) The annual report must consider, to the extent possible, Minnesota specific data on market shares; premiums received; amounts paid to settle claims that were not litigated, claims that were settled after litigation began, and claims that were litigated to court judgment; amounts spent on processing, investigation, litigation, and otherwise handling claims; other sales and administrative costs; and the loss ratios of the insurers.

(c) Each insurance company that provides medical malpractice insurance in this state shall, no later than April 1 each year, file with the commissioner of commerce, on a form prescribed by the commissioner, the Minnesota specific data referenced in paragraph (b), other than market share, for the previous calendar year for that insurance company, shown separately for the categories of coverage provided to hospitals, medical clinics, nursing homes, physicians who provide emergency medical care, obstetrician gynecologists, and ambulance services. An insurance company need not comply with this paragraph if its direct premium written in the state for the previous calendar year is less than \$2,000,000.

ARTICLE 3

SERVICE COOPERATIVES

Section 1. Minnesota Statutes 2004, section 123A.21, subdivision 7, is amended to read:

Subd. 7. **Educational programs and services.** (a) The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning and other telecommunication services;
- (5) evaluation and research;
- (6) staff development;
- (7) media and technology centers;
- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, postsecondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;
- (17) community services;
- (18) shared time programs;
- (19) fiscal services and risk management programs, including health reinsurance programs;
- (20) technology planning, training, and support services;

- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

(b) An SC may contract for goods and services in conjunction with its health reinsurance programs, including management, actuarial, investment, and legal services from others within or without this state to ensure the efficient operation of these programs. It shall rebid its contracts for reinsurance that it purchases at least every two years.

(c) A health reinsurance program operated by one or more SCs may:

(1) provide reinsurance or stop-loss coverage to nursing homes licensed under chapter 144A and boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program, located in this state; and

(2) determine premiums for its reinsurance or stop-loss coverage individually for specific employers or may determine them on a pooled or other basis established by the SC.

(d) A health coverage program provided by one or more SCs:

(1) may provide coverage to nursing homes licensed under chapter 144A and boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program, located in this state;

(2) must rebid contracts for insurance and third-party administration at least every four years; and

(3) must comply with section 72A.20, subdivision 26, notwithstanding section 13.203, and must also provide that same information to exclusive representatives of the employees upon request.

Sec. 2. Minnesota Statutes 2004, section 471.61, is amended by adding a subdivision to read:

Subd. 6. **Reinsuring health risks.** Any political subdivision, or any two or more political subdivisions acting jointly, may provide for the reinsuring of risks incurred as a result of providing the insurance or protection authorized by this section by participating in a pool operated by a service cooperative or cooperatives pursuant to section 471.617, subdivision 3a.

Sec. 3. Minnesota Statutes 2004, section 471.617, subdivision 3, is amended to read:

Subd. 3. **Stop-loss coverage.** Any self-insurance plan covering fewer than 1,000 employees shall include excess or stop-loss coverage provided by a licensed insurance company, an insurance company approved pursuant to sections 60A.195 to 60A.209, or service plan corporation, but excess or stop-loss coverage need not be obtained for long-term disability.

This excess or stop-loss coverage shall cover all eligible claims incurred during the term of the policy or contract. In addition to excess or stop-loss coverage, the self-insurance plan shall provide for reserving of an appropriate amount of funds to cover the estimated cost of claims incurred, but unpaid, during the term of the policy or contract which shall be added to the expected claim level. These funds shall be in addition to funds reserved to cover the claims paid during the term of the policy or contract. The excess or stop-loss coverage shall be provided at levels in excess of self-insured retention which is appropriate, taking into account the number of covered persons in the group.

Coverage under subdivision 3a qualifies under this subdivision.

Sec. 4. Minnesota Statutes 2004, section 471.617, is amended by adding a subdivision to read:

Subd. 3a. **Reinsurance pools.** A statutory or home rule charter city, county, school district, or instrumentality of any of them may provide for the reinsuring of risks incurred as a result of providing the health benefits authorized by this section through a pool operated by a service cooperative or service cooperatives established pursuant to section 123A.21.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to health; providing a statewide health insurance program for Minnesota employees; modifying private sector health coverages; requiring a medical malpractice insurance report; authorizing service cooperatives to operate health reinsurance programs; authorizing participation by certain political subdivisions; appropriating money; amending Minnesota Statutes 2004, sections 43A.317; 62D.095, subdivisions 3, 4, by adding a subdivision; 123A.21, subdivision 7; 471.61, by adding a subdivision; 471.617, subdivision 3, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62Q."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce and Financial Institutions.

The report was adopted.

Wilkin from the Committee on Commerce and Financial Institutions to which was referred:

H. F. No. 2856, A bill for an act relating to consumer protection; protecting senior citizens from financial exploitation; regulating annuity transactions; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 45; 47; 61A; 513.

Reported the same back with the following amendments:

Page 1, line 11, delete "for senior citizens" and after "exploitation" insert "of senior citizens"

Page 1, line 12, delete "Senior citizens" and insert "Citizens"

Page 2, line 27, delete "a release of information" and insert "the financial institution performing, or not performing, any action permitted under subdivision 2."

Page 2, delete line 28

Page 2, delete section 3

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Olson from the Committee on Local Government to which was referred:

H. F. No. 2867, A bill for an act relating to local government; providing for incorporation in certain circumstances; prohibiting annexation in certain circumstances; amending Minnesota Statutes 2004, sections 414.02, by adding a subdivision; 414.031, by adding a subdivision; 414.033, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 414.02, is amended by adding a subdivision to read:

Subd. 3a. **Shall order incorporation.** Notwithstanding any contrary provision in subdivision 3, the director must order incorporation of the area requested in a petition filed before March 1, 2006, if it is a town within Anoka County granted village status under Laws 1963, chapter 157, section 1.

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

Delete the title and insert:

"A bill for an act relating to local government; providing for incorporation in certain circumstances; amending Minnesota Statutes 2004, section 414.02, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 2903, A bill for an act relating to property taxation; providing that the tier structure in the classification of agricultural homestead property is based on acreage rather than market value; amending Minnesota Statutes 2004, sections 273.13, subdivision 23; 273.1384, subdivision 2.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Seifert from the Committee on State Government Finance to which was referred:

H. F. No. 2921, A bill for an act relating to the military; requiring leaves of absence for the immediate family members of a seriously injured or killed member of the armed forces; providing for and funding certain programs benefiting veterans; creating an individual income tax subtraction for military pensions; requiring educational fairness; appropriating money; amending Minnesota Statutes 2005 Supplement, sections 192.502, by adding a subdivision; 290.01, subdivision 19b; 290.091, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 181; 197.

Reported the same back with the following amendments:

Page 9, line 8, after the period, insert "Prior to encumbering funds from the appropriation in this subdivision, the commissioner must adhere to the provisions of Minnesota Statutes, section 16E.03."

Page 9, line 31, delete "to fund a systemwide coordinator"

Page 9, after line 33, insert:

"Subd. 5. **Report.** By January 15, 2007, and each year thereafter, the commissioner shall report to the chairs of the house and senate committees having purview over veterans affairs policy and finance, regarding the implementation and effectiveness of the program described in subdivision 4. The report must address all relevant issues raised in writing to the commissioner by those chairs by August 1 of the preceding year.

Subd. 6. **Sunset.** The program established in subdivision 4 expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education is fewer than 4,000, but no later than June 30, 2012."

With the recommendation that when so amended the bill be re-referred to the Committee on Commerce and Financial Institutions without further recommendation.

The report was adopted.

Wilkin from the Committee on Commerce and Financial Institutions to which was referred:

H. F. No. 3049, A bill for an act relating to commerce; regulating the purchase and lease of new ambulances; establishing a manufacturer's duty to repair, refund, or replace; amending Minnesota Statutes 2004, section 325F.665, subdivision 1.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 3111, A bill for an act relating to human services; providing for interstate contracts for chemical health services; amending Minnesota Statutes 2004, section 245.50, subdivisions 1, 2, 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hackbarth from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 3116, A bill for an act relating to game and fish; modifying critical habitat private sector matching account provisions; providing definitions; providing for and modifying disposition of certain revenue; modifying restrictions on motorized watercraft and recreational vehicles in wildlife management areas; providing for inspection of equipment used to take wild animals; modifying certain penalty and fee amounts; modifying certain game and fish license provisions; modifying firearms possession provisions for persons under 16; providing for collecting antler sheds; modifying certain provisions for taking and possessing game and fish; modifying provisions for fishing

contests; providing for a moratorium on use of public waters for aquaculture; amending Minnesota Statutes 2004, sections 84.943, subdivision 3; 97A.015, by adding a subdivision; 97A.055, subdivision 2; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.101, subdivision 4; 97A.251, subdivision 1; 97A.321; 97A.445, subdivision 3; 97A.475, subdivision 2; 97B.021, subdivision 1, by adding a subdivision; 97B.301, subdivision 7; 97C.081, subdivisions 4, 6, 8, 9; 97C.205; 97C.355, subdivision 7; 97C.371, subdivision 4; Minnesota Statutes 2005 Supplement, sections 97A.405, subdivision 4; 97A.475, subdivision 3; 97A.551, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 2004, section 97C.355, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and ~~total dry weight less than 900 pounds~~ includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle.

Sec. 2. Minnesota Statutes 2004, section 84.92, is amended by adding a subdivision to read:

Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of less than 900 pounds.

Sec. 3. Minnesota Statutes 2004, section 84.92, is amended by adding a subdivision to read:

Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of 900 to 1,500 pounds.

Sec. 4. Minnesota Statutes 2005 Supplement, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928, a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (e).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied on another all-terrain vehicle by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 90cc on public lands or waters if accompanied by a parent or legal guardian.

(f) A person under 16 years of age shall not operate a class 2 all-terrain vehicle.

Sec. 5. Minnesota Statutes 2005 Supplement, section 84.9257, is amended to read:

84.9257 PASSENGERS.

(a) A parent or guardian may operate ~~an~~ a class 1 all-terrain vehicle carrying one passenger who is under 16 years of age and who wears a safety helmet approved by the commissioner of public safety.

(b) For the purpose of this section, "guardian" means a legal guardian of a person under age 16, or a person 18 or older who has been authorized by the parent or legal guardian to supervise the person under age 16.

(c) A person 18 years of age or older may operate an all-terrain vehicle carrying one passenger who is 16 or 17 years of age and wears a safety helmet approved by the commissioner of public safety.

(d) A person 18 years of age or older may operate an all-terrain vehicle carrying one passenger who is 18 years of age or older.

(e) An operator of a class 2 all-terrain vehicle may carry two passengers.

Sec. 6. Minnesota Statutes 2005 Supplement, section 84.926, subdivision 4, is amended to read:

Subd. 4. **Off-road and all-terrain vehicles; limited or managed forests; trails.** Notwithstanding section 84.777, but subject to the commissioner's authority under subdivision 5, on state forest lands classified as limited or managed, other than the Richard J. Dorer Memorial Hardwood Forest, a person may use vehicles registered under chapter 168 or section 84.798 or 84.922, including class 2 all-terrain vehicles, on forest trails that are not designated for a specific use when:

(1) hunting big game or transporting or installing hunting stands during October, November, and December, when in possession of a valid big game hunting license;

(2) retrieving big game in September, when in possession of a valid big game hunting license;

(3) tending traps during an open trapping season for protected furbearers, when in possession of a valid trapping license; or

(4) trapping minnows, when in possession of a valid minnow dealer, private fish hatchery, or aquatic farm license.

Sec. 7. Minnesota Statutes 2005 Supplement, section 84.928, subdivision 1, is amended to read:

Subdivision 1. **Operation on roads and rights-of-way; class 1 vehicles.** (a) Unless otherwise allowed in sections 84.92 to 84.929, a person shall not operate ~~an~~ a class 1 all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway other than in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway unless prohibited under paragraph (b).

(b) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of class 1 all-terrain vehicles in the ditch or outside bank or slope of a public road right-of-way under its jurisdiction.

(c) The restrictions in paragraphs (a), (b), (g), (h), and (i) do not apply to the operation of ~~an~~ a class 1 all-terrain vehicle on the shoulder, inside bank or slope, ditch, or outside bank or slope of a trunk, interstate, county state-aid, or county highway when the class 1 all-terrain vehicle is:

(1) owned by or operated under contract with a publicly or privately owned utility or pipeline company; and

(2) used for work on utilities or pipelines.

(d) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

(e) The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

(f) A person may operate ~~an~~ a class 1 all-terrain vehicle registered for private use and used for agricultural purposes or a class 2 all-terrain vehicle on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the class 1 or class 2 all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

(g) A person shall not operate ~~an~~ a class 1 all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the Department of Natural Resources when performing or exercising official duties or powers.

(h) A person shall not operate ~~an~~ a class 1 all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

(i) A person shall not operate ~~an~~ a class 1 all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

Sec. 8. Minnesota Statutes 2004, section 84.928, is amended by adding a subdivision to read:

Subd. 8. **Operation; class 2 vehicles.** Except as provided in section 84.926, subdivision 4, operation of class 2 all-terrain vehicles on public lands is limited to forest roads, minimum maintenance roads, and trails designated or signed for class 2 all-terrain vehicles.

Sec. 9. Minnesota Statutes 2004, section 84.943, subdivision 3, is amended to read:

Subd. 3. **Appropriations must be matched by private funds.** Appropriations transferred to the critical habitat private sector matching account and money credited to the account under section 168.1296, subdivision 5, may be expended only to the extent that they are matched equally with contributions ~~to the account~~ from private sources or by funds contributed to the nongame wildlife management account. The private contributions may be made in cash ~~or in contributions of property, land or interests in land that are designated by the commissioner of natural resources as program acquisitions.~~ Appropriations transferred to the account that are not matched within three years from the date of the appropriation shall cancel to the source of the appropriation. For the purposes of this section, the private contributions of property, land, or interests in land that are retained by the commissioner shall be valued in accordance with their appraised value.

Sec. 10. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 3a. **Bonus permit.** "Bonus permit" means a license to take and tag deer by archery or firearms, in addition to deer authorized to be taken under regular firearms or archery licenses.

Sec. 11. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 14a. **Deer.** "Deer" means white-tailed or mule deer.

Sec. 12. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 26b. **Intensive deer area.** "Intensive deer area" means an area of the state where taking a deer of either sex is allowed and where multiple bonus permits are authorized.

Sec. 13. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 27b. **Lottery deer area.** "Lottery deer area" means an area of the state where taking antlerless deer is allowed only by either-sex permit and where no bonus permits are authorized.

Sec. 14. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 27c. **Managed deer area.** "Managed deer area" means an area of the state where taking a deer of either sex is allowed and where one bonus permit is authorized.

Sec. 15. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 32a. **Muzzle-loader season.** "Muzzle-loader season" means the firearms deer season option open only for legal muzzle-loading firearms, as prescribed by the commissioner.

Sec. 16. Minnesota Statutes 2004, section 97A.015, is amended by adding a subdivision to read:

Subd. 41a. **Regular firearms season.** "Regular firearms season" means any of the firearms deer season options prescribed by the commissioner that begin in November, exclusive of the muzzle-loader season.

