

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2006

 NINETY-SECOND DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 20, 2006

The House of Representatives convened at 8:30 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Mark LaFollette, New Life Church of Woodbury, Woodbury, 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	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	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	Knoblach	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. Eastlund 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

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 3924, A bill for an act relating to higher education; authorizing the disclosure of certain information; modifying the classification of certain data; modifying programs of the Office of Higher Education; making technical changes; modifying the student share for the state grant program; modifying and adjusting certain terms and conditions of loans and of work-study; establishing certain task forces; establishing a cost study; authorizing construction; granting authority to control receipts; establishing borrowing limits; appropriating money and reducing certain appropriations; amending Minnesota Statutes 2004, sections 135A.031, subdivision 7; 135A.034, subdivision 1; 135A.053, subdivision 2; 136A.101, subdivisions 4, 8; 136A.15, subdivisions 6, 9, by adding a subdivision; 136A.16, by adding a subdivision; 136A.162; 136A.1701, subdivisions 4, 7, by adding a subdivision; 136A.233, subdivision 3; 136F.42, subdivision 1; 136F.71, subdivision 2, by adding a subdivision; 137.022, subdivision 4; 137.17, subdivisions 1, 3; Minnesota Statutes 2005 Supplement, sections 13.32, subdivision 3; 135A.52, subdivisions 1, 2; 136A.1701, subdivision 12; Laws 2005, chapter 107, article 1, sections 1; 2, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 471; repealing Minnesota Statutes 2004, sections 135A.01; 135A.031, subdivisions 1, 2, 5, 6; 135A.032; 135A.033; 136A.15, subdivision 5; 136A.1702; 137.17, subdivisions 2, 4; Minnesota Statutes 2005 Supplement, section 135A.031, subdivisions 3, 4; Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, 27; 4850.0014, subpart 1.

Reported the same back with the following amendments:

Page 18, line 22, delete "11" and insert "ten"

Page 18, line 23, delete "three" and insert "two" and delete ", one from a"

Page 18, line 24, delete "private college."

Page 21, line 10, delete "Minnesota Department of Agriculture" and insert "University of Minnesota Extension Service"

Page 21, line 14, delete "University of Minnesota Extension Service" and insert "Minnesota Department of Agriculture"

Page 21, line 17, delete everything after the period

Page 21, delete lines 18 to 20

Page 21, delete section 38 and insert:

"Sec. 38. **APPROPRIATION.**

Subdivision 1. **Board of Regents.** \$5,000,000 is appropriated from the general fund for fiscal year 2007 to the Board of Regents of the University of Minnesota for the purposes of section 26. This appropriation is for academic programs supporting the University of Minnesota - Rochester, including faculty, staff, and program planning and development in the areas of biomedical technologies, engineering, and computer technologies, health care administration, and allied health programs; ongoing operations of industrial liaison activities; and operation of leased facilities. This appropriation is in addition to the appropriation in Laws 2005, chapter 107, article 1, section 4, subdivision 2. The funding base for activities related to section 26 is \$5,000,000 for fiscal year 2008 and \$6,330,000 for fiscal year 2009.

Subd. 2. **Board of Trustees.** \$100,000 is appropriated from the general fund for fiscal year 2007 to the Board of Trustees of the Minnesota State Colleges and Universities to facilitate the provision of assistance to veterans at Minnesota State Colleges and Universities campuses under Minnesota Statutes, section 197.585, if enacted."

Adjust amounts accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Seifert from the Committee on State Government Finance to which was referred:

S. F. No. 2239, 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; authorizing service credit purchase; allowing transfers of certain deferred compensation contributions; providing an early retirement incentive; appropriating money; 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; 3A.13; 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, by adding subdivisions; 353D.03, by adding subdivisions; 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; 356.50; 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; 424A.10; 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; 353.028, subdivision 3; 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.

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~~ 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 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- ~~(7)~~ (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~~ 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 1~~ 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 2005 Supplement, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program which meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution which would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D.

Sec. 13. 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 \$100²; 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 designated 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. 14. 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. 15. 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. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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 ~~Under this option, a~~ If a joint and survivor annuity is elected on or after July 1, 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 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 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. 23. 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. 24. 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. 25. 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. 26. 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. 27. **[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. 28. 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 11a, ~~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. 29. 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 disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.