Sec. 17. Minnesota Statutes 2004, section 97A.055, subdivision 2, is amended to read:

Subd. 2. **Receipts.** The commissioner of finance shall credit to the game and fish fund all money received under the game and fish laws and all income from lands acquired by the state for game or fish purposes by purchase or gift, including receipts from:

- (1) licenses and permits issued;
- (2) fines and forfeited bail;
- (3) sales of contraband, wild animals, and other property under the control of the division;
- (4) fees from advanced education courses for hunters and trappers;
- (5) reimbursements of expenditures by the division;
- (6) contributions to the division; and
- (7) revenue credited to the game and fish fund under section 297A.94, paragraph (e), clause (1).

Sec. 18. Minnesota Statutes 2004, section 97A.065, subdivision 2, is amended to read:

Subd. 2. **Fines and forfeited bail.** (a) Fines and forfeited bail collected from prosecutions of violations of: the game and fish laws or rules adopted thereunder; sections 84.091 to 84.15 or rules adopted thereunder; sections 84.81 to 84.91 or rules adopted thereunder; section 169A.20, when the violation involved an off-road recreational vehicle as defined in section 169A.03, subdivision 16; chapter 348; and any other law relating to wild animals or aquatic vegetation, must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraphs (b); and (c); ~~and (d)~~. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), the share that would otherwise go to the county under this paragraph must be submitted to the commissioner of finance for deposit in the state treasury and credited to the general fund.

~~(b) The commissioner may reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations of the game and fish laws under this section if the county board, by resolution, directs: (1) the county treasurer to submit all game and fish fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.~~

~~(c)~~ (b) The county treasurer shall submit one-half of the receipts collected under paragraph (a) from prosecutions of violations of sections 84.81 to 84.91 or rules adopted thereunder, and 169A.20, except receipts that are surcharges imposed under section 357.021, subdivision 6, to the commissioner and credit the balance to the county general fund. The commissioner shall credit these receipts to the snowmobile trails and enforcement account in the natural resources fund.

~~(d)~~ (c) The county treasurer shall indicate the amount of the receipts that are surcharges imposed under section 357.021, subdivision 6, and shall submit all of those receipts to the commissioner of finance.

Sec. 19. Minnesota Statutes 2004, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4), (5), (9), (11), (13), and (14), and 3, clauses (2), (3), and (7), and licenses issued under section 97B.301, subdivision 4.

(b) ~~At least~~ \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and shall be used for deer habitat improvement or deer management programs.

(c) ~~At least~~ \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and shall be used for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management at the end of a fiscal year exceeds \$2,500,000 for the first time, \$750,000 is canceled to the unappropriated balance of the game and fish fund. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

Thereafter, when the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

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

Sec. 20. Minnesota Statutes 2004, section 97A.101, subdivision 4, is amended to read:

Subd. 4. **Restrictions on airboats, watercraft, and recreational vehicles.** (a) The use of airboats is prohibited at all times on lakes designated for wildlife management purposes under this section unless otherwise authorized by the commissioner.

(b) The commissioner may restrict the use of motorized watercraft and recreational vehicles on lakes designated for wildlife management purposes by posting all public access points on the designated lake. Restrictions may include prohibitions or limitations on the type of allowable motorized watercraft or recreational vehicle, horsepower or thrust of motor, speed of operation, season or area of use, or other restrictions that the commissioner determines are necessary to minimize disturbances to wildlife or to protect wildlife habitat. Designation of areas, times, and types of restrictions to be posted shall be by written order published in the State Register. Posting of the restrictions is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 21. Minnesota Statutes 2004, section 97A.251, subdivision 1, is amended to read:

Subdivision 1. **Unlawful conduct.** A person may not:

(1) intentionally hinder, resist, or obstruct an enforcement officer, agent, or employee of the division in the performance of official duties;

(2) refuse to submit to inspection of ~~firearms~~ equipment used to take wild animals while in the field, licenses, or wild animals; or

(3) refuse to allow inspection of a motor vehicle, boat, or other conveyance used while taking or transporting wild animals.

Sec. 22. Minnesota Statutes 2004, section 97A.321, is amended to read:

97A.321 DOGS PURSUING OR KILLING BIG GAME.

The owner of a dog that kills or pursues a big game animal is guilty of a petty misdemeanor and is subject to a civil penalty of ~~up to~~ \$500 for each violation, if the animal is killed by the dog, and \$100 if a dog continuously pursues the animal.

Sec. 23. Minnesota Statutes 2005 Supplement, section 97A.405, subdivision 4, is amended to read:

Subd. 4. **Replacement licenses.** (a) The commissioner may permit licensed deer hunters to change zone, license, or season options. The commissioner may issue a replacement license if the applicant submits the original deer license and unused tags that are being replaced and the applicant pays any increase in cost between the original and the replacement license. When a person submits both an archery and a firearms license for replacement, the commissioner may apply the value of both licenses towards the replacement license fee.

(b) A replacement license may be issued only if the applicant has not used any tag from the original license and meets the conditions of paragraph (c). The original license and all unused tags for that license must be submitted to the issuing agent at the time the replacement license is issued.

(c) A replacement license may be issued under the following conditions, or as otherwise prescribed by rule of the commissioner:

(1) when the season for the license being surrendered has not yet opened; or

(2) when the person is upgrading from a regular firearms or archery deer license to a multizone or all season deer license ~~that is valid in multiple zones.~~

(d) Notwithstanding section 97A.411, subdivision 3, a replacement license is valid immediately upon issuance if the license being surrendered is valid at that time.

Sec. 24. Minnesota Statutes 2004, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

(1) for persons age 18 or over and under age 65 to take small game, \$12.50;

(2) for persons ages 16 and 17 and age 65 or over, \$6 to take small game;

(3) to take turkey, \$18;

(4) for persons age 18 or over to take deer with firearms, \$26;

(5) for persons age 18 or over to take deer by archery, \$26;

(6) to take moose, for a party of not more than six persons, \$310;

(7) to take bear, \$38;

(8) to take elk, for a party of not more than two persons, \$250;

(9) multizone license to take antlered deer in more than one zone, \$52;

(10) to take Canada geese during a special season, \$4;

(11) all season license to take two deer throughout the state in any open deer season, except as restricted under section 97B.305, \$78;

(12) to take prairie chickens, \$20;

(13) for persons at least age 12 and under age 18 to take deer with firearms during the regular firearms season in any open zone or time period, \$13; and

(14) for persons at least age 12 and under age 18 to take deer by archery, \$13.

Sec. 25. Minnesota Statutes 2005 Supplement, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** Fees for the following licenses, to be issued to nonresidents, are:

(1) to take small game, \$73;

(2) to take deer with firearms, \$135;

(3) to take deer by archery, the greater of:

(i) an amount equal to the total amount of license fees and surcharges charged to a Minnesota resident to take deer by archery in the person's state or province of residence; or

(ii) \$135;

(4) to take bear, \$195;

(5) to take turkey, \$73;

(6) to take raccoon, bobcat, fox, or coyote, \$155;

(7) multizone license to take antlered deer in more than one zone, \$270; and

(8) to take Canada geese during a special season, \$4.

Sec. 26. Minnesota Statutes 2004, section 97A.535, subdivision 1, is amended to read:

Subdivision 1. **Tags required.** (a) A person may not possess or transport deer, bear, elk, or moose taken in the state unless a tag is attached to the carcass in a manner prescribed by the commissioner. The commissioner must prescribe the type of tag that has the license number of the owner, the year of its issue, and other information prescribed by the commissioner.

(b) The tag and the license must be validated at the site of the kill as prescribed by the commissioner.

(c) Except as otherwise provided in this section, the tag must be attached to the deer, bear, elk, or moose at the site of the kill before the animal is removed from the site of the kill, and. A person may not leave the animal unattended once it has been field dressed unless the validated tag has been attached to it as prescribed by the commissioner.

(d) The tag must remain attached to the animal until the animal is processed for storage.

(e) A person may move a lawfully taken deer, bear, elk, or moose from the site of the kill without attaching the validated tag to the animal only while in the act of manually or mechanically dragging, carrying, or carting the animal across the ground and while possessing the validated tag on their person. A motor vehicle may be used to drag the animal across the ground. At all other times, the validated tag must be attached to the deer, bear, elk, or moose as otherwise provided under this section and prior to the animal being placed onto and transported on a motor vehicle, being hung from a tree or other structure or device, or being brought into a camp or yard or other place of habitation.

Sec. 27. Minnesota Statutes 2005 Supplement, section 97A.551, subdivision 6, is amended to read:

Subd. 6. **Tagging and registration.** The commissioner may, by rule, require persons taking, possessing, and transporting certain species of fish to tag the fish with a special fish management tag and may require registration of tagged fish. A person may not possess or transport a fish species taken in the state for which a special fish management tag is required unless a tag is attached to the fish in a manner prescribed by the commissioner. The commissioner shall prescribe the manner of issuance and the type of tag as authorized under section 97C.087. The tag must be attached to the fish as prescribed by the commissioner immediately upon reducing the fish to possession and must remain attached to the fish until the fish is processed or consumed. Species for which a special fish management tag is required must be transported undressed, except as otherwise prescribed by the commissioner.

Sec. 28. Minnesota Statutes 2004, section 97B.021, subdivision 1, is amended to read:

Subdivision 1. **Restrictions.** (a) Except as provided in this subdivision, a person under the age of 16 may not possess a firearm, unless accompanied by a parent or guardian.

(b) A person under age 16 may possess a firearm without being accompanied by a parent or guardian:

(1) on land owned by, or occupied as the principal residence of, the person or the person's parent or guardian;

(2) while participating in an organized target shooting program with adult supervision;

(3) while the person is participating in a firearms safety program or traveling to and from class; or

(4) if the person is age 14 or 15 and has a firearms safety certificate.

(c) For purposes of this section, accompanied means that the parent or guardian has physical or verbal control over the actions of the person under age 16.

Sec. 29. Minnesota Statutes 2004, section 97B.021, is amended by adding a subdivision to read:

Subd. 1a. **Parent or guardian duties.** A parent or guardian may not knowingly direct, allow, or permit a person under the age of 16 to possess a firearm in violation of this section.

Sec. 30. Minnesota Statutes 2004, section 97B.081, subdivision 1, is amended to read:

Subdivision 1. **With firearms and bows.** (a) A person may not cast the rays of a spotlight, headlight, or other artificial light on a highway, or in a field, woodland, or forest, to spot, locate, or take a wild animal, except while taking raccoons in accordance with section 97B.621, subdivision 3, or tending traps in accordance with section 97B.931, while having in possession, either individually or as one of a group of persons, a firearm, bow, or other implement that could be used to kill big game.

(b) This subdivision does not apply to a firearm that is:

(1) unloaded;

(2) in a gun case expressly made to contain a firearm that fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened without any portion of the firearm exposed; and

(3) in the closed trunk of a motor vehicle.

(c) This subdivision does not apply to a bow that is:

(1) completely encased or unstrung; and

(2) in the closed trunk of a motor vehicle.

(d) If the motor vehicle under paragraph (b) or (c) does not have a trunk, the firearm or bow must be placed in the rearmost location of the vehicle.

(e) This subdivision does not apply to persons taking raccoons under section 97B.621, subdivision 3.

(f) This subdivision does not apply to a person hunting fox or coyote from January 1 to March 15 while using a hand-held artificial light, provided that the person:

(1) is on foot;

(2) is using a shotgun;

(3) is not within a public road right-of-way;

(4) is using a hand-held or electronic calling device; and

(5) is not within 200 feet of a motor vehicle.

Sec. 31. **[97B.22] COLLECTING ANTLER SHEDS.**

(a) A person may take and possess naturally shed antlers without a license.

(b) A person may not use equipment intended to artificially pull, sever, or otherwise cause antlers of live deer, moose, elk, or caribou to be shed or removed.

Sec. 32. Minnesota Statutes 2004, section 97B.301, subdivision 7, is amended to read:

Subd. 7. **All season deer license.** (a) A resident may obtain an all season deer license. ~~This license that authorizes the resident to take one buck by firearm or archery hunt during any season statewide. In addition, a resident obtaining this license may take one antlerless deer; the archery, regular firearms, and muzzle-loader seasons. The all season license is valid for taking two deer, no more than one of which may be a legal buck.~~

~~(1) by firearms in the regular firearms season if the resident first obtains an antlerless deer permit or if the resident takes the antlerless deer in an area where the commissioner has authorized taking a deer of either sex without an antlerless permit;~~

~~(2) by archery in the archery season; or~~

~~(3) by muzzleloader in the muzzleloader season.~~

(b) The all season deer license is valid for taking antlerless deer as follows:

(1) up to two antlerless deer may be taken during the archery or muzzle-loader seasons in any open area or during the regular firearms season in managed or intensive deer areas; and

(2) one antlerless deer may be taken during the regular firearms season in a lottery deer area, only with an either-sex permit or statutory exemption from an either-sex permit.

(c) The commissioner shall issue ~~one tag for a buck and one tag for an antlerless deer~~ two tags when issuing a license under this subdivision.

Sec. 33. Minnesota Statutes 2004, section 97B.311, is amended to read:

97B.311 DEER SEASONS AND RESTRICTIONS.

(a) The commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken, including hunter selection criteria for special hunts established under section 97A.401, subdivision 4. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31.

A muzzle-loading firearm used in the muzzle-loader season established under clause (2) is a firearm equipped only with a flint, percussion cap, or musket cap.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas at any time of year.

(c) Smokeless gunpowder may not be used in a muzzle-loader during the muzzle-loader season.

Sec. 34. Minnesota Statutes 2004, section 97C.025, is amended to read:

97C.025 FISHING AND MOTORBOATS RESTRICTED IN CERTAIN AREAS.

(a) The commissioner may prohibit or restrict the taking of fish or the operation of motorboats by posting waters that:

(1) are designated as spawning beds or fish preserves;

(2) are being used by the commissioner for fisheries research or management activities; or

(3) are licensed by the commissioner as a private fish hatchery or aquatic farm under section 17.4984, subdivision 1, or 97C.211, subdivision 1.

An area may be posted under this paragraph if necessary to prevent excessive depletion of fish or interference with fisheries research or management activities or private fish hatchery or aquatic farm operations.

(b) The commissioner will consider the following criteria in determining if waters licensed under a private fish hatchery or aquatic farm should be posted under paragraph (a):

- (1) the waters contain game fish brood stock that are vital to the private fish hatchery or aquatic farm operation;
- (2) game fish are present in the licensed waters only as a result of aquaculture activities by the licensee; and
- (3) no public access to the waters existed when the waters were first licensed.

(c) A private fish hatchery or aquatic farm licensee may not take fish or authorize others to take fish in licensed waters that are posted under paragraph (a), except as provided in section 17.4983, subdivision 3, and except that if waters are posted to allow the taking of fish under special restrictions, licensees and others who can legally access the waters may take fish under those special restrictions.

(d) Before March 1, 2003, riparian landowners adjacent to licensed waters on April 30, 2002, and riparian landowners who own land adjacent to waters licensed after April 30, 2002, on the date the waters become licensed waters, plus their children and grandchildren, may take two daily limits of fish per month under an angling license subject to the other limits and conditions in the game and fish laws.

(e) Except as provided in paragraphs (c), (d), and (f), a person may not take fish or operate a motorboat if prohibited by posting under paragraph (a).

(f) An owner of riparian land adjacent to an area posted under paragraph (a) may operate a motorboat through the area by the shortest direct route at a speed of not more than five miles per hour.