Sec. 30. 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;

(6) city managers who elected to be excluded from the general employees retirement plan of the Public Employees Retirement Association under section 353.028 and who elected to participate in the public employees defined contribution plan under section 353.028, subdivision 3, paragraph (b); and

(7) volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the public employees police and fire retirement plan and who are not covered by a volunteer firefighters relief association and who elect to participate in the public employees defined contribution plan.

(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. 31. 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. 32. Minnesota Statutes 2004, section 353D.02, is amended by adding a subdivision to read:

Subd. 6. **City managers.** City managers who elected to be excluded from the general employees retirement plan of the Public Employees Retirement Association under section 353.028, and who elected to participate in the plan under section 353.028, subdivision 3, paragraph (b), shall file that election with the executive director. Participation begins on the first day of the pay period next following the date of the coverage election. An election to participate by a city manager is revocable.

Sec. 33. Minnesota Statutes 2004, section 353D.02, is amended by adding a subdivision to read:

Subd. 7. **Certain volunteer firefighters.** Volunteer or emergency on-call firefighters who are serving as members of a municipal fire department or an independent nonprofit firefighting corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68 or by the applicable volunteer firefighters relief association under chapter 424A may elect to participate in the plan. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the election.

Sec. 34. Minnesota Statutes 2004, section 353D.03, is amended by adding a subdivision to read:

Subd. 5. **City managers.** A city manager who elects to participate in the plan shall contribute an amount equal to the contribution under section 353.27, subdivision 2. The applicable city shall make a contribution equal to the contribution required under section 353.27, subdivision 3.

Sec. 35. Minnesota Statutes 2004, section 353D.03, is amended by adding a subdivision to read:

Subd. 6. **Volunteer firefighters.** (a) Unless paragraph (b) applies, a volunteer or emergency on-call firefighter who elects to participate in the plan shall contribute at least 7.5 percent of any compensation received for firefighting services.

(b) If the municipality or the independent nonprofit firefighting corporation ratified the election of plan coverage under section 353D.02, subdivision 6, the volunteer firefighter and the employing unit shall contribute in total an amount equal at least to 7.5 percent of any compensation received for firefighting services.

Sec. 36. 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. 37. 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. 38. 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. 39. 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. 40. Minnesota Statutes 2004, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** (a) 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, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), 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 or in the individual employment contract between a city and a city manager, 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 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 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 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 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.

(b) No governmental subdivision may make a contribution to a deferred compensation plan operating under section 457 of the Internal Revenue Code for volunteer or emergency on-call firefighters in lieu of providing retirement coverage under the federal old age, survivors, and disability insurance program.

Sec. 41. Minnesota Statutes 2004, section 356.50, is amended to read:

356.50 SERVICE AND SALARY CREDIT FROM BACK PAY AWARDS IN THE EVENT OF WRONGFUL DISCHARGE; ANNUITY AND DISABILITY TREATMENT.

Subdivision 1. Application. (a) A person who is wrongfully discharged from public employment that gave rise to coverage by a public employee pension plan enumerated in section 356.30, subdivision 3, is entitled to obtain allowable service credit from the applicable public employee pension plan for the applicable period caused by the wrongful discharge.

(b) A person is wrongfully discharged for purposes of this section if:

(1) the person has been determined by a court of competent jurisdiction ~~or~~ by an arbitrator in binding arbitration, by the commissioner of veterans affairs, or by a board, commission, or panel acting under section 197.46, whichever applies, to have been wrongfully discharged from public employment;

(2) the person received an award of back pay with respect to that discharge; and

(3) the award does not include any amount for any lost or interrupted public pension plan coverage.

Subd. 2. Service credit procedure. ~~(a)~~ (a) To obtain the public pension plan allowable service credit, the eligible person under subdivision 1 shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including unemployment insurance, workers' compensation or wages from other sources which reduced the back award. No contributions shall be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award, ~~within 60 days of April 14, 1992,~~ or within 60 days of a billing from the retirement fund, whichever is later.

~~(b)~~ (b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph ~~(a)~~. Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph ~~(a)~~.

Subd. 3. **Employer reporting.** The employer must report to the executive director of the applicable pension plan that a person has been determined to be wrongfully discharged and the employer must provide a copy of the written order or decision.