(g) Postings for water bodies designated under paragraph (a), clause (1), or being used for fisheries research or management under paragraph (a), clause (2), are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 35. Minnesota Statutes 2004, section 97C.081, subdivision 4, is amended to read:

Subd. 4. **Restrictions.** The commissioner may by rule establish restrictions on fishing contests to protect fish and fish habitat, to minimize user conflicts, and for the safety of contest participants.

Sec. 36. Minnesota Statutes 2004, section 97C.081, subdivision 6, is amended to read:

Subd. 6. **Permit application process.** (a) Beginning ~~September~~ August 1 each year, the commissioner shall accept permit applications for fishing contests to be held in the following year.

(b) If the number of permit applications received by the commissioner from ~~September~~ August 1 through the last Friday in ~~October~~ September exceeds the limits specified in subdivisions 7 and 8, the commissioner shall notify the affected applicants that their requested locations and time period are subject to a drawing. After notification, the commissioner shall allow the affected applicants a minimum of seven days to change the location or time period requested on their applications, provided that the change is not to a location or time period for which applications are already at or above the limits specified in subdivisions 7 and 8.

(c) After the applicants have been given at least seven days to change their applications, the commissioner shall conduct a drawing for all locations and time periods for which applications exceed limits. First preference in the drawings shall be given to applicants for established or traditional fishing contests, and second preference to

applicants for contests that are not established as traditional fishing contests based on the number of times they have been unsuccessful in previous drawings. Except for applicants of established or traditional fishing contests, an applicant who is successful in a drawing loses all accumulated preference. "Established or traditional fishing contest" means a fishing contest that was issued permits in 1999 and 2000 or was issued permits four out of five years from 1996 to 2000 for the same lake and time period. Beginning with 2001, established or traditional fishing contests must continue to be conducted at least four out of five years for the same lake and time period to remain established or traditional.

(d) The commissioner has until ~~December~~ November 7 to approve or deny permit applications that are submitted by 4:30 p.m. on the last Friday in ~~October~~ September. The commissioner may approve a permit application that is received after 4:30 p.m. on the last Friday in ~~October~~ September if approving the application would not result in exceeding the limits in subdivisions 7 and 8.

Sec. 37. Minnesota Statutes 2004, section 97C.081, subdivision 8, is amended to read:

Subd. 8. **Limits on number of fishing contests.** ~~(a)~~ The number of permitted fishing contests allowed each month on a water body shall not exceed the following limits:

(1) Lakes:

Size/acres	Maximum number of permitted fishing contests	Maximum number of large permitted fishing contests	Maximum number of permitted fishing contest days
Less than 2,000	2	0	4
2,000-4,999	3	1	6
5,000-14,999	4	2	8
15,000-55,000	5	3	10
more than 55,000	no limit	no limit	no limit

~~(b)~~ For boundary ~~waters~~ water lakes, the limits on the number of permitted fishing contests shall be determined based on the Minnesota acreage.

(2) Rivers:

	<u>Maximum number of permitted fishing contests</u>	<u>Maximum number of large permitted fishing contests</u>	<u>Maximum number of permitted fishing contest days</u>
<u>Mississippi River: Pool 1,</u> <u>2, 3, 5, 5A, 6, 7, 8, 9</u>	<u>4 (each pool)</u>	<u>2 (each pool)</u>	<u>8 (each pool)</u>
<u>Pool 4</u>	<u>5</u>	<u>3</u>	<u>10</u>
<u>St. Croix River</u>	<u>2</u>	<u>1</u>	<u>4</u>
<u>Lake St. Croix</u>	<u>4</u>	<u>2</u>	<u>8</u>

Contest waters identified in the permit for Mississippi River pools are limited to no more than one lockage upstream and one lockage downstream from the pool where the contest access and weigh-in is located.

Contest waters for Lake St. Croix are bounded by the U.S. Highway 10 bridge at Prescott upstream to the Arcola Bar. Contest waters for the St. Croix River are bounded by the Arcola Bar upstream to the Wisconsin state line.

For all other rivers, no more than two contest permits, not to exceed four days combined, may be issued for any continuous segment of a river per month. Of the two contests permitted, only one shall be a large permitted fishing contest. Permits issued by the commissioner shall not exceed 60 continuous river miles.

Sec. 38. Minnesota Statutes 2004, section 97C.081, subdivision 9, is amended to read:

Subd. 9. **Permit restrictions.** (a) The commissioner may require fishing contest permittees to limit prefishing to week days only as a condition of a fishing contest permit. The commissioner may require proof from permittees that prefishing restrictions on the permit are communicated to fishing contest participants and enforced.

(b) The commissioner may require permit restrictions on the hours that a permitted fishing contest is conducted, including, but not limited to, starting and ending times.

(c) The commissioner may require permit restrictions on the number of parking spaces that may be used on a state-owned public water access site. The commissioner may require proof from permittees that parking restrictions on the permit are communicated to fishing contest participants and enforced.

(d) To prevent undue ~~loss~~ mortality of released fish, the commissioner may require restrictions for off-site weigh-ins and live releases on a fishing contest permit or may deny permits requesting an off-site weigh-in or live release.

(e) A person may not transfer a fishing contest permit to another person.

(f) Failure to comply with fishing contest permit restrictions may be considered grounds for denial of future permit applications.

Sec. 39. Minnesota Statutes 2004, section 97C.205, is amended to read:

97C.205 RULES FOR TRANSPORTING AND STOCKING FISH.

(a) Except on the water body where taken, a person may not transport a live fish in a quantity of water sufficient to keep the fish alive, unless the fish:

(1) is being transported under an aquaculture license as authorized under sections 17.4985 and 17.4986;

(2) is being transported for a fishing contest weigh-in under section 97C.081;

(3) is a minnow being transported under section 97C.505 or 97C.515;

(4) is being transported by a commercial fishing license holder under section 97C.821; or

(5) is being transported as otherwise authorized in this section.

(b) The commissioner may adopt rules to allow and regulate:

(1) the transportation of fish and fish eggs ~~from one body of water to another~~; and

(2) the stocking of waters with fish or fish eggs.

~~(b)~~ (c) The commissioner shall prescribe rules designed to encourage local sporting organizations to propagate game fish by using rearing ponds. The rules must:

(1) prescribe methods to acquire brood stock for the ponds by seining public waters;

(2) allow the sporting organizations to own and use seines and other necessary equipment; and

(3) prescribe methods for stocking the fish in public waters that give priority to the needs of the community where the fish are reared and the desires of the organization operating the rearing pond.

~~(c)~~ (d) A person age 16 or under may, for purposes of display in a home aquarium, transport largemouth bass, smallmouth bass, yellow perch, rock bass, black crappie, white crappie, bluegill pumpkinseed, green sunfish, orange spotted sunfish, and black, yellow, and brown bullheads taken by angling. No more than four of each species may be transported at any one time, and any individual fish can be no longer than ten inches in total length.

Sec. 40. Minnesota Statutes 2004, section 97C.315, subdivision 2, is amended to read:

Subd. 2. **Hooks.** An angler may not have more than one hook on a line, except:

(1) three artificial flies may be on a line used to take largemouth bass, smallmouth bass, trout, crappies, sunfish, and rock bass; ~~and~~

(2) a single artificial bait may contain more than one hook; ~~and~~ and

(3) as otherwise prescribed by the commissioner.

Sec. 41. Minnesota Statutes 2004, section 97C.355, subdivision 7, is amended to read:

Subd. 7. **Dates and times houses may remain on ice.** (a) Except as provided in paragraph (d), a shelter, including a fish house or dark house, may not be on the ice between 12:00 a.m. and one hour before sunrise after the following dates:

(1) the last day of February, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of U.S. Route No. 10, then east along U.S. Route No. 10 to Trunk Highway No. 34, then east along Trunk Highway No. 34 to Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) March 15, for other state waters.

A shelter, including a fish house or dark house, on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by rule, change the dates in this paragraph for any part of state waters. Copies of the rule must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house ~~or~~, dark house, or shelter in violation of paragraph (a). The officer may remove, burn, or destroy the house or shelter. The officer shall seize the contents of the house or shelter and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner.

(c) When the last day of February, under paragraph (a), clause (1), or March 15, under paragraph (a), clause (2), falls on a Saturday, a shelter, including a fish house or dark house, may be on the ice between 12:00 a.m. and one hour before sunrise until 12:00 a.m. the following Monday.

(d) A person may have a shelter, including a fish house or dark house, on the ice between 12:00 a.m. and one hour before sunrise on waters within the area prescribed in paragraph (a), clause (2), but the house or shelter may not be unattended during those hours.

Sec. 42. Minnesota Statutes 2004, section 97C.371, subdivision 3, is amended to read:

Subd. 3. **Restrictions while spearing from dark house.** A person may not take fish by angling or the use of tip-ups while spearing fish in a dark house, except that a person may take fish by angling if only one angling line is in use and any fish caught by angling is immediately released to the water or placed on the ice.

Sec. 43. Minnesota Statutes 2004, section 97C.371, subdivision 4, is amended to read:

Subd. 4. **Open season.** The open season for spearing through the ice is December 1 to the ~~third~~ last Sunday in February.

Sec. 44. **MORATORIUM ON LICENSING OR USE OF NEW PUBLIC WATERS FOR AQUACULTURE.**

(a) The commissioner of natural resources may not license or use public waters, as defined in Minnesota Statutes, section 103G.005, subdivision 15, for aquaculture or the raising of fish that were not licensed by the commissioner of natural resources or used for that purpose by the commissioner of natural resources during the five-year period prior to April 1, 2006, except as provided in paragraph (b).

(b) The commissioner of natural resources may annually authorize fish rearing in new public waters prior to December 31, 2007, if the fish rearing is conducted as part of a wetland improvement plan approved by the commissioner.

(c) This section expires December 31, 2007.

Sec. 45. **REQUIRED RULEMAKING; ALL-TERRAIN VEHICLE OR SNOWMOBILE USE ON PRIVATE LANDS DURING DEER SEASON.**

(a) The commissioner of natural resources shall amend Minnesota Rules, part 6232.0300, subpart 7, to permit an individual to operate an all-terrain vehicle or snowmobile on privately owned land in an area open to taking deer by firearms during the legal shooting hours of the deer season, if the individual is:

(1) the owner of the land on which the all-terrain vehicle or snowmobile is operated; or

(2) a person with the landowner's permission to operate the all-terrain vehicle or snowmobile on the land.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), in amending the rule under paragraph (a). Minnesota Statutes, section 14.386, does not apply, except to the extent provided under Minnesota Statutes, section 14.388.

Sec. 46. **TRANSITION.**

The commissioner of natural resources shall distinguish between class 1 registration and class 2 registration for all-terrain vehicles under Minnesota Statutes, section 84.922. A class 2 all-terrain vehicle that is not registered as a class 2 all-terrain vehicle on December 12, 2006, shall be registered as a class 2 vehicle when the registration next expires or when the registrant requests a duplicate registration.

Sec. 47. **REPEALER.**

Minnesota Statutes 2004, section 97C.355, subdivision 6, is repealed.

Sec. 48. **EFFECTIVE DATE.**

Sections 1 to 8 are effective December 12, 2006."

Delete the title and insert:

"A bill for an act relating to game and fish; modifying critical habitat private sector matching account provisions; providing definitions; providing for and modifying disposition of certain revenue; modifying restrictions on motorized watercraft and recreational vehicles in wildlife management areas; providing for inspection of equipment used to take wild animals; modifying certain penalty and fee amounts; modifying certain game and fish license provisions; modifying firearms possession provisions for persons under 16; providing for collecting antler sheds; modifying certain provisions for taking and possessing game and fish; modifying restrictions on using lights to locate animals; modifying provisions for fishing contests; providing for a moratorium on use of public waters for aquaculture; modifying regulation of all-terrain vehicles; creating two classes of all-terrain vehicles; requiring rulemaking; amending Minnesota Statutes 2004, sections 84.92, subdivision 8, by adding subdivisions; 84.928, by adding a subdivision; 84.943, subdivision 3; 97A.015, by adding subdivisions; 97A.055, subdivision 2; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.101, subdivision 4; 97A.251, subdivision 1; 97A.321; 97A.475, subdivision 2; 97A.535, subdivision 1; 97B.021, subdivision 1, by adding a subdivision; 97B.081, subdivision 1; 97B.301, subdivision 7; 97B.311; 97C.025; 97C.081, subdivisions 4, 6, 8, 9; 97C.205; 97C.315, subdivision 2; 97C.355, subdivision 7; 97C.371, subdivisions 3, 4; Minnesota Statutes 2005 Supplement, sections 84.9256, subdivision 1; 84.9257; 84.926, subdivision 4; 84.928, subdivision 1; 97A.405, subdivision 4; 97A.475, subdivision 3; 97A.551, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 2004, section 97C.355, subdivision 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 3171, A bill for an act relating to health; allowing parents to obtain a clean certified copy of a deceased child's birth record under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Westrom from the Committee on Regulated Industries to which was referred:

H. F. No. 3211, A bill for an act relating to horse racing; modifying certain breeders' fund apportionments; amending Minnesota Statutes 2004, section 240.18, subdivision 3a.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Nornes from the Committee on Higher Education Finance to which was referred:

H. F. No. 3252, A bill for an act relating to higher education; clarifying requirements for agreements for postsecondary courses offered in secondary schools; amending Minnesota Statutes 2004, section 124D.09, subdivision 10.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Education Policy and Reform.

The report was adopted.

Westrom from the Committee on Regulated Industries to which was referred:

H. F. No. 3254, A bill for an act relating to lawful gambling; authorizing pilot project for sports-themed tipboard games.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **SPORTS-THEMED TIPBOARDS.**

Subdivision 1. **Pilot project.** (a) The Gambling Control Board shall conduct a pilot program involving the conduct of sports-themed tipboards. For purposes of this section, a "sports-themed tipboard" means a board or placard that is not required to contain a seal, but for which the winning numbers are determined based upon the last number of the scores at specified intervals of a professional sporting event. The board is responsible for administrative costs associated with establishing the pilot project.

(b) In conducting the pilot project, the board shall provide for operation procedures, internal control standards, posted information, records, and reports. The board must also provide for the award of prizes, method of payout, wagers, determination of winners, and the specifications of sports-themed tipboards. Cash or merchandise prizes may be awarded, however, the maximum prize that may be awarded for a sports-themed tipboard is \$500. A chance for a sports-themed tipboard may not be sold for more than \$10.

(c) Sales of sports-themed tipboards are limited to organizations that are currently licensed to conduct lawful gambling under Minnesota Statutes, chapter 349. The board shall select ten sites for the conduct of sports-themed tipboards. In selecting sites, the board shall maintain geographic balance.

Subd. 2. **Report.** The board shall prepare a report to the governor and the legislature on the results of the pilot project by February 15, 2007. The report must identify additional costs of the sports-themed tipboards, if any, that would be incurred by other state government agencies.

Subd. 3. **Sunset.** This section expires January 15, 2007."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 3283, A bill for an act relating to insurance; conforming regulation of qualified long-term care insurance to requirements for state participation in the federal long-term care partnership program; amending state long-term care partnership program requirements; amending Minnesota Statutes 2004, sections 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; Minnesota Statutes 2005 Supplement, section 256B.0571; proposing coding for new law in Minnesota Statutes, chapter 62S.

Reported the same back with the following amendments:

Page 16, delete section 20 and insert:

"Sec. 20. **[62S.315] PRODUCER TRAINING.**

The commissioner shall approve producer training requirements in accordance with the NAIC Long-Term Care Insurance Model Act provisions. The commissioner of the Department of Human Services shall provide technical assistance and information to the commissioner in accordance with Public Law 109-171, section 6021."

Page 17, delete article 2 and insert:

"ARTICLE 2

LONG-TERM CARE PARTNERSHIP PROGRAM

Section 1. Minnesota Statutes 2005 Supplement, section 256B.0571, is amended to read:

256B.0571 LONG-TERM CARE PARTNERSHIP PROGRAM.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them.

~~Subd. 2. **Home care service.** "Home care service" means care described in section 144A.43.~~

Subd. 3. **Long-term care insurance.** "Long-term care insurance" means a policy described in section 62S.01.

Subd. 4. **Medical assistance.** "Medical assistance" means the program of medical assistance established under section 256B.01.

~~Subd. 5. **Nursing home.** "Nursing home" means a nursing home as described in section 144A.01.~~

Subd. 6. **Partnership policy.** "Partnership policy" means a long-term care insurance policy that meets the requirements under subdivision 10 ~~or 11, regardless of when the policy and~~ was first issued on or after the effective date of the state plan amendment.

Subd. 7. **Partnership program.** "Partnership program" means the Minnesota partnership for long-term care program established under this section.

Subd. 7a. **Protected assets.** "Protected assets" means assets or proceeds of assets that are protected from recovery under subdivisions 13 and 15.

Subd. 8. **Program established.** (a) The commissioner, in cooperation with the commissioner of commerce, shall establish the Minnesota partnership for long-term care program to provide for the financing of long-term care through a combination of private insurance and medical assistance.

(b) An individual who meets the requirements in this paragraph is eligible to participate in the partnership program. The individual must:

(1) be a Minnesota resident at the time coverage first became effective under the partnership policy;

(2) ~~purchase a partnership policy that is delivered, issued for delivery, or renewed on or after the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5, and maintain the partnership policy in effect throughout the period of participation in the partnership program~~ be a beneficiary of a partnership policy issued no earlier than July 1, 2006; and

(3) ~~exhaust the minimum~~ have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before ~~the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5~~ July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.

Subd. 9. **Medical assistance eligibility.** (a) Upon application ~~of~~ for medical assistance program payment of long-term care services by an individual who meets the requirements described in subdivision 8, the commissioner shall determine the individual's eligibility for medical assistance according to paragraphs (b) ~~and (c)~~ to (i).

(b) ~~After disregarding financial determining assets exempted under medical assistance eligibility requirements subject to the asset limit under section 256B.056, subdivision 3 or 3c, or section 256B.057, subdivision 9 or 10, the commissioner shall disregard an additional amount of financial assets equal~~ allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 of this section up to the dollar amount of coverage the benefits utilized under the partnership policy. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services.

(c) ~~The commissioner shall consider the individual's income according to medical assistance eligibility requirements. The individual shall identify the designated assets and the full fair market value of those assets and designate them as assets to be protected at the time of initial application for medical assistance. The full fair market value of real property or interests in real property shall be based on the most recent full assessed value for property tax purposes for the real property, unless the individual provides a complete professional appraisal by a licensed appraiser to establish the full fair market value. The extent of a life estate in real property shall be determined using the life estate table in the health care program's manual. Ownership of any asset in joint tenancy shall be treated as ownership as tenants in common for purposes of its designation as a disregarded asset. The unprotected value of any protected asset is subject to estate recovery according to subdivisions 13 and 15.~~

(d) The right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided in subdivisions 13 and 15. It does not include the increase in the value of the protected asset and the income, dividends, or profits from the asset. It may be exercised by the individual or by anyone with the legal authority to do so on the individual's behalf. It shall not be sold, assigned, transferred, or given away.

(e) If the dollar amount of the benefits utilized under a partnership policy is greater than the full fair market value of all assets protected at the time of the application for medical assistance long-term care services, the individual may designate additional assets that become available during the individual's lifetime for protection under this section. The individual must make the designation in writing to the county agency no later than the last date on which the individual must report a change in circumstances to the county agency, as provided for under the medical assistance program. Any excess used for this purpose shall not be available to the individual's estate to protect assets in the estate from recovery under section 256B.15, 524.3-1202, or otherwise.

(f) This section applies only to estate recovery under United States Code, title 42, section 1496p, subsections (a) and (b), and does not apply to recovery authorized by other provisions of federal law, including, but not limited to, recovery from trusts under United States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of the Deficit Reduction Act of 2005, Public Law 109-171.

(g) An individual's protected assets owned by the individual's spouse who applies for payment of medical assistance long-term care services shall not be protected assets or disregarded for purposes of eligibility of the individual's spouse solely because they were protected assets of the individual.

(h) Assets designated under this subdivision shall not be subject to penalty under section 256B.0595.

(i) The commissioner shall otherwise determine the individual's eligibility for payment of long-term care services according to medical assistance eligibility requirements.

Subd. 10. ~~Dollar-for-dollar asset protection policies~~ **Inflation protection.** ~~(a) A dollar-for-dollar asset protection policy must meet all of the requirements in paragraphs (b) to (e):~~

~~(b) The policy must satisfy the requirements of chapter 62S.~~

~~(c) The policy must offer an elimination period of not more than 180 days for an adjusted premium.~~

~~(d) The policy must satisfy the requirements established by the commissioner of human services under subdivision 14.~~

~~(e) Minimum daily benefits shall be \$130 for nursing home care or \$65 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

A long-term care partnership policy must provide the inflation protection described in this paragraph. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy provides compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy provides some level of inflation protection; and

(3) has attained age 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Subd. 11. ~~Total asset protection policies.~~ ~~(a) A total asset protection policy must meet all of the requirements in subdivision 10, paragraphs (b) to (d), and this subdivision.~~

~~(b) Minimum coverage shall be for a period of not less than three years and for a dollar amount equal to 36 months of nursing home care at the minimum daily benefit rate determined and adjusted under paragraph (c).~~

~~(c) Minimum daily benefits shall be \$150 for nursing home care or \$75 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall also be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

~~(d) The policy must cover all of the following services:~~

~~(1) nursing home stay;~~

~~(2) home care service; and~~

~~(3) care management.~~

Subd. 12. Compliance with federal law. An issuer of a partnership policy must comply with ~~any federal law authorizing partnership policies in Minnesota~~ Public Law 109-171, section 6021, including any federal regulations, as amended, adopted under that law. ~~This subdivision does not require compliance with any provision of this federal law until the date upon which the law requires compliance with the provision. The commissioner has authority to enforce this subdivision.~~

Subd. 13. Limitations on estate recovery. ~~(a) For an individual who exhausts the minimum benefits of a dollar for dollar asset protection policy under subdivision 10, and is determined eligible for medical assistance under subdivision 9, the state shall limit recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual to an amount that exceeds the dollar amount of coverage utilized under the partnership policy. Protected assets of the individual shall not be subject to recovery under section 256B.15 or section 524.3-1201 for medical assistance or alternative care paid on behalf of the individual. Protected assets of the individual in the estate of the individual's surviving spouse shall not be liable to pay a claim for recovery of medical assistance paid for the predeceased individual that is filed in the estate of the surviving spouse under section 256B.15. Protected assets of the individual shall not be protected assets in the surviving spouse's estate by reason of the preceding sentence and shall be subject to recovery under section 256B.15 or 524.3-1201 for medical assistance paid on behalf of the surviving spouse.~~

~~(b) For an individual who exhausts the minimum benefits of a total asset protection policy under subdivision 11, and is determined eligible for medical assistance under subdivision 9, the state shall not seek recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual. The personal representative may protect the full fair market value of an individual's unprotected assets in the individual's estate in an amount equal to the unused amount of asset protection~~

the individual had on the date of death. The personal representative shall apply the asset protection so that the full fair market value of any unprotected asset in the estate is protected. When or if the asset protection available to the personal representative is or becomes less than the full fair market value of any remaining unprotected asset, it shall be applied to partially protect one unprotected asset.

(c) The asset protection described in paragraph (a) terminates with respect to an asset includable in the individual's estate under chapter 524 or section 256B.15:

(1) when the estate distributes the asset; or

(2) if the estate of the individual has not been probated within one year from the date of death.

(d) If an individual owns a protected asset on the date of death and the estate is opened for probate more than one year after death, the state or a county agency may file and collect claims in the estate under section 256B.15, and no statute of limitations in chapter 524 that would otherwise limit or bar the claim shall apply.

(e) Except as otherwise provided, nothing in this section shall limit or prevent recovery of medical assistance.

Subd. 14. **Implementation.** ~~(a) If federal law is amended or a federal waiver is granted to permit implementation of this section, the commissioner, in consultation with the commissioner of commerce, may alter the requirements of subdivisions 10 and 11, and may establish additional requirements for approved policies in order to conform with federal law or waiver authority. In establishing these requirements, the commissioner shall seek to maximize purchase of qualifying policies by Minnesota residents while controlling medical assistance costs.~~

~~(b) The commissioner is authorized to suspend implementation of this section until the next session of the legislature if the commissioner, in consultation with the commissioner of commerce, determines that the federal legislation or federal waiver authorizing a partnership program in Minnesota is likely to impose substantial unforeseen costs on the state budget.~~

~~(c) The commissioner must take action under paragraph (a) or (b) within 45 days of final federal action authorizing a partnership policy in Minnesota.~~

~~(d) The commissioner must notify the appropriate legislative committees of action taken under this subdivision within 50 days of final federal action authorizing a partnership policy in Minnesota.~~

~~(e) The commissioner must publish a notice in the State Register of implementation decisions made under this subdivision as soon as practicable. The commissioner shall submit a state plan amendment to the federal government to implement the long-term care partnership program in accordance with this section.~~

Subd. 15. **Limitations on liens.** (a) If the interest of an individual in real property is designated as protected under subdivision 9 or is protected property in the estate of the individual and is subject to a medical assistance lien under sections 514.980 to 514.985, or a lien arising under section 256B.15, the gross proceeds from the gross sale price of any sale of the property by that individual or the individual's estate that are allocable to the protected interest are not subject to recovery of medical assistance under the lien.

(b) Paragraph (a) applies to protected real property to the extent an heir or devisee of the estate of the individual owns the protected property or an interest in the protected property in the individual's own name when the individual sells it. Paragraph (a) does not apply to any of the heirs, successors, assigns, or transferees of those individuals.

Subd. 16. **Burden of proof.** Any individual or the personal representative of the individual's estate who asserts that an asset is a disregarded or protected asset under this section in connection with any determination of eligibility for benefits under the medical assistance program or any appeal, case, controversy, or other proceedings, shall have the initial burden of:

(1) documenting and proving by convincing evidence that the asset or source of funds for the asset in question was designated as disregarded or protected;

(2) tracing the asset and the proceeds of the asset from that time forward; and

(3) documenting that the asset or proceeds of the asset remained disregarded or protected at all relevant times.

EFFECTIVE DATE. This section is effective July 1, 2006."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce and Financial Institutions.

The report was adopted.

Smith from the Committee on Public Safety Policy and Finance to which was referred:

H. F. No. 3308, A bill for an act relating to public safety; encouraging legal immigration; establishing a human trafficking task force; increasing penalties for trafficking crimes; increasing penalties for unlawful acts relating to drivers' licenses; creating the crime of fraudulent identification cards; establishing a Minnesota illegal immigration enforcement team to implement an illegal immigration strategy; requiring law enforcement to collect citizenship and immigration status data; requiring the Bureau of Criminal Apprehension to maintain a citizenship and immigration data field in the bureau's criminal history database; requiring the Bureau of Criminal Apprehension superintendent to periodically supply the Minnesota illegal immigration enforcement team with statistics on crimes committed by individuals with illegal alien status; providing tax credits for immigrants seeking citizenship; codifying the administration rule regarding drivers' licenses for temporary visitors requiring status checks; providing fines against Minnesota employers who violate federal immigration law governing hiring of employees; requiring the commissioner of public safety to integrate biometric facial recognition technology with the Minnesota driver's license and identification card systems; providing criminal penalties for concealing the commission of crimes by use of encryption, gaining unauthorized access through a computer to financial personal data, and facilitating access to computer security systems for purposes of aiding another to commit a crime; prohibiting local governments from enacting sanctuary laws; appropriating money; amending Minnesota Statutes 2004, sections 171.01, by adding a subdivision; 171.07, subdivisions 1a, 9, 10; 171.22, subdivision 2; 299C.10, by adding a subdivision; 609.527, by adding a subdivision; 609.652, subdivisions 1, 3; 609.87, subdivisions 1, 11, by adding subdivisions; 609.891, subdivisions 1, 3; Minnesota Statutes 2005 Supplement, sections 171.07, subdivisions 1, 3; 299A.78, subdivisions 1, 2, 3; 299C.10, subdivision 1; 299C.11, subdivision 1; 609.282; 609.283; 609.527, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 171; 181; 290; 299A; 299C; 609.

Reported the same back with the following amendments:

Page 10, line 30, delete "part" and insert "section"

Page 10, after line 31, insert:

"Sec. 2. **[171.072] TRIBAL IDENTIFICATION CARD.**

(a) Notwithstanding any law to the contrary, wherever in Minnesota Statutes or Minnesota Rules a Minnesota identification card is deemed an acceptable form of identification, a tribal identification card shall be an equivalent form of identification.

(b) For purposes of this section, "tribal identification card" means an unexpired identification card issued by the tribal government of a tribe recognized by the Bureau of Indian Affairs, United States Department of the Interior, that contains the name, signature, and picture of the individual."

Page 22, line 8, delete "paragraph (a), (b), or (c)" and insert "clause (1), (2), or (3)"

Amend the title as follows:

Page 1, line 15, after the semicolon, insert "providing that tribal identification cards shall be an equivalent form of identification;"

With the recommendation that when so amended the bill be re-referred to the Committee on Civil Law and Elections without further recommendation.

The report was adopted.

Smith from the Committee on Public Safety Policy and Finance to which was referred:

H. F. No. 3357, A bill for an act relating to public safety; requiring an arrestee to request destruction of a biological specimen upon acquittal of a felony; amending Minnesota Statutes 2005 Supplement, section 299C.105, subdivision 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Smith from the Committee on Public Safety Policy and Finance to which was referred:

H. F. No. 3413, A bill for an act relating to public safety; providing for appeal of state fire marshal decision to suspend, revoke, or refuse fireworks operator permit; amending Minnesota Statutes 2004, section 624.22, subdivision 8.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 3418, A bill for an act relating to water; creating a task force on public drainage ditch buffers.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Environment and Natural Resources.

The report was adopted.

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 3441, A bill for an act relating to agriculture; providing for a checkoff for fertilizer, soil amendment, and plant amendment; establishing a Minnesota Agricultural Fertilizer Research and Education Council and program; exempting on-farm storage from fertilizer facility safeguarding and permitting; amending Minnesota Statutes 2004, section 18C.305, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 18C.305, is amended by adding a subdivision to read:

Subd. 3. **Exemption.** A permit and safeguard is not required for a person who stores on the person's own property and for the person's own use no more than 6,000 gallons of liquid commercial fertilizer.