Subd. 4. **Annuity repayment.** Notwithstanding subdivisions 1 and 2, if after being discharged, the person commences receipt of an annuity from the applicable plan, and it is later determined that the person was wrongfully discharged, the person shall repay the annuity received in a lump sum within 60 days of receipt of the back pay award. If the annuity is not repaid, the person is not entitled to reinstatement in the applicable plan as an active member, is not authorized to make payments under subdivision 2, paragraph (a), and for subsequent employment with the employer, the person shall be treated as a reemployed annuitant.

Subd. 5. **Disability treatment.** If a person is wrongfully discharged and prior to reinstatement takes a refund of employee contributions under the applicable plan's refund provision and fails to repay that refund, then notwithstanding other law to the contrary, if the person applies for a disability benefit and is approved for that benefit, the disability benefit amount must be computed solely on the years of covered service provided after reinstatement, the individual's salary for benefit computation purposes, and the applicable plan accrual rates, rather than receiving a minimum disability benefit amount, if applicable, specified in plan law.

Sec. 42. 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. 43. **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. 44. 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. 45. **TEMPORARY PROVISION; TRANSFER OF CERTAIN DEFERRED COMPENSATION CONTRIBUTIONS.**

Any amount contributed by a municipality or an independent nonprofit firefighting corporation to the state deferred compensation program under Minnesota Statutes, section 352.96, for or on behalf of a volunteer or emergency on-call firefighter for whom no other retirement coverage is provided for that firefighting service and for whom the deferred compensation program contributions were made to avoid providing retirement coverage under the federal old age, survivors, and disability insurance program and as such were in error, if federal law so permits, may be transferred to the public employees defined contribution plan for subsequent deposit in the individual account of the applicable firefighter.

Sec. 46. **REPEALER.**

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

Sec. 47. **EFFECTIVE DATE.**

(a) Sections 1 and 46 are effective the day following final enactment.

(b) Sections 2 to 11, 13 to 31, 36 to 38, and 42 are effective July 1, 2006.

(c) Section 39 is effective the first day of the first payroll period next following final enactment.

(d) Sections 3, 4, 21, 22, 37, and 38 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.

(e) Sections 12, 32 to 35, 40, 41, and 45 are effective the day following final enactment.

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. [422A.27] ADDITIONAL INVESTMENT AUTHORITY.

In addition to investment authority specified in other law, assets of the fund may be invested in 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 fund or 15 percent of the fund's nonequity assets, whichever is less, the fund's participation is limited to 50 percent of a single offering of the debt obligations, and the fund's participation is limited to 25 percent of an issuer's debt obligations that are not rated in the top four quality categories.

Sec. 8. REPEALER.

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

Sec. 9. EFFECTIVE DATE; LOCAL APPROVAL.

Sections 1 to 8 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. **[423B.23] RECOMPUTATION OF DISABLED BENEFIT PROHIBITED.**

Notwithstanding section 423A.11, the Board of Directors of the Minneapolis Police Relief Association shall not recompute the disability benefit of a member who became permanently disabled as the result of a service-related disease or injury. Any prior recomputation of a disabled member's service-related disability pension shall be revoked upon the member's request and upon the member's signed and sworn agreement to waive any right to a recomputation of that benefit in the future. Nonservice-related disability pension benefits that were recomputed at full 25-year service pensions shall remain in effect.

Sec. 4. **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.

(c) Section 3 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 has 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. ~~†~~

(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 ~~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 (4) 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.~~

~~(e) 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~~ 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, 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 490.121~~ 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. Minnesota Statutes 2004, section 424A.10, is amended to read:

424A.10 STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.

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

(1) "qualified recipient" means an individual who receives a lump sum distribution of pension or retirement benefits from a firefighters' relief association for service performed as a volunteer firefighter;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the legally married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or minor children of a deceased volunteer firefighter;

(3) "active volunteer firefighter" means a person who regularly renders fire suppression service for a municipal fire department or an independent nonprofit firefighting corporation, who has met the statutory and other requirements for relief association membership, and who has been a fully qualified member of the relief association for at least one month; and

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who terminated active firefighting service, has sufficient service credit from the applicable relief association to be entitled to a service pension, but has not applied for or has not received the service pension.