Sec. 2. **[18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION COUNCIL.**

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of 12 voting members as follows:

- (1) two members of the Minnesota Crop Production Retailers;
- (2) one member of the Minnesota Corn Growers Association;
- (3) one member of the Minnesota Soybean Growers Association;
- (4) one member of the sugar beet growers industry;
- (5) one member of the Minnesota Association of Wheat Growers;
- (6) one member of the potato growers industry;
- (7) one member of the Minnesota Farm Bureau;
- (8) one member of the Minnesota Farmers Union;
- (9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; and

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota Certified Crop Advisor Program.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be nominated by their organizations and appointed by the commissioner. The council may add ex-officio nonvoting members at its discretion. The council shall meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Subd. 2. **Powers and duties.** The council shall review applications and select projects to receive agricultural fertilizer research and education program grants, as authorized in section 18C.71. The council shall establish a program to provide grants to research, education, and technology transfer projects related to agricultural fertilizer, soil amendments, and plant amendments. For the purpose of this section, "fertilizer" includes soil amendments and plant amendments. The Department of Agriculture shall act as the fiscal agent in charge of collecting fees, distributing program funds, and otherwise administering the program.

Subd. 3. **Checkoff fees.** Any person, whether in Minnesota or elsewhere, that sells fertilizer to producers must collect a checkoff of 40 cents per ton of fertilizer sold and forward the checkoff funds at least semiannually to the commissioner along with forms provided by the commissioner. For the purposes of this section, a producer means any person who owns or operates an agricultural producing or growing facility for an agricultural commodity and shares in the profits and risk of loss from such operation and who grows, raises, feeds, or produces the agricultural commodity in Minnesota during the current or preceding calendar year.

Subd. 4. **Program account.** There is established in the state treasury an agricultural fertilizer research and education program account in the agricultural fund. The checkoff funds raised pursuant to this section must be deposited in the account. Money in the account, including interest earned, is appropriated to the commissioner to carry out the program and to refund checkoff funds as described in subdivision 5.

Subd. 5. **Refunds.** Any producer may, by use of forms provided by the commissioner, and upon presentation of such proof as the commissioner requires, have the checkoff fee refunded, provided the checkoff fee was remitted in a timely basis. The producer must submit annual refund requests to the commissioner by February 28 for checkoff fees paid in the previous calendar year.

Subd. 6. **Rules.** The commissioner's duties under this section and section 18C.71 are not subject to the provisions of chapter 14.

Subd. 7. **Expiration.** This section expires on January 8, 2017.

Sec. 3. **[18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION PROGRAM.**

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community.

Subd. 2. **Awarding of program grants.** Applications for program grants shall be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state

review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote by at least eight of the 12 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Subd. 3. **Annual audit.** The program must have an annual audit of financial activities, which the council must file with the commissioner on or before June 1 for the immediately preceding year ending December 31.

Subd. 4. **Expiration.** This section expires January 8, 2017.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective January 1, 2007."

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "appropriating money;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs.

The report was adopted.

Wilkin from the Committee on Commerce and Financial Institutions to which was referred:

H. F. No. 3447, A bill for an act relating to consumer protection; regulating the use of motor vehicle event data recorders; requiring certain disclosures; restricting the use of certain data; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[325F.6667] MOTOR VEHICLE EVENT DATA RECORDERS.**

Subdivision 1. **Disclosure required.** A manufacturer of a new motor vehicle sold or leased in this state, which is equipped with one or more recording devices commonly referred to as "event data recorders (EDR)," including "sensing and diagnostic modules (SDM)," shall disclose that fact in the owner's manual for the vehicle.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given:

(b) "Owner" means a person having all the incidents of ownership, including the legal title of a vehicle, whether or not the person lends, rents, or creates a security interest in the vehicle; a person entitled to the possession of a vehicle as the purchaser under a security agreement; or the person entitled to possession of the vehicle as lessee under a written lease agreement, provided that the agreement at inception is for a period in excess of three months.

(c) "Event data recorder (EDR)" means a feature that is installed by the manufacturer of the vehicle and does one or more of the following, for the purpose of capturing data for retrieval after a crash:

(1) records vehicle speed or direction, or both;

(2) records vehicle location data;

(3) records vehicle steering performance;

(4) records vehicle brake performance, including whether brakes were applied before a crash;

(5) records the driver's seat belt status; and

(6) has the ability to transmit information concerning a crash in which the motor vehicle has been involved to a central communications system when a crash occurs.

Subd. 3. **Data retrieved.** Data described in subdivision 2, paragraph (c), that is recorded on an EDR may not be downloaded or otherwise retrieved by a person other than an owner of the motor vehicle at the time the data is accessed, except under one of the following circumstances:

(1) the owner of the motor vehicle or the owner's agent or legal representative consents to the retrieval of the information;

(2) upon authority of a court or other judicial or administrative authority having jurisdiction;

(3) for the purpose of improving motor vehicle safety, security, or traffic management, including for medical research of the human body's reaction to motor vehicle crashes, and provided that the identity of the owner or driver is not disclosed in connection with that retrieved data. For the purposes of this clause, the disclosure of the vehicle identification number (VIN) with the last four digits deleted does not constitute the disclosure of the identity of the owner or driver;

(4) the data is retrieved by a licensed new motor vehicle dealer, or by an automotive technician, for the purpose of diagnosing, servicing, or repairing the motor vehicle; or

(5) the data is retrieved for the purpose of determining the need for or facilitating emergency medical response in the event of a motor vehicle crash.

Subd. 4. **Release of data.** A person, including a service or data processor operating on behalf of the person, authorized to download or otherwise retrieve data from an EDR under subdivision 3, clause (3), may not release that data, except:

(1) for the purposes of motor vehicle safety and medical research communities to advance motor vehicle safety, security, or traffic management; or

(2) to a data processor solely for the purposes permitted by this subdivision, and only if the identity of the passenger, owner, or driver is not disclosed.

Subd. 5. **Subscription services.** (a) If a motor vehicle is equipped with an EDR that is capable of recording or transmitting information as described in subdivision 2, paragraph (c), and that capability is part of a subscription service, the fact that the information may be recorded or transmitted must be disclosed in the subscription service agreement.

(b) Subdivision 3 does not apply to subscription services meeting the requirements of paragraph (a).

Subd. 6. **Application.** This section applies to all motor vehicles manufactured on or after 12 months following the date of enactment."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Hackbarth from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 3496, A bill for an act relating to the environment; modifying exemptions to noise standards; amending Minnesota Statutes 2004, section 116.07, subdivision 2a.

Reported the same back with the following amendments:

Page 1, line 22, delete the new language

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Bradley from the Committee on Health Policy and Finance to which was referred:

H. F. No. 3505, A bill for an act relating to insurance; permitting reductions in premiums on small employer health insurance in greater Minnesota; amending Minnesota Statutes 2004, sections 62A.65, subdivision 3; 62L.08, subdivision 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Commerce and Financial Institutions.

The report was adopted.

Wilkin from the Committee on Commerce and Financial Institutions to which was referred:

H. F. No. 3525, A bill for an act relating to construction codes; recodifying and modifying construction codes and licensing provisions; modifying the State Building Code; providing penalties for enforcement; instructing the revisor to renumber statutory provisions; amending Minnesota Statutes 2004, sections 16B.60, subdivisions 4, 7, 8, 11; 16B.61, as amended; 16B.615, subdivision 4; 16B.617; 16B.6175; 16B.63; 16B.65; 16B.70; 16B.72; 16B.73; 16B.735; 16B.74, subdivision 2; 16B.744; 16B.745, subdivisions 1, 4; 16B.747; 16B.748; 16B.76; 31.175; 103L.621, subdivision 3; 136F.61; 144.99, subdivision 1; 175.16, subdivision 1; 183.38; 183.39, subdivision 1; 183.411, subdivision 2; 183.45; 183.46; 183.465; 183.466; 183.48; 183.501; 183.505; 183.51, as amended; 183.54, subdivisions 1, 3; 183.56; 183.59; 183.60; 183.61, subdivisions 2, 4; 214.01, subdivision 3; 214.04, subdivision 3; 299F.011, subdivision 1; 325E.58; 326.01, subdivisions 2, 3, 4, 5, 6, 6a, 6b, 6c, 6e, 6f, 6g, 6j, 6k, 7, 8,

9; 326.241; 326.242, as amended; 326.243; 326.244, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326.2441, subdivisions 2, 7, 8, 10, 11; 326.245; 326.247; 326.248; 326.37; 326.38; 326.39; 326.40; 326.401; 326.405; 326.42, as amended; 326.46; 326.461, by adding subdivisions; 326.47, subdivisions 1, 6; 326.48; 326.50; 326.57, subdivision 1; 326.58; 326.59; 326.60; 326.601; 326.61, subdivisions 1, 2, 3, 4; 326.62; 326.65; 326.83, subdivisions 6, 7, 11, 18, 19, 20; 326.84; 326.841; 326.842; 326.86; 326.87; 326.88; 326.89; 326.90, subdivision 1; 326.91, subdivision 1; 326.92; 326.921; 326.93; 326.94; 326.95, subdivision 2; 326.96; 326.97; 326.992; 327.20, subdivision 1; 327.31, subdivisions 2, 3, 4, 7, 15, by adding a subdivision; 327.32, subdivision 8; 327.33, subdivisions 2, 6, 7; 327.34, subdivision 3; 327.35, subdivisions 1, 2; 327A.01, subdivision 2; 327B.01, subdivisions 4, 5, 7, 17, by adding subdivisions; 327B.04, subdivisions 1, 4, 7, 8; 363A.40, subdivision 1; 462.357, subdivision 6a; 462A.07, subdivision 8; 471.465; 471.466; 471.467; 471.471; Minnesota Statutes 2005 Supplement, sections 16B.04, subdivision 2; 144.122; 183.42; 183.545, by adding a subdivision; 183.57, subdivisions 1, 2, 5, 6; 214.04, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 327B; proposing coding for new law as Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2004, sections 16B.665; 16B.747, subdivision 4; 45.027, subdivisions 1, 1a, 2, 3, 4, 7, 7a, 8, 9, 11, 12; 183.001; 183.02; 183.375, subdivisions 1, 2, 3, 4, 6; 183.41, subdivisions 1, 2, 3; 183.44, subdivisions 2, 3; 183.52; 183.54, subdivision 2; 183.61, subdivisions 1, 3, 5, 6; 326.01, subdivisions 6h, 10, 11, 12, 13; 326.242, subdivisions 9, 9a, 9b, 9c, 9d, 9e, 9f, 9g, 9h, 9i, 9j, 9k, 10; 326.244, subdivision 6; 326.246; 326.2461; 326.41; 326.44; 326.45; 326.461, subdivision 3; 326.47, subdivisions 2, 5; 326.51; 326.52; 326.521; 326.64; 326.83, subdivisions 3, 4, 12, 13; 326.85; 326.875; 326.91, subdivisions 2, 3, 4; 326.945; 326.975, subdivisions 1a, 1b, 2, 3; 326.98; 326.991; 327B.05, subdivisions 2, 3, 4, 5, 6; Minnesota Statutes 2005 Supplement, sections 183.41, subdivision 4; 183.44, subdivision 1; 183.545, subdivision 9; 326.975, subdivision 1; Minnesota Rules, parts 2809.0230; 2891.0010; 2891.0030; 3800.2650; 3800.3580; 3800.3590; 3800.3630; 3800.3750; 3800.3835; 4715.5600; 4715.5900; 4717.7000, subpart 1, item I; 5225.8600, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9; 5230.0010; 5230.0020; 5230.0040.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Governmental Operations and Veterans Affairs without further recommendation.

The report was adopted.

Wilkin from the Committee on Commerce and Financial Institutions to which was referred:

H. F. No. 3526, A bill for an act relating to commerce; providing an expedited process for the judicial review of financing statements; establishing civil and criminal liability for fraudulent or otherwise improper financing statements; amending Minnesota Statutes 2005 Supplement, section 609.749, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 545; 604; 609.

Reported the same back with the following amendments:

Page 3, line 5, delete "(either facsimile or e-mail contact is required)"

Page 3, line 6, delete "(either facsimile or e-mail contact is required)"

Page 5, line 13, delete "(either facsimile or e-mail contact is required)"

Page 5, line 14, delete "(either facsimile or e-mail contact is required)"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Buesgens from the Committee on Education Policy and Reform to which was referred:

H. F. No. 3534, A bill for an act relating to education; establishing an advisory task force to recommend options for accelerated K-12 science and mathematics programs throughout Minnesota.

Reported the same back with the following amendments:

Page 1, line 5, after "K-12" insert "TECHNOLOGY,"

Page 1, line 6, after "SCIENCE" insert a comma

Page 1, lines 7 and 14, after "K-12" insert "technology," and after "science" insert a comma

Page 1, lines 9, 11, 13, 17, and 21, after "accelerated" insert "technology," and after "science" insert a comma

Page 1, delete line 19, and insert "satellite technology, science, and mathematics centers, a consortium of available accelerated technology, science,"

Page 2, lines 4, 7, and 14, after "K-12" insert "technology," and after "science" insert a comma

Page 2, line 6, after "in" insert "technology," and after "science" insert a comma

Page 2, lines 8, 9, and 12, after "accelerated" insert "technology," and after "science" insert a comma

Page 2, lines 26 and 31, before "mathematics" insert "technology," and after "mathematics" insert a comma

Page 3, line 4, after "accelerated" insert "technology," and after "science" insert a comma

Amend the title as follows:

Page 1, line 3, after "K-12" insert "technology," and after "science" insert a comma

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs.

The report was adopted.

Tingelstad from the Committee on Governmental Operations and Veterans Affairs to which was referred:

H. F. No. 3590, A bill for an act relating to human services; establishing a pharmacy payment reform advisory committee; providing for a study; requiring a report to the legislature.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health Policy and Finance.

The report was adopted.

Seifert from the Committee on State Government Finance to which was referred:

H. F. No. 3600, A bill for an act relating to capital investment; appropriating money for purposes relating to restoration of the State Capitol Building and the Ford Building; authorizing the issuance of general obligation bonds.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **APPROPRIATION; CAPITOL RESTORATION; FORD BUILDING.**

(a) \$3,184,000 is appropriated from the bond proceeds fund to the Capitol Area Architectural and Planning Board for:

(1) completion of the design for interior restoration of the east wing of the Capitol Building; and

(2) full restoration of the dome of the Capitol Building.

(b) \$13,400,000 is appropriated from the bond proceeds fund to the commissioner of administration for renovation of the Ford Building so that the building can be used as temporary office space during restoration of the Capitol.

Sec. 2. **REPORT.**

The Capitol Area Architectural and Planning Board must report to the chairs of the house and senate committees with jurisdiction over state government finance and capital investment by January 3, 2007, with an updated bonding request reflecting the projected cost of the restoration of the east wing of the Capitol.

Sec. 3. **FORD BUILDING RENT.**

Notwithstanding any law to the contrary, the money appropriated in this act or another law enacted in 2006 to pay for renovation of the Ford Building must not be recovered through rent charged to tenants of the building. The purpose of this section is to ensure that rent for space in this historic building is comparable to rent in other state-owned buildings.

Sec. 4. **FUNDING FOR REPAIR OF CAPITOL DOME.**

Notwithstanding Laws 2005, chapter 20, article 1, section 14, subdivision 3, restoration of the dome in the Capitol Building will be funded with money appropriated by law.

Sec. 5. **BOND SALE.**

To provide the money appropriated by section 1 from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$..... in the manner, on the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Capital Investment.

The report was adopted.

Gunther from the Committee on Jobs and Economic Opportunity Policy and Finance to which was referred:

H. F. No. 3618, A bill for an act relating to human services; making technical changes; modifying commissioner's duties, county board duties, education programs, safety requirements, licensing requirements, disqualification provisions, chemical dependency care, agency appeals and hearings, day treatment services, alternative care funding, clinical infrastructures, property costs, co-payments and coinsurance, adoption provisions, children in need of protection; amending Minnesota Statutes 2004, sections 144.225, subdivision 2b; 245A.04, subdivision 11; 254A.03, subdivision 3; 254A.16, subdivision 2; 254B.02, subdivisions 1, 5; 254B.03, subdivisions 1, 3; 254B.06, subdivision 3; 256.0451, subdivisions 1, 3, 11, 19; 256B.0625, subdivision 23; 256B.0913, subdivision 1; 256B.0943, subdivisions 9, 11; 256B.431, subdivisions 1, 3f, 17e; 260B.157, subdivision 1; Minnesota Statutes 2005 Supplement, sections 245.4874; 245A.14, subdivision 12; 245A.18, subdivision 2; 245C.07; 245C.13, subdivision 2; 245C.15, subdivisions 2, 3; 245C.22, subdivision 7; 245C.24, subdivision 3; 256.046, subdivision 1; 256B.0625, subdivision 13c; 256B.0913, subdivision 4; 256B.0943, subdivisions 6, 12; 256L.03, subdivision 5; 259.67, subdivision 4; 260.012; 626.556, subdivision 2; Laws 2005, chapter 98, article 3, section 25; repealing Minnesota Statutes 2004, sections 252.21; 252.22; 252.23; 252.24, subdivisions 1, 2, 3, 4; 252.25; 252.261; 254A.02, subdivisions 7, 9, 12, 14, 15, 16; 254A.085; 254A.086; 254A.12; 254A.14, subdivisions 1, 2, 3; 254A.15; 254A.16, subdivision 5; 254A.175; 254A.18; Minnesota Statutes 2005 Supplement, section 252.24, subdivision 5; Minnesota Rules, part 9503.0035, subpart 2.

Reported the same back with the following amendments:

Page 2, line 1, strike "injury" and insert "harm"

Page 32, line 28, delete "is" and insert "will be"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health Policy and Finance.

The report was adopted.

Erhardt from the Committee on Transportation to which was referred:

H. F. No. 3656, A bill for an act relating to transportation; commuter rail; authorizing the commissioner to contract for use of railroad right-of-way; regulating civil liability; amending Minnesota Statutes 2004, section 174.82.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Civil Law and Elections.

The report was adopted.

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 3666, A bill for an act relating to agriculture; appropriating money for a grant to Second Harvest food banks for the purchase of milk.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Agriculture, Environment and Natural Resources Finance.

The report was adopted.

Davids from the Committee on Agriculture and Rural Development to which was referred:

H. F. No. 3670, A bill for an act relating to agriculture; changing certain food law provisions; amending Minnesota Statutes 2004, sections 25.33, subdivision 11; 25.39, subdivisions 2, 3; 25.40; 25.41, subdivisions 1, 2, 4, 7, by adding a subdivision; 25.42, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Erhardt from the Committee on Transportation to which was referred:

H. F. No. 3718, A bill for an act relating to transportation; requiring language that the state will purchase plug-in hybrid electric vehicles when commercially available to be inserted in certain bid documents; appropriating money for the retrofitting of flexible fuel vehicles to operate as plug-in hybrid electric vehicles.

Reported the same back with the following amendments:

Page 1, line 16, before "All" insert "(a)"

Page 1, delete line 17 and insert "documents for the purchase of a passenger automobile, as defined in section 168.011, subdivision 7; pickup truck, as defined in section 168.011, subdivision 29; or van, as defined in section 168.011, subdivision 28, issued under the jurisdiction of the Department of Administration"

Page 1, line 22, delete "at least 500" and delete "within a year" and insert "whenever practicable"

Page 1, line 23, delete ", and to purchase at least 1,000 plug-in hybrid electric"

Page 1, line 24, delete "vehicles annually" and insert "and" and delete "beginning two years"

Page 1, after line 25, insert:

"(b) For information purposes, state agencies purchase approximately 800 of the vehicles identified in paragraph (a) per year."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2867, 3111, 3211 and 3670 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Beard introduced:

H. F. No. 3871, A bill for an act relating to airports; requiring the commissioner of transportation and local units of government to adopt a model zoning ordinance to limit height of objects around airports; proposing coding for new law in Minnesota Statutes, chapter 360.

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

Davids introduced:

H. F. No. 3872, A bill for an act relating to highways; amending requirements for financial assistance from the town bridge account; amending Minnesota Statutes 2004, section 161.082, subdivision 2a, by adding a subdivision.

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

Sertich introduced:

H. F. No. 3873, A bill for an act relating to employment; prohibiting employers from requiring employees to attend certain mandatory meetings; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Jobs and Economic Opportunity Policy and Finance.

Olson and Haws introduced:

H. F. No. 3874, A bill for an act relating to education; removing certain limitation to receiving a regional library basic system support grant; repealing Minnesota Statutes 2004, section 134.34, subdivision 4.

The bill was read for the first time and referred to the Committee on Education Policy and Reform.

Tingelstad introduced:

H. F. No. 3875, A bill for an act relating to public employee labor relations; encouraging the settlement of grievances prior to arbitration; providing for offers of settlement prior to arbitration; providing for the assessment of costs against a party refusing an offer of settlement that is more favorable to the offeree than the final arbitration award; amending Minnesota Statutes 2004, section 179A.21, by adding a subdivision.

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

Finstad introduced:

H. F. No. 3876, A bill for an act relating to counties; removing limit in county expenditures for soldiers' rest; amending Minnesota Statutes 2004, section 375.36, subdivision 1.

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

Peppin introduced:

H. F. No. 3877, A bill for an act relating to occupational licensing; eliminating licensing requirements for power limited technicians; amending Minnesota Statutes 2004, sections 326.01, subdivision 6k; 326.241, subdivision 1; 326.242, subdivisions 5, 6c, 8, 12; 326.2421, subdivision 2; Minnesota Statutes 2005 Supplement, section 326.242, subdivision 3d.

The bill was read for the first time and referred to the Committee on Commerce and Financial Institutions.

Samuelson, Abeler, Huntley, Otremba and Tingelstad introduced:

H. F. No. 3878, A bill for an act relating to human services; establishing a reverse mortgage incentive program; establishing eligibility standards, benefits, and other requirements; appropriating money; amending Minnesota Statutes 2004, sections 47.58, subdivision 8; 256.01, by adding a subdivision; 256.975, subdivision 7; 256B.0911, subdivision 3a; 256B.0913, by adding a subdivision; 462A.05, by adding subdivisions; Minnesota Statutes 2005 Supplement, sections 256B.0911, subdivision 1a; 287.04.

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

Abrams, Gazelka and Mahoney introduced:

H. F. No. 3879, A bill for an act relating to vocational rehabilitation; modifying the definition of "supported employment"; amending Minnesota Statutes 2004, section 268A.01, subdivision 13.

The bill was read for the first time and referred to the Committee on Jobs and Economic Opportunity Policy and Finance.

Meslow and Kahn introduced:

H. F. No. 3880, A bill for an act relating to health; expanding treatment for breast and cervical cancer coverage under medical assistance; appropriating money; amending Minnesota Statutes 2004, section 256B.057, subdivision 10.

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

Cox introduced:

H. F. No. 3881, A bill for an act relating to education finance; authorizing Independent School District No. 716, Belle Plaine, to use health and safety revenue raised through the sale of bonds for other necessary health and safety building projects.

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

Vandever; Gunther; Scalze; Rukavina; Krinkie; Abeler; Emmer; Ozment; Gazelka; Ruth; Anderson, B.; DeLaForest; Beard and Westerberg introduced:

H. F. No. 3882, A bill for an act relating to taxation; property; expanding the class 4c property classification to certain nonprofit community service oriented organizations; amending Minnesota Statutes 2005 Supplement, section 273.13, subdivision 25.

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

Peterson, A.; Larson; Davids; Rukavina; Sailer; Thissen; Sertich; Juhnke and Lieder introduced:

H. F. No. 3883, A bill for an act relating to energy; requiring utilities to meet certain renewable energy standards; amending Minnesota Statutes 2004, section 216B.1691.

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

Haws introduced:

H. F. No. 3884, A bill for an act relating to public safety; requiring an additional gang strike force; amending Minnesota Statutes 2005 Supplement, section 299A.641, subdivision 3.

The bill was read for the first time and referred to the Committee on Public Safety Policy and Finance.

Kelliher introduced:

H. F. No. 3885, A bill for an act relating to health care; establishing a regulatory system for hair transplant surgery facilities; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Sailer introduced:

H. F. No. 3886, A bill for an act relating to drivers' licenses; providing for use of tribal documents; amending Minnesota Statutes 2004, section 171.06, by adding a subdivision.

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

Mullery and Carlson introduced:

H. F. No. 3887, A bill for an act relating to historic preservation; creating an implementation and steering task force to develop strategies for the restoration of the Victory Memorial Drive Historic District in Hennepin County; requiring reports to the legislature.

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

Goodwin introduced:

H. F. No. 3888, A bill for an act relating to utilities; changing calendar quarter when assessment adjustments must be made by Department of Commerce; amending Minnesota Statutes 2004, section 116C.69, subdivision 3.

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

Kahn and Loeffler introduced:

H. F. No. 3889, A bill for an act relating to taxation; requiring registration of certain relative homestead properties; amending Minnesota Statutes 2004, section 273.124, by adding a subdivision.

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

Soderstrom introduced:

H. F. No. 3890, A bill for an act relating to real estate appraisers; regulating trainees; modifying appraiser education, experience, and examination requirements; amending Minnesota Statutes 2004, section 82B.11, subdivisions 2, 3; Minnesota Statutes 2005 Supplement, sections 82B.095; 82B.13, subdivisions 1, 4, 5, by adding subdivisions; 82B.14.

The bill was read for the first time and referred to the Committee on Commerce and Financial Institutions.

Mahoney and Gunther introduced:

H. F. No. 3891, A bill for an act relating to economic development; appropriating money to the commissioner of employment and economic development for University Enterprise Laboratories.

The bill was read for the first time and referred to the Committee on Jobs and Economic Opportunity Policy and Finance.

Fritz introduced:

H. F. No. 3892, A bill for an act relating to capital improvements; appropriating money for a new wastewater treatment facility in Medford; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Jobs and Economic Opportunity Policy and Finance.

Hosch, Welti, Haws, Lillie, Ruud, Hortman and Dittrich introduced:

H. F. No. 3893, A bill for an act relating to legislative organization; prohibiting per diem payments to legislators during special sessions called due to failure of the legislature to pass major budget bills; amending Minnesota Statutes 2004, section 3.099, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch, Haws, Kahn and Loeffler introduced:

H. F. No. 3894, A bill for an act relating to public safety; creating permanent restraining orders upon continued harassment; amending Minnesota Statutes 2004, section 609.748, subdivisions 3, 5.

The bill was read for the first time and referred to the Committee on Public Safety Policy and Finance.

Hosch, Haws, Lillie and Loeffler introduced:

H. F. No. 3895, A bill for an act relating to legislative organization; prohibiting identical bills from being introduced; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch, Haws and Beard introduced:

H. F. No. 3896, A bill for an act relating to legislative organization; requiring all conference committee provisions to have been passed by one or the other body; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch, Haws and Beard introduced:

H. F. No. 3897, A bill for an act relating to legislative organization; requiring sessions in the even year to be held after the February forecast; amending Minnesota Statutes 2004, section 16A.103, by adding a subdivision.

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

Hosch and Haws introduced:

H. F. No. 3898, A bill for an act relating to legislative organization; allowing the entire legislature a vote on budget bills when the budget has not been passed; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch and Haws introduced:

H. F. No. 3899, A bill for an act relating to legislative organization; prohibiting members from introducing more than 20 bills in any biennium; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch, Haws and Lillie introduced:

H. F. No. 3900, A bill for an act relating to legislative organization; requiring all bills to be heard in committee; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Hosch and Haws introduced:

H. F. No. 3901, A bill for an act relating to legislative organization; prohibiting the introduction of bills after the third legislative deadline; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Ellison and Paymar introduced:

H. F. No. 3902, A bill for an act relating to public safety; appropriating funds for the project SOAR prisoner reentry program.

The bill was read for the first time and referred to the Committee on Public Safety Policy and Finance.

Greiling and Carlson introduced:

H. F. No. 3903, A bill for an act relating to education finance; authorizing funding to continue the scholars of distinction program; appropriating money.

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

Davnie introduced:

H. F. No. 3904, A bill for an act relating to insurance; regulating nonrenewals of homeowner's insurance; prohibiting various discriminatory practices in automobile and homeowner's insurance; amending Minnesota Statutes 2004, sections 65A.29, subdivision 8; 65B.28, subdivision 1; 72A.20, subdivision 23; Minnesota Statutes 2005 Supplement, section 72A.20, subdivision 13.

The bill was read for the first time and referred to the Committee on Commerce and Financial Institutions.

Seifert, by request, introduced:

H. F. No. 3905, A bill for an act relating to veterans; appropriating money to assist disabled veterans at Southwest Minnesota State University.

The bill was read for the first time and referred to the Committee on State Government Finance.

Cybart introduced:

H. F. No. 3906, A bill for an act relating to government employees; changing the definition of essential employees; amending Minnesota Statutes 2005 Supplement, section 179A.03, subdivision 7.

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

Ozment introduced:

H. F. No. 3907, A bill for an act relating to public safety; public safety plan disabilitant health care coverage; authorizing review by a police officer/firefighter disability review panel of a pre-2005 disability involving a city of Richfield firefighter.

The bill was read for the first time and referred to the Committee on Public Safety Policy and Finance.

Buesgens introduced:

H. F. No. 3908, A bill for an act relating to education; authorizing schools to use an interdisciplinary teaching and learning program model; providing for an interdisciplinary teaching license; providing for rulemaking; proposing coding for new law in Minnesota Statutes, chapter 122A.

The bill was read for the first time and referred to the Committee on Education Policy and Reform.

Simon introduced:

H. F. No. 3909, A bill for an act relating to elections; authorizing alternative methods of voting in city elections; permitting instant runoff voting; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 205.

The bill was read for the first time and referred to the Committee on Civil Law and Elections.

Paulsen and Sykora introduced:

H. F. No. 3910, A bill for an act relating to education; proposing a Chinese language curriculum project to systematically develop Chinese language programs in Minnesota; appropriating money.

The bill was read for the first time and referred to the Committee on Education Policy and Reform.

Cox; Hamilton; Kelliher; Mahoney; Lanning; Samuelson; Dean; Walker; Abeler; Peterson, N.; McNamara; Davnie; Nelson, P.; Hornstein; Kahn; Ellison; Urdahl; Meslow; Magnus and Otremba introduced:

H. F. No. 3911, A bill for an act relating to higher education; regulating the charging of resident tuition; proposing coding for new law in Minnesota Statutes, chapter 135A.

The bill was read for the first time and referred to the Committee on Higher Education Finance.