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a firefighters' relief association of a lump sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association may pay the supplemental benefit out of its special fund. The amount of this benefit equals ten percent of the regular lump sum distribution that is paid on the basis of service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000.

(b) Upon the payment by a relief association of a lump sum survivor benefit or funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association may pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association if its articles of incorporation or bylaws so provide. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral benefit, but not to exceed \$2,000.

Subd. 3. **State reimbursement.** (a) By February 15 of each year, the treasurer of the relief association shall apply to the commissioner of revenue for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year. By March 15 the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid to qualified recipients.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement.

(c) The reimbursement payment must be deposited in the special fund of the relief association.

(d) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this section is in lieu of the state income tax exclusion for lump sum distributions of retirement benefits paid to volunteer firefighters.

(b) If the law is modified to exclude or exempt volunteer firefighters' lump sum distributions from state income taxation, the supplemental benefits under this section may no longer be paid beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump sum distribution under section 290.032 or 290.0802.

Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental survivor or funeral benefit may be paid by a relief association for the death of an active volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August 1, 2005, if the relief association articles of incorporation or bylaws so provide for a supplemental survivor benefit and for retroactivity.

Sec. 6. **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. 7. **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 6 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. 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. **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 a period of service as a police officer provided to the city of Eveleth immediately prior to January 1, 1978, not to exceed 14 months. An eligible person is a person who:

(1) is currently a member of the public employees police and fire plan;

(2) was first employed by the city of Eveleth police department on November 29, 1976; and

(3) was born on June 5, 1956.

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. This application for a purchase of service credit under Minnesota Statutes, section 356.551, must be in writing and must contain documentation required by the executive director.

Subd. 3. **Additional requirements; restrictions.** (a) In addition to the one-year payment time limit in Minnesota Statutes, section 356.551, the authority provided by this section is voided if the payment amount is not paid to the executive director of the Public Employees Retirement Association prior to termination of service by the eligible person.

(b) This section is voided if the eligible person received a refund of contributions relating to the eligible period stated in subdivision 1, due to Laws 1977, chapter 61, section 4, or any other refund provision in applicable law or plan documents.

(c) This section is voided relating to any portion of the eligible period specified in subdivision 1 which was properly excluded from coverage by statute, law, or ordinance then in effect, or if the lack of coverage was due to an election made by the eligible individual, or by a failure by that individual to obtain the applicable service credit under service credit purchase authority in effect when the service was rendered or within two years following the merger of the Eveleth Police Relief Association members into the Public Employees Retirement Association police and fire plan as authorized by Laws 1977, chapter 61.

Subd. 4. **Payment.** (a) 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. Of this amount:

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

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

(b) If the city of Eveleth fails to pay the amount required under paragraph (a), clause (2), 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. 17. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF SERVICE CREDIT FOR AN UNCREDITED EXTENDED LEAVE.

(a) An eligible person described in paragraph (b) is authorized to purchase allowable and formula service credit in the Teachers Retirement Association for any period of an eligible person's extended leave that was not properly reported to the Teachers Retirement Association by Independent School District No. 831, Forest Lake. Allowable formula service credit and salary credit is granted under Minnesota Statutes, section 354.05, subdivision 13, to the eligible person upon making the payment required under paragraph (c).

(b) An eligible person is a person who:

(1) was born on November 23, 1949;

(2) was initially employed as a teacher in September 1974;

(3) is employed by Independent School District No. 831, Forest Lake; and

(4) took an extended leave for the 2001-2002 school year that was not reported to the Teachers Retirement Association in a timely fashion as required by Minnesota Statutes, section 354.094.

(c) The eligible person is authorized to make an employee equivalent contribution payment equal to ten percent of the person's school year salary received during the year immediately preceding the extended leave, plus compound interest at the rate of 8.5 percent per annum from July 1, 2001, to the date on which the lump sum payment is made.

(d) If the eligible person makes the payment under paragraph (c), the executive director of the Teachers Retirement Association shall, within 30 days, notify Independent School District No. 831, Forest Lake, 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, which 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. 831, Forest Lake, 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, 2007, or upon termination of covered service, whichever is earlier.

Sec. 18. **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.

(e) Sections 16 and 17 are effective the day following final enactment."

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, by adding subdivisions; 353D.03, by adding subdivisions; 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; 356.50; 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; 424A.10; 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;

353.028, subdivision 3; 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; 422A; 423B; 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 Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 3924 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Simon introduced:

H. F. No. 4158, A bill for an act relating to the environment; modifying environmental review requirements; providing for the award of costs in civil actions; amending Minnesota Statutes 2004, sections 116B.03, by adding a subdivision; 116D.04, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Agriculture, Environment and Natural Resources Finance.

Paulsen moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 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.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 680, A bill for an act relating to landlord and tenant; providing a clarification relating to certain utility metering and billing; amending Minnesota Statutes 2004, section 504B.215, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

DeLaForest moved that the House concur in the Senate amendments to H. F. No. 680 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 680, A bill for an act relating to landlord and tenant; clarifying a provision relating to utility metering and billing; amending Minnesota Statutes 2004, section 504B.215, by adding a subdivision.

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

The question was taken on the repassage 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	Bradley	Cybart	Dittrich	Erhardt	Gunther
Abrams	Brod	Davids	Dorman	Erickson	Hackbarth
Anderson, B.	Buesgens	Davnie	Dorn	Finstad	Hamilton
Anderson, I.	Carlson	Dean	Eastlund	Fritz	Hansen
Atkins	Charron	DeLaForest	Eken	Garofalo	Hausman
Beard	Clark	Demmer	Ellison	Gazelka	Haws
Bernardy	Cornish	Dempsey	Emmer	Goodwin	Heidgerken
Blaine	Cox	Dill	Entenza	Greiling	Hilstrom

Hilty	Klinzing	Mahoney	Paymar	Seifert	Vandev eer
Holberg	Knoblach	Marquart	Pelowski	Sertich	Wagenius
Hoppe	Koenen	McNamara	Penas	Severson	Walker
Hornstein	Kohls	Meslow	Peppin	Sieben	Wardlow
Hortman	Krinkie	Moe	Peterson, A.	Simon	Wolti
Hosch	Lanning	Mullery	Peterson, N.	Simpson	Westerberg
Howes	Larson	Murphy	Peterson, S.	Slawik	Westrom
Huntley	Latz	Nelson, M.	Poppe	Smith	Wilkin
Jaros	Lenczewski	Nelson, P.	Powell	Soderstrom	Zellers
Johnson, J.	Lesch	Newman	Rukavina	Solberg	Spk. Sviggum
Johnson, R.	Liebling	Nornes	Ruth	Sykora	
Johnson, S.	Lieder	Olson	Ruud	Thao	
Juhnke	Lillie	Otremba	Sailer	Thissen	
Kahn	Loeffler	Ozment	Samuelson	Tingelstad	
Kelliher	Magnus	Paulsen	Scalze	Urdahl	

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2645, A bill for an act relating to Swift County; increasing the size of the board of the rural development finance authority; amending Laws 1995, chapter 264, article 5, section 39, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Peterson, A., moved that the House concur in the Senate amendments to H. F. No. 2645 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2645, A bill for an act relating to Swift County; increasing the size of the board of the rural development finance authority; amending Laws 1995, chapter 264, article 5, section 39, subdivision 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Bradley	Dauids	Dittrich	Finstad	Hackbarth
Abrams	Brod	Davnie	Dorn	Fritz	Hamilton
Anderson, I.	Carlson	Dean	Eastlund	Garofalo	Hansen
Atkins	Charron	DeLaForest	Eken	Gazelka	Hausman
Beard	Clark	Demmer	Ellison	Goodwin	Haws
Bernardy	Cornish	Dempsey	Entenza	Greiling	Heidgerken
Blaine	Cox	Dill	Erhardt	Gunther	Hilstrom

Hilty	Kelliher	Mahoney	Paulsen	Samuelson	Thao
Hoppe	Koenen	Marquart	Paymar	Scalze	Thissen
Hornstein	Kohls	McNamara	Pelowski	Seifert	Tingelstad
Hortman	Lanning	Meslow	Penas	Sertich	Urdahl
Hosch	Larson	Moe	Peterson, A.	Severson	Wagenius
Howes	Latz	Mullery	Peterson, N.	Sieben	Walker
Huntley	Lenczewski	Murphy	Peterson, S.	Simon	Wardlow
Jaros	Lesch	Nelson, M.	Poppe	Simpson	Welti
Johnson, J.	Liebling	Nelson, P.	Powell	Slawik	Westerberg
Johnson, R.	Lieder	Newman	Rukavina	Smith	Westrom
Johnson, S.	Lillie	Nornes	Ruth	Soderstrom	Spk. Sviggum
Juhnke	Loeffler	Otremba	Ruud	Solberg	
Kahn	Magnus	Ozment	Sailer	Sykora	

Those who voted in the negative were:

Anderson, B.	Emmer	Klinzing	Olson	Wilkin
Buesgens	Erickson	Knoblach	Peppin	Zellers
Cybart	Holberg	Krinkie	Vandever	

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3169, A bill for an act relating to local government; prohibiting units of local government from imposing certain fees related to students at postsecondary institutions; proposing coding for new law in Minnesota Statutes, chapter 471.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Seifert moved that the House concur in the Senate amendments to H. F. No. 3169 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3169, A bill for an act relating to local government; prohibiting units of local government from imposing certain fees related to students at postsecondary institutions; proposing coding for new law in Minnesota Statutes, chapter 471.

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

The question was taken on the repassage 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	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	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 repassed, as amended by the Senate, and its title agreed to.

CALENDAR FOR THE DAY

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.

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	Brod	Davnie	Eastlund	Garofalo	Haws
Abrams	Buesgens	Dean	Eken	Gazelka	Heidgerken
Anderson, B.	Carlson	DeLaForest	Ellison	Goodwin	Hilstrom
Anderson, I.	Charron	Demmer	Emmer	Greiling	Hilty
Atkins	Clark	Dempsey	Entenza	Gunther	Holberg
Beard	Cornish	Dill	Erhardt	Hackbarth	Hoppe
Bernardy	Cox	Dittrich	Erickson	Hamilton	Hornstein
Blaine	Cybart	Dorman	Finstad	Hansen	Hortman
Bradley	Davids	Dorn	Fritz	Hausman	Hosch

Howes	Lanning	Moe	Peppin	Severson	Wagenius
Huntley	Larson	Mullery	Peterson, A.	Sieben	Walker
Jaros	Latz	Murphy	Peterson, N.	Simon	Wardlow
Johnson, J.	Lenczewski	Nelson, M.	Peterson, S.	Simpson	Wolti
Johnson, R.	Lesch	Nelson, P.	Poppe	Slawik	Westerberg
Johnson, S.	Liebling	Newman	Powell	Smith	Westrom
Juhnke	Lieder	Nornes	Rukavina	Soderstrom	Wilkin
Kahn	Lillie	Olson	Ruth	Solberg	Zellers
Kelliher	Loeffler	Otremba	Ruud	Sykora	Spk. Sviggum
Klinzing	Magnus	Ozment	Sailer	Thao	
Knoblach	Mahoney	Paulsen	Samuelson	Thissen	
Koenen	Marquart	Paymar	Scalze	Tingelstad	
Kohls	McNamara	Pelowski	Seifert	Urdahl	
Krinkie	Meslow	Penas	Sertich	Vandevier	

The bill was passed and its title agreed to.

H. F. No. 2722, A bill for an act relating to homeowner's insurance; regulating coverage for home-based adult foster care services; proposing coding for new law in Minnesota Statutes, chapter 65A.

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	Wolti
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.

Paulsen moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Samuelson moved that the name of Hamilton be added as an author on H. F. No. 3314. The motion prevailed.

Samuelson moved that the name of Hamilton be added as an author on H. F. No. 3315. The motion prevailed.

Wardlow moved that his name be stricken as an author on H. F. No. 3602. The motion prevailed.

Severson moved that his name be stricken as an author on H. F. No. 3602. The motion prevailed.

Peterson, N., moved that the name of Liebling be added as an author on H. F. No. 4147. The motion prevailed.

Abeler moved that the names of Hausman and Atkins be added as authors on H. F. No. 4152. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2959:

Dorman, Hausman, Brod, McNamara and Nornes.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 8:30 a.m., Friday, April 21, 2006. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 8:30 a.m., Friday, April 21, 2006.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