Lanning, Davnie, Sertich and Gunther introduced:

H. F. No. 3912, A bill for an act relating to housing; adjusting deed tax percentage; providing rental housing assistance; establishing a housing account for leverage opportunity; appropriating money; amending Minnesota Statutes 2004, sections 462A.201, by adding a subdivision; 462A.33, by adding a subdivision; Minnesota Statutes 2005 Supplement, section 287.21, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 462A.

The bill was read for the first time and referred to the Committee on Jobs and Economic Opportunity Policy and Finance.

Bradley and Nelson, P., introduced:

H. F. No. 3913, A bill for an act relating to human services; requiring the commissioner of human services to establish annual reimbursement schedules and reimbursement limits for critical access dental providers; appropriating money for critical access dental provider reimbursement; amending Minnesota Statutes 2004, section 256B.76.

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

Latz introduced:

H. F. No. 3914, A bill for an act relating to child protection; clarifying investigative and reporting responsibilities under the child maltreatment reporting act; amending Minnesota Statutes 2004, section 626.556, subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, section 626.556, subdivisions 2, 3.

The bill was read for the first time and referred to the Committee on Civil Law and Elections.

Moe introduced:

H. F. No. 3915, A bill for an act relating to agriculture; providing a two-year moratorium on genetically engineered wild rice in the event of an application for a test plot; requiring assessment and reports during the moratorium; proposing coding for new law in Minnesota Statutes, chapter 18F.

The bill was read for the first time and referred to the Committee on Agriculture and Rural Development.

Brod introduced:

H. F. No. 3916, A bill for an act relating to human services; establishing the Minnesota pharmacy access program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

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

Hosch; Hornstein; Samuelson; Lanning; Hilstrom; Marquart; Charron; Wardlow; Peterson, N., and Lenczewski introduced:

H. F. No. 3917, A bill for an act relating to local government; establishing an advisory task force to make recommendations on changes to the municipal boundary adjustment law; appropriating money.

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

MESSAGES FROM THE SENATE

The following message was received from 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. 2985, A bill for an act relating to funerals; prohibiting the disruption of a funeral, burial service, or memorial service; creating penalties and providing civil remedy; proposing coding for new law in Minnesota Statutes, chapter 609.

The Senate has appointed as such committee:

Senators Betzold, Skoglund and Neuville.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONSENT CALENDAR

H. F. No. 2697, A bill for an act relating to traffic regulations; authorizing use of communications headset by firefighters operating an emergency vehicle in emergency; amending Minnesota Statutes 2004, section 169.471, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Buesgens	Cox	DeLaForest	Dorman
Abrams	Bernardy	Carlson	Cybart	Demmer	Dorn
Anderson, B.	Blaine	Charron	Davids	Dempsey	Eastlund
Anderson, I.	Bradley	Clark	Davnie	Dill	Eken
Atkins	Brod	Cornish	Dean	Dittrich	Ellison

Emmer	Hilty	Kohls	Murphy	Rukavina	Thissen
Entenza	Holberg	Krinkie	Nelson, M.	Ruth	Tingelstad
Erhardt	Hoppe	Lanning	Nelson, P.	Ruud	Urdahl
Erickson	Hornstein	Larson	Newman	Sailer	Vandev eer
Finstad	Hortman	Latz	Nornes	Samuelson	Wagenius
Fritz	Hosch	Lenczewski	Olson	Scalze	Walker
Garofalo	Howes	Lesch	Otremba	Seifert	Wardlow
Gazelka	Huntley	Liebling	Ozment	Sertich	Walti
Goodwin	Jaros	Lieder	Paulsen	Severson	Westerberg
Greiling	Johnson, J.	Lillie	Paymar	Sieben	Westrom
Gunther	Johnson, R.	Loeffler	Pelowski	Simon	Wilkin
Hackbarth	Johnson, S.	Magnus	Penas	Simpson	Zellers
Hamilton	Juhnke	Mahoney	Peppin	Slawik	Spk. Sviggum
Hansen	Kahn	Marquart	Peterson, A.	Smith	
Hausman	Kelliher	McNamara	Peterson, N.	Soderstrom	
Haws	Klinzing	Meslow	Peterson, S.	Solberg	
Heidgerken	Knoblach	Moe	Poppe	Sykora	
Hilstrom	Koenen	Mullery	Powell	Thao	

The bill was passed and its title agreed to.

H. F. No. 2746, A bill for an act relating to real property; providing a procedure for conveying title to real property held by a custodian; proposing coding for new law in Minnesota Statutes, chapter 501B.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Larson	Paulsen	Smith
Abrams	Dittrich	Hilstrom	Latz	Paymar	Soderstrom
Anderson, B.	Dorman	Hilty	Lenczewski	Pelowski	Solberg
Anderson, I.	Dorn	Holberg	Lesch	Penas	Sykora
Atkins	Eastlund	Hoppe	Liebling	Peppin	Thao
Beard	Eken	Hornstein	Lieder	Peterson, A.	Thissen
Bernardy	Ellison	Hortman	Lillie	Peterson, N.	Tingelstad
Blaine	Emmer	Hosch	Loeffler	Peterson, S.	Urdahl
Bradley	Entenza	Howes	Magnus	Poppe	Vandev eer
Brod	Erhardt	Huntley	Mahoney	Powell	Wagenius
Buesgens	Erickson	Jaros	Marquart	Rukavina	Walker
Carlson	Finstad	Johnson, J.	McNamara	Ruth	Wardlow
Charron	Fritz	Johnson, R.	Meslow	Ruud	Walti
Clark	Garofalo	Johnson, S.	Moe	Sailer	Westerberg
Cornish	Gazelka	Juhnke	Mullery	Samuelson	Westrom
Cox	Goodwin	Kahn	Murphy	Scalze	Wilkin
Cybart	Greiling	Kelliher	Nelson, M.	Seifert	Zellers
Davids	Gunther	Klinzing	Nelson, P.	Sertich	Spk. Sviggum
Davnie	Hackbarth	Knoblach	Newman	Severson	
Dean	Hamilton	Koenen	Nornes	Sieben	
DeLaForest	Hansen	Kohls	Olson	Simon	
Demmer	Hausman	Krinkie	Otremba	Simpson	
Dempsey	Haws	Lanning	Ozment	Slawik	

The bill was passed and its title agreed to.

H. F. No. 2998, A bill for an act relating to labor; providing that a certain provision on arbitrations for firefighters does not expire; amending Minnesota Statutes 2004, section 179A.16, subdivision 7a.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Larson	Paulsen	Smith
Abrams	Dittrich	Hilstrom	Latz	Paymar	Soderstrom
Anderson, B.	Dorman	Hilty	Lenczewski	Pelowski	Solberg
Anderson, I.	Dorn	Holberg	Lesch	Penas	Sykora
Atkins	Eastlund	Hoppe	Liebling	Peppin	Thao
Beard	Eken	Hornstein	Lieder	Peterson, A.	Thissen
Bernardy	Ellison	Hortman	Lillie	Peterson, N.	Tingelstad
Blaine	Emmer	Hosch	Loeffler	Peterson, S.	Urdahl
Bradley	Entenza	Howes	Magnus	Poppe	Vandever
Brod	Erhardt	Huntley	Mahoney	Powell	Wagenius
Buesgens	Erickson	Jaros	Marquart	Rukavina	Walker
Carlson	Finstad	Johnson, J.	McNamara	Ruth	Wardlow
Charron	Fritz	Johnson, R.	Meslow	Ruud	Welti
Clark	Garofalo	Johnson, S.	Moe	Sailer	Westerberg
Cornish	Gazelka	Juhnke	Mullery	Samuelson	Westrom
Cox	Goodwin	Kahn	Murphy	Scalze	Wilkin
Cybart	Greiling	Kelliher	Nelson, M.	Seifert	Zellers
Davids	Gunther	Klinzing	Nelson, P.	Sertich	Spk. Sviggum
Davnie	Hackbarth	Knoblauch	Newman	Severson	
Dean	Hamilton	Koenen	Nornes	Sieben	
DeLaForest	Hansen	Kohls	Olson	Simon	
Demmer	Hausman	Krinkie	Otremba	Simpson	
Dempsey	Haws	Lanning	Ozment	Slawik	

The bill was passed and its title agreed to.

H. F. No. 3243, A bill for an act relating to the military; providing certain protections to persons ordered into active military service; amending Minnesota Statutes 2004, section 190.055.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bernardy	Charron	Davnie	Dittrich	Emmer
Abrams	Blaine	Clark	Dean	Dorman	Entenza
Anderson, B.	Bradley	Cornish	DeLaForest	Dorn	Erhardt
Anderson, I.	Brod	Cox	Demmer	Eastlund	Erickson
Atkins	Buesgens	Cybart	Dempsey	Eken	Finstad
Beard	Carlson	Davids	Dill	Ellison	Fritz

Garofalo	Hosch	Latz	Newman	Ruud	Tingelstad
Gazelka	Howes	Lenczewski	Nornes	Sailer	Urdahl
Goodwin	Huntley	Lesch	Olson	Samuelson	Vandever
Greiling	Jaros	Liebling	Otremba	Scalze	Wagenius
Gunther	Johnson, J.	Lieder	Ozment	Seifert	Walker
Hackbarth	Johnson, R.	Lillie	Paulsen	Sertich	Wardlow
Hamilton	Johnson, S.	Loeffler	Paymar	Severson	Walti
Hansen	Juhnke	Magnus	Pelowski	Sieben	Westerberg
Hausman	Kahn	Mahoney	Penas	Simon	Westrom
Haws	Kelliher	Marquart	Peppin	Simpson	Wilkin
Heidgerken	Klinzing	McNamara	Peterson, A.	Slawik	Zellers
Hilstrom	Knoblach	Meslow	Peterson, N.	Smith	Spk. Sviggum
Hilty	Koenen	Moe	Peterson, S.	Soderstrom	
Holberg	Kohls	Mullery	Poppe	Solberg	
Hoppe	Krinkie	Murphy	Powell	Sykora	
Hornstein	Lanning	Nelson, M.	Rukavina	Thao	
Hortman	Larson	Nelson, P.	Ruth	Thissen	

The bill was passed and its title agreed to.

H. F. No. 3310, A bill for an act relating to state government; authorizing advance deposits or payments for boat slip rental; amending Minnesota Statutes 2004, section 16A.065.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage 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	Dempsey	Hausman	Kohls	Olson	Sieben
Abrams	Dill	Haws	Krinkie	Otremba	Simon
Anderson, B.	Dittrich	Heidgerken	Lanning	Ozment	Simpson
Anderson, I.	Dorman	Hilstrom	Larson	Paulsen	Slawik
Atkins	Dorn	Hilty	Latz	Paymar	Smith
Beard	Eastlund	Holberg	Lenczewski	Pelowski	Soderstrom
Bernardy	Eken	Hoppe	Lesch	Penas	Solberg
Blaine	Ellison	Hornstein	Liebling	Peppin	Sykora
Bradley	Emmer	Hortman	Lieder	Peterson, A.	Thao
Brod	Entenza	Hosch	Lillie	Peterson, N.	Thissen
Buesgens	Erhardt	Howes	Magnus	Peterson, S.	Tingelstad
Carlson	Erickson	Huntley	Mahoney	Poppe	Urdahl
Charron	Finstad	Jaros	Marquart	Powell	Vandever
Clark	Fritz	Johnson, J.	McNamara	Rukavina	Wagenius
Cornish	Garofalo	Johnson, R.	Meslow	Ruth	Walker
Cox	Gazelka	Johnson, S.	Moe	Ruud	Wardlow
Cybart	Goodwin	Juhnke	Mullery	Sailer	Walti
Davids	Greiling	Kahn	Murphy	Samuelson	Westerberg
Davnie	Gunther	Kelliher	Nelson, M.	Scalze	Westrom
Dean	Hackbarth	Klinzing	Nelson, P.	Seifert	Wilkin
DeLaForest	Hamilton	Knoblach	Newman	Sertich	Zellers
Demmer	Hansen	Koenen	Nornes	Severson	Spk. Sviggum

The bill was passed and its title agreed to.

H. F. No. 3515, A bill for an act relating to local government; authorizing cities to operate preventive health services programs; amending Minnesota Statutes 2004, section 15.46.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Larson	Paulsen	Smith
Abrams	Dittrich	Hilstrom	Latz	Paymar	Soderstrom
Anderson, B.	Dorman	Hilty	Lenczewski	Pelowski	Solberg
Anderson, I.	Dorn	Holberg	Lesch	Penas	Sykora
Atkins	Eastlund	Hoppe	Liebling	Peppin	Thao
Beard	Eken	Hornstein	Lieder	Peterson, A.	Thissen
Bernardy	Ellison	Hortman	Lillie	Peterson, N.	Tingelstad
Blaine	Emmer	Hosch	Loeffler	Peterson, S.	Urdahl
Bradley	Entenza	Howes	Magnus	Poppe	Vandevier
Brod	Erhardt	Huntley	Mahoney	Powell	Wagenius
Buesgens	Erickson	Jaros	Marquart	Rukavina	Walker
Carlson	Finstad	Johnson, J.	McNamara	Ruth	Wardlow
Charron	Fritz	Johnson, R.	Meslow	Ruud	Walti
Clark	Garofalo	Johnson, S.	Moe	Sailer	Westerberg
Cornish	Gazelka	Juhnke	Mullery	Samuelson	Westrom
Cox	Goodwin	Kahn	Murphy	Scalze	Wilkin
Cybart	Greiling	Kelliher	Nelson, M.	Seifert	Zellers
Davids	Gunther	Klinzing	Nelson, P.	Sertich	Spk. Sviggum
Davnie	Hackbarth	Knoblach	Newman	Severson	
Dean	Hamilton	Koenen	Nornes	Sieben	
DeLaForest	Hansen	Kohls	Olson	Simon	
Demmer	Hausman	Krinkie	Otremba	Simpson	
Dempsey	Haws	Lanning	Ozment	Slawik	

The bill was passed and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Paulsen from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Thursday, March 23, 2006:

S. F. No. 1878; and H. F. Nos. 3285 and 2994.

CALENDAR FOR THE DAY

S. F. No. 1878 was reported to the House.

Kohls moved to amend S. F. No. 1878 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 3263, the first engrossment:

"Section 1. **CARVER COUNTY; AUDITOR, TREASURER, AND RECORDER MAY BE APPOINTED.**

Subdivision 1. **Authority to make offices appointive.** Notwithstanding Minnesota Statutes, section 382.01, upon adoption of a resolution by the Carver County Board of Commissioners, the offices of county auditor, county treasurer, and county recorder are not elective but must be filled by appointment by the county board as provided in the resolution.

Subd. 2. **Board controls; may change as long as duties done.** Upon adoption of a resolution by the Carver County Board of Commissioners and subject to subdivisions 3 and 4, the duties of the elected official required by statute, whose office is made appointive as authorized by this section, must be discharged by the Board of Commissioners of Carver County acting through a division head appointed by the board for that purpose. A reorganization, reallocation, delegation, or other administrative change or transfer does not diminish, prohibit, or avoid the discharge of duties required by statute.

Subd. 3. **Incumbents to complete term.** The person elected at the last general election to a position made appointive under this section must serve in that capacity and perform the duties, functions, and responsibilities required by statute until the completion of the term of office to which the person was elected or until a vacancy occurs in the office, whichever occurs earlier.

Subd. 4. **Publishing resolution; petition, referendum.** The county board may provide for the appointment of the county auditor, county treasurer, and the county recorder, as permitted in this section if the resolution to make the office appointive is approved by at least 80 percent of the members of the county board. Before the adoption of the resolution, the county board must publish a resolution notifying the public of its intent to consider adopting the option once each week for two consecutive weeks in the official publication of the county. Following the publication, the county board must provide an opportunity at its next regular meeting for public comment relating to the option, before formally adopting the option. The resolution may be implemented without the submission of the question to the voters of the county unless, within 30 days after the second publication of the resolution, a petition requesting a referendum, signed by at least ten percent of the voters registered in the last general election of the county, is filed with the county auditor. If a petition is filed, the resolution may be implemented unless disapproved by a majority of the voters of the county voting on the question at a regular or special election.

Subd. 5. **Effective date; local approval.** This section is effective the day after the governing body of Carver County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Delete the title and insert:

"A bill for an act relating to Carver County; providing for the county board to appoint county recorder, county auditor, and county treasurer; providing for a referendum option to determine if an office is appointive in Carver County."

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

S. F. No. 1878, A bill for an act relating to Carver and Renville Counties; providing for each county board to appoint county recorder, county auditor, and county treasurer; providing for a referendum option to determine if an office is appointive in Carver and Renville Counties.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 68 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorman	Hoppe	Lieder	Peterson, N.	Tingelstad
Beard	Dorn	Howes	Lillie	Peterson, S.	Urdahl
Bradley	Eken	Huntley	Loeffler	Poppe	Wagenius
Brod	Erhardt	Jaros	Magnus	Powell	Wardlow
Clark	Garofalo	Johnson, R.	Mahoney	Rukavina	Walti
Cornish	Greiling	Johnson, S.	McNamara	Ruth	Wilkin
Cox	Gunther	Kelliher	Meslow	Samuelson	Zellers
Cybart	Hackbarth	Klinzing	Moe	Scalze	Spk. Sviggum
Davnie	Hamilton	Koenen	Ozment	Sertich	
DeLaForest	Hausman	Kohls	Pelowski	Simon	
Demmer	Haws	Lanning	Penas	Solberg	
Dittrich	Holberg	Liebling	Peterson, A.	Sykora	

Those who voted in the negative were:

Abeler	Dempsey	Hansen	Krinkie	Nornes	Simpson
Abrams	Dill	Heidgerken	Larson	Olson	Slawik
Anderson, B.	Eastlund	Hilstrom	Latz	Otremba	Smith
Atkins	Ellison	Hilty	Lenczewski	Paulsen	Soderstrom
Bernardy	Emmer	Hornstein	Lesch	Paymar	Thao
Blaine	Entenza	Hortman	Marquart	Peppin	Thissen
Buesgens	Erickson	Hosch	Mullery	Ruud	Vandever
Carlson	Finstad	Johnson, J.	Murphy	Sailer	Walker
Charron	Fritz	Juhnke	Nelson, M.	Seifert	Westerberg
Davids	Gazelka	Kahn	Nelson, P.	Severson	Westrom
Dean	Goodwin	Knoblach	Newman	Sieben	

The bill was passed, as amended, and its title agreed to.

H. F. No. 3285, A bill for an act relating to metropolitan land use planning; removing the requirement for metropolitan council review of school district capital improvement programs; amending Minnesota Statutes 2004, sections 473.175; 473.851; 473.852, subdivision 4; 473.854; 473.856; 473.857, subdivisions 1, 3; 473.864.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Kohls	Nornes	Severson
Abrams	Dill	Haws	Krinkie	Olson	Sieben
Anderson, B.	Dittrich	Heidgerken	Lanning	Otremba	Simon
Anderson, I.	Dorman	Hilstrom	Larson	Ozment	Simpson
Atkins	Dorn	Hilty	Latz	Paulsen	Slawik
Beard	Eastlund	Holberg	Lenczewski	Paymar	Smith
Bernardy	Eken	Hoppe	Lesch	Pelowski	Soderstrom
Blaine	Ellison	Hornstein	Liebling	Penas	Solberg
Bradley	Emmer	Hortman	Lieder	Peppin	Sykora
Brod	Entenza	Hosch	Lillie	Peterson, A.	Thao
Buesgens	Erhardt	Howes	Loeffler	Peterson, N.	Thissen
Carlson	Erickson	Huntley	Magnus	Peterson, S.	Tingelstad
Charron	Finstad	Jaros	Mahoney	Poppe	Urdahl
Clark	Fritz	Johnson, J.	Marquart	Powell	Vandever
Cornish	Garofalo	Johnson, R.	McNamara	Rukavina	Wagenius
Cox	Gazelka	Johnson, S.	Meslow	Ruth	Walker
Cybart	Goodwin	Juhnke	Moe	Ruud	Wardlow
Davids	Greiling	Kahn	Mullery	Sailer	Welti
Davnie	Gunther	Kelliher	Murphy	Samuelson	Westerberg
Dean	Hackbarth	Klinzing	Nelson, M.	Scalze	Wilkin
DeLaForest	Hamilton	Knoblach	Nelson, P.	Seifert	Zellers
Demmer	Hansen	Koenen	Newman	Sertich	Spk. Sviggum

Those who voted in the negative were:

Westrom

The bill was passed and its title agreed to.

H. F. No. 2994 was reported to the House.

Dill moved to amend H. F. No. 2994, the first engrossment, as follows:

Page 2, line 21, after "property" insert "and on public waters adjacent to the applicant's property"

Page 2, line 27, delete "on the permit applicant's property deed" and insert "in the real estate records of the office of the county recorder or registrar of title in the county in which the applicant's property is located"

The motion prevailed and the amendment was adopted.

H. F. No. 2994, A bill for an act relating to natural resources; allowing for the replacement and repair of boat storage structures on public waters; amending Minnesota Statutes 2005 Supplement, section 103G.245, subdivision 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Haws	Krinkie	Otremba	Simpson
Abrams	Dill	Heidgerken	Lanning	Ozment	Slawik
Anderson, B.	Dittrich	Hilstrom	Larson	Paulsen	Smith
Anderson, I.	Dorman	Hilty	Latz	Paymar	Soderstrom
Atkins	Dorn	Holberg	Lenczewski	Pelowski	Solberg
Beard	Eastlund	Hoppe	Lesch	Penas	Sykora
Bernardy	Eken	Hornstein	Liebling	Peppin	Thao
Blaine	Ellison	Hortman	Lieder	Peterson, A.	Thissen
Bradley	Emmer	Hosch	Lillie	Peterson, N.	Tingelstad
Brod	Entenza	Howes	Loeffler	Peterson, S.	Urdahl
Buesgens	Erhardt	Huntley	Magnus	Poppe	Vandeveer
Carlson	Erickson	Jaros	Marquart	Powell	Wagenius
Charron	Finstad	Johnson, J.	McNamara	Rukavina	Walker
Clark	Fritz	Johnson, R.	Meslow	Ruth	Wardlow
Cornish	Garofalo	Johnson, S.	Moe	Ruud	Welti
Cox	Gazelka	Juhnke	Mullery	Sailer	Westrom
Cybart	Goodwin	Kahn	Murphy	Samuelson	Wilkin
Dauids	Gunther	Kelliher	Nelson, M.	Seifert	Zellers
Davnie	Hackbarth	Klinzing	Nelson, P.	Sertich	Spk. Sviggum
Dean	Hamilton	Knoblach	Newman	Severson	
DeLaForest	Hansen	Koenen	Nornes	Sieben	
Demmer	Hausman	Kohls	Olson	Simon	

Those who voted in the negative were:

Greiling	Scalze	Westerberg
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The bill was passed, as amended, and its title agreed to.

Speaker pro tempore Abrams called Davids to the Chair.

MOTIONS AND RESOLUTIONS

Thissen moved that the name of Peterson, S., be added as an author on H. F. No. 132. The motion prevailed.

Blaine moved that the name of Juhnke be added as an author on H. F. No. 1838. The motion prevailed.

Atkins moved that the name of Lesch be added as an author on H. F. No. 2659. The motion prevailed.

Sieben moved that the name of Latz be added as an author on H. F. No. 2691. The motion prevailed.

Atkins moved that the name of Lesch be added as an author on H. F. No. 2700. The motion prevailed.

Larson moved that the name of Lesch be added as an author on H. F. No. 2725. The motion prevailed.

Meslow moved that the name of Lesch be added as an author on H. F. No. 2737. The motion prevailed.

Rukavina moved that the name of Lesch be added as an author on H. F. No. 2786. The motion prevailed.

Paulsen moved that the name of Ruud be added as an author on H. F. No. 2800. The motion prevailed.

Johnson, J., moved that the name of Olson be added as an author on H. F. No. 2846. The motion prevailed.

Gunther moved that the name of Moe be added as an author on H. F. No. 2915. The motion prevailed.

Dean moved that the name of Cybart be added as an author on H. F. No. 2961. The motion prevailed.

Pelowski moved that the name of Kelliher be added as an author on H. F. No. 3026. The motion prevailed.

Kelliher moved that the name of Ruud be added as an author on H. F. No. 3098. The motion prevailed.

Larson moved that the name of Loeffler be added as an author on H. F. No. 3117. The motion prevailed.

Bradley moved that the name of Abeler be added as an author on H. F. No. 3144. The motion prevailed.

Bradley moved that the name of Magnus be added as an author on H. F. No. 3161. The motion prevailed.

Hortman moved that the name of Abeler be added as an author on H. F. No. 3180. The motion prevailed.

Peppin moved that the name of Cybart be added as an author on H. F. No. 3187. The motion prevailed.

Hortman moved that the name of Abeler be added as an author on H. F. No. 3236. The motion prevailed.

Slawik moved that the names of Sertich and Peterson, S., be added as authors on H. F. No. 3259. The motion prevailed.

Abrams moved that the names of Latz and Carlson be added as authors on H. F. No. 3268. The motion prevailed.

Hortman moved that the name of Abeler be added as an author on H. F. No. 3297. The motion prevailed.

Paymar moved that the name of Hilstrom be added as an author on H. F. No. 3320. The motion prevailed.

Wilkin moved that the name of Westrom be added as an author on H. F. No. 3402. The motion prevailed.

Olson moved that the name of Abeler be added as an author on H. F. No. 3445. The motion prevailed.

Powell moved that the name of Davids be added as an author on H. F. No. 3590. The motion prevailed.

Brod moved that the name of Nelson, P., be added as an author on H. F. No. 3669. The motion prevailed.

Abeler moved that the names of Heidgerken and Lesch be added as authors on H. F. No. 3689. The motion prevailed.

Eastlund moved that the name of Nelson, P., be added as an author on H. F. No. 3690. The motion prevailed.

Abrams moved that the name of Nelson, P., be added as an author on H. F. No. 3696. The motion prevailed.

Hackbarth moved that the names of Nelson, P., and Dittrich be added as authors on H. F. No. 3712. The motion prevailed.

Hornstein moved that the name of Dittrich be added as an author on H. F. No. 3717. The motion prevailed.

Johnson, J., moved that the name of Lillie be added as an author on H. F. No. 3723. The motion prevailed.

Meslow moved that the names of Nelson, P., and Dittrich be added as authors on H. F. No. 3725. The motion prevailed.

Davids moved that the name of Moe be added as an author on H. F. No. 3778. The motion prevailed.

Urdahl moved that the name of Dittrich be added as an author on H. F. No. 3779. The motion prevailed.

Tingelstad moved that the name of Moe be added as an author on H. F. No. 3781. The motion prevailed.

Abeler moved that the name of Latz be added as chief author on H. F. No. 3785. The motion prevailed.

Tingelstad moved that the name of Nelson, M., be added as an author on H. F. No. 3786. The motion prevailed.

Davids moved that the names of Peterson, A.; Cox and Moe be added as authors on H. F. No. 3793. The motion prevailed.

Davids moved that the name of Nelson, M., be added as an author on H. F. No. 3794. The motion prevailed.

Samuelson moved that the name of Ruud be added as an author on H. F. No. 3803. The motion prevailed.

Clark moved that the name of Ellison be added as an author on H. F. No. 3816. The motion prevailed.

Clark moved that the name of Ellison be added as an author on H. F. No. 3817. The motion prevailed.

Sertich moved that the names of Moe and Slawik be added as authors on H. F. No. 3820. The motion prevailed.

Clark moved that the name of Ellison be added as an author on H. F. No. 3828. The motion prevailed.

Hansen moved that the name of McNamara be added as an author on H. F. No. 3836. The motion prevailed.

Koenen moved that the name of Moe be added as an author on H. F. No. 3843. The motion prevailed.

Wardlow moved that the name of Moe be added as an author on H. F. No. 3855. The motion prevailed.

Mahoney moved that the name of Nelson, M., be added as an author on H. F. No. 3870. The motion prevailed.

Peterson, A., moved that the names of Kahn and Slawik be added as authors on H. F. No. 3883. The motion prevailed.

Abeler moved that H. F. No. 2808 be recalled from the Committee on Taxes and be re-referred to the Committee on Education Finance. The motion prevailed.

Latz moved that H. F. No. 2993 be recalled from the Committee on Education Policy and Reform and be re-referred to the Committee on Education Finance. The motion prevailed.

Paulsen moved that H. F. No. 3151 be recalled from the Committee on Education Finance and be re-referred to the Committee on Jobs and Economic Opportunity Policy and Finance. The motion prevailed.

Vandever moved that H. F. No. 3213 be recalled from the Committee on Health Policy and Finance and be re-referred to the Health Care Cost Containment Division. The motion prevailed.

Otremba moved that H. F. No. 3538 be recalled from the Committee on Health Policy and Finance and be re-referred to the Committee on Jobs and Economic Opportunity Policy and Finance. The motion prevailed.

Hortman moved that H. F. No. 3643 be recalled from the Committee on Jobs and Economic Opportunity Policy and Finance and be re-referred to the Committee on Governmental Operations and Veterans Affairs. The motion prevailed.

Marquart moved that H. F. No. 3848 be recalled from the Committee on Higher Education Finance and be re-referred to the Committee on Civil Law and Elections. The motion prevailed.

Ozment moved that H. F. No. 3850 be recalled from the Committee on Agriculture and Rural Development and be re-referred to the Committee on Regulated Industries. The motion prevailed.

Samuelson moved that H. F. No. 3661 be returned to its author. The motion prevailed.

ANNOUNCEMENT BY THE CHAIR OF THE COMMITTEE ON WAYS AND MEANS

Pursuant to House Rule 4.03, Knobloch reported to the House the adoption on Wednesday, March 22, 2006, of the following 2006 Budget Resolution by the Committee on Ways and Means:

A resolution of the Ways and Means Committee of the House of Representatives; setting the limit on changes in expenditures for the biennium in accordance with House Rule 4.03.

Be It Resolved by the Ways and Means Committee of the House of Representatives that net expenditures from the general fund for fiscal years 2006 and 2007 are decreased by an amount of at least \$228,361,000 as compared to expenditures projected in the general fund forecast issued February 28, 2006. This net expenditures amount is the sum of spending of \$88,355,000 and a transfer into the general fund from the tax relief account of \$316,716,000.

Be It Further Resolved that the Ways and Means Committee of the House of Representatives finds that a cash flow account of \$350,000,000 and a budget reserve of \$653,000,000 are necessary.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 3:00 p.m., Monday, March 27, 2006. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and Speaker pro tempore Davids declared the House stands adjourned until 3:00 p.m., Monday, March 27, 2006.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives