

STATE OF MINNESOTA

EIGHTY-SIXTH SESSION — 2010

SEVENTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MARCH 23, 2010

The House of Representatives convened at 12:30 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Gary Dreier, Christ Lutheran Church on Capitol Hill, St. Paul, 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	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzelc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Tillberry
Brod	Falk	Huntley	Mariani	Peterson	Torkelson
Brown	Faust	Jackson	Marquart	Poppe	Urdahl
Brynaert	Fritz	Johnson	Masin	Reinert	Wagenius
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Ward
Bunn	Garofalo	Kahn	McNamara	Rukavina	Welti
Carlson	Gottwalt	Kalin	Morgan	Ruud	Westrom
Champion	Greiling	Kath	Morrow	Sailer	Winkler
Clark	Gunther	Kelly	Mullery	Sanders	Zellers
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Spk. Kelliher
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

A quorum was present.

Atkins, Cornish, Lesch and Scott were excused.

Thissen was excused until 1:45 p.m. Kohls was excused until 2:25 p.m.

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

REPORTS OF CHIEF CLERK

S. F. No. 460 and H. F. No. 802, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Murphy, E., moved that the rules be so far suspended that S. F. No. 460 be substituted for H. F. No. 802 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 19, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Kelliher:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House File:

H. F. No. 2856, relating to commerce; making changes in required continuing education of real estate brokers and salespersons.

Sincerely,

TIM PAWLENTY
Governor

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

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2010 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2010</i>	<i>Date Filed 2010</i>
	2856	190	7:31 a.m. March 19	March 19

Sincerely,

MARK RITCHIE
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 1396, A bill for an act relating to domestic abuse; authorizing courts to include pets and companion animals in protective orders; amending Minnesota Statutes 2008, section 518B.01, subdivisions 6, 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 518B.01, subdivision 6, is amended to read:

Subd. 6. **Relief by court.** (a) Upon notice and hearing, the court may provide relief as follows:

- (1) restrain the abusing party from committing acts of domestic abuse;
- (2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;
- (3) exclude the abusing party from a reasonable area surrounding the dwelling or residence, which area shall be described specifically in the order;
- (4) award temporary custody or establish temporary parenting time with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. In addition to the primary safety considerations, the court may consider particular best interest factors that are found to be relevant to the temporary custody and parenting time award. Findings under section 257.025, 518.17, or 518.175 are not required with respect to the particular best interest factors not considered by the court. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted parenting time, the court shall condition or restrict parenting time as to time, place, duration, or supervision, or deny parenting time entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and parenting time shall in no way delay the issuance of an order for protection granting other relief provided for in this section. The court must not enter a parenting plan under section 518.1705 as part of an action for an order for protection;
- (5) on the same basis as is provided in chapter 518 or 518A, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518A;

(6) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;

(7) order the abusing party to participate in treatment or counseling services, including requiring the abusing party to successfully complete a domestic abuse counseling program or educational program under section 518B.02;

(8) award temporary use and possession of property and restrain one or both parties from transferring, encumbering, concealing, or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions, and expenditures made after the order is served or communicated to the party restrained in open court;

(9) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;

(10) order the abusing party to have no contact with the petitioner whether in person, by telephone, mail, or electronic mail or messaging, through a third party, or by any other means;

(11) order the abusing party to pay restitution to the petitioner;

(12) order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; ~~and~~

(13) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or other law enforcement or corrections officer as provided by this section;

(14) direct the care, possession, or control of a pet or companion animal owned, possessed, or kept by the petitioner or respondent or a child of the petitioner or respondent; and

(15) direct the respondent to refrain from physically abusing or injuring any pet or companion animal, without legal justification, known to be owned, possessed, kept, or held by either party or a minor child residing in the residence or household of either party as an indirect means of intentionally threatening the safety of such person.

(b) Any relief granted by the order for protection shall be for a period not to exceed two years, except when the court determines a longer period is appropriate. When a referee presides at the hearing on the petition, the order granting relief becomes effective upon the referee's signature.

(c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.

(d) An order granting the relief authorized in paragraph (a), clause (2) or (3), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.

(e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.

(f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 2. Minnesota Statutes 2008, section 518B.01, subdivision 7, is amended to read:

Subd. 7. **Ex parte order.** (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte order for protection and granting relief as the court deems proper, including an order:

- (1) restraining the abusing party from committing acts of domestic abuse;
- (2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court;
- (3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment;
- (4) ordering the abusing party to have no contact with the petitioner whether in person, by telephone, mail, e-mail, through electronic devices, or through a third party; ~~and~~
- (5) continuing all currently available insurance coverage without change in coverage or beneficiary designation;
- (6) directing the care, possession, or control of a pet or companion animal owned, possessed, or kept by a party or a child of a party; and
- (7) directing the respondent to refrain from physically abusing or injuring any pet or companion animal, without legal justification, known to be owned, possessed, kept, or held by either party or a minor child residing in the residence or household of either party as an indirect means of intentionally threatening the safety of such person.

(b) A finding by the court that there is a basis for issuing an ex parte order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte relief.

(c) Subject to paragraph (d), an ex parte order for protection shall be effective for a fixed period set by the court, as provided in subdivision 6, paragraph (b), or until modified or vacated by the court pursuant to a hearing. When signed by a referee, the ex parte order becomes effective upon the referee's signature. Upon request, a hearing, as provided by this section, shall be set. Except as provided in paragraph (d), the respondent shall be personally served forthwith a copy of the ex parte order along with a copy of the petition and, if requested by the petitioner, notice of the date set for the hearing. If the petitioner does not request a hearing, an order served on a respondent under this subdivision must include a notice advising the respondent of the right to request a hearing, must be accompanied by a form that can be used by the respondent to request a hearing and must include a conspicuous notice that a hearing will not be held unless requested by the respondent within five days of service of the order.

(d) Service of the ex parte order may be made by published notice, as provided under subdivision 5, provided that the petitioner files the affidavit required under that subdivision. If personal service is not made or the affidavit is not filed within 14 days of issuance of the ex parte order, the order expires. If the petitioner does not request a hearing, the petition mailed to the respondent's residence, if known, must be accompanied by the form for requesting a hearing and notice described in paragraph (c). Unless personal service is completed, if service by published notice is not completed within 28 days of issuance of the ex parte order, the order expires.

(e) If the petitioner seeks relief under subdivision 6 other than the relief described in paragraph (a), the petitioner must request a hearing to obtain the additional relief.

(f) Nothing in this subdivision affects the right of a party to seek modification of an order under subdivision 11."

With the recommendation that when so amended the bill pass.

The report was adopted.

Mullery from the Committee on Civil Justice to which was referred:

H. F. No. 1531, A bill for an act relating to state government; establishing expectations for classified employees as nonpartisan resources to all decision makers; providing additional whistleblower protection to state employees; amending Minnesota Statutes 2008, section 181.932, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 43A.

Reported the same back with the following amendments:

Page 1, line 17, delete everything after the first "data" and insert "otherwise protected by law."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2499, A bill for an act relating to higher education; requiring the Board of Trustees of the Minnesota State Colleges and Universities to study technical education credentials.

Reported the same back with the following amendments:

Page 1, line 8, delete "and" and insert a comma

Page 1, line 9, after the comma, insert "and labor unions."

Page 1, line 13, after "representatives" insert "as well as labor unions and faculty"

Page 1, line 16, after the period, insert "The study must also address the need for workers in other fields and take into account other job training programs provided by labor unions and business."

Page 1, line 18, delete "2010" and insert "2011"

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2699, A bill for an act relating to mortgages; amending notice requirements during foreclosure; providing for certain costs and disbursements; amending Minnesota Statutes 2008, sections 580.03; 580.041, as amended; 580.06; 580.30, subdivision 1; 582.03, subdivision 1; 582.032, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 580.04.

Reported the same back with the following amendments:

Page 2, line 10, reinstate the stricken language

Page 2, line 11, delete the new language

Page 2, delete lines 12 to 14

Page 2, line 15, delete "(8)"

Page 4, line 31, after "sale" insert a comma and after "costs" insert a comma

Page 5, line 6, delete "offer" and insert "ask you"

Page 5, line 12, delete "(although it could also be more)"

Page 6, line 18, delete the comma

Page 7, line 1, after "ABOVE" insert a comma

Pages 8 to 9, delete sections 5 to 7

Page 9, line 22, delete "5" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything before "amending"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2899, A bill for an act relating to data practices; providing an administrative remedy for certain data practices law violations; providing civil penalties; appropriating money; amending Minnesota Statutes 2008, sections 13.072, subdivision 2; 13.08, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 13.072, subdivision 2, is amended to read:

Subd. 2. **Effect.** Opinions issued by the commissioner under this section are not binding on the government entity or members of a body subject to chapter 13D whose data or performance of duties is the subject of the opinion, but an opinion described in subdivision 1, paragraph (a), must be given deference by a court or other tribunal in a proceeding involving the data. The commissioner shall arrange for public dissemination of opinions

issued under this section. This section does not preclude a person from bringing any other action under this chapter or other law in addition to or instead of requesting a written opinion. A government entity, members of a body subject to chapter 13D, or person that acts in conformity with a written opinion of the commissioner issued to the government entity, members, or person or to another party is not liable for compensatory or exemplary damages or awards of attorneys fees in actions for violations arising under section 13.08 or 13.085, or for a penalty under section 13.09 or for fines, awards of attorney fees, or any other penalty under chapter 13D. A member of a body subject to chapter 13D is not subject to forfeiture of office if the member was acting in reliance on an opinion.

Sec. 2. Minnesota Statutes 2008, section 13.08, subdivision 4, is amended to read:

Subd. 4. **Action to compel compliance.** (a) Actions to compel compliance may be brought either under section 13.085 or this subdivision. For actions under this subdivision, in addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to \$1,000 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In an action involving a request for government data under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court or other tribunal shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

- (1) designated a responsible authority under section 13.02, subdivision 16;
- (2) designated a data practices compliance official under section 13.05, subdivision 13;
- (3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;
- (4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;
- (5) acted in conformity with an opinion issued under section 13.072 that was sought by a government entity or another person; or
- (6) provided ongoing training to government entity personnel who respond to requests under this chapter.

(c) The court shall award reasonable attorney fees to a prevailing plaintiff who has brought an action under this subdivision if the government entity that is the defendant in the action was also the subject of a written opinion issued under section 13.072 and the court finds that the opinion is directly related to the cause of action being litigated and that the government entity did not act in conformity with the opinion.

Sec. 3. **[13.085] ADMINISTRATIVE REMEDY.**

Subdivision 1. **Definition.** As used in this section, "office" means the Office of Administrative Hearings.

Subd. 2. **Complaints.** (a) A complaint alleging a violation of this chapter for which an order to compel compliance is requested may be filed with the office. An action to compel compliance does not include procedures pursuant to section 13.04, subdivision 4 or 4a. An action may not be filed under this section in matters involving requests for educational data classified under section 13.32.

(b) The complaint must be filed with the office within two years after the occurrence of the act or failure to act that is the subject of the complaint, except that if the act or failure to act involves concealment or misrepresentation by a government entity that could not be discovered during that period, the complaint may be filed with the office within one year after the concealment or misrepresentation is discovered.

(c) The complaint must be made in writing, submitted under oath, and detail the factual basis for the claim that a violation of law has occurred. The office may prescribe a standard form for the complaint. The complaint must be accompanied by a filing fee of \$1,000 or a bond to guarantee the payment of this fee.

(d) Upon receipt of a filed complaint, the office must immediately notify the respondent and, if known, the applicable government entity's responsible authority, if the responsible authority is not otherwise named as the respondent. The office must provide the respondent with a copy of the complaint by the most expeditious means available. Notice to a responsible authority must be delivered by certified mail. The office must also notify, to the extent practicable, any individual or entity that is the subject of all or part of the data in dispute.

(e) The office must notify the commissioner of administration of an action filed under this section. Proceedings under this section must be dismissed if a request for an opinion from the commissioner was accepted on the matter under section 13.072 before the complaint was filed, and the complainant's filing fee must be refunded.

(f) The respondent must file a response to the complaint within 15 business days of receipt of the notice. For good cause shown, the office may extend the time for filing a response.

Subd. 3. **Probable cause review.** (a) The chief administrative law judge must assign an administrative law judge to review each complaint. Within 20 business days after a response is filed, or the respondent's time to file the response, including any extension, has expired, the administrative law judge must make a preliminary determination for its disposition as follows:

(1) If the administrative law judge determines that the complaint and any timely response of the respondent agency do not present sufficient facts to believe that a violation of this chapter has occurred, the complaint must be dismissed.

(2) If the administrative law judge determines that the complaint and any timely response of the respondent agency do present sufficient facts to believe that a violation of this chapter has occurred, the judge must schedule a hearing as provided in subdivision 4.

(b) The office must notify all parties of the determination made under paragraph (a). The notice must provide as follows:

(1) If the complaint is scheduled for a hearing, the notice must identify the time and place of the hearing and inform all parties that they may submit evidence, affidavits, documentation, and argument for consideration by the administrative law judge.

(2) If the complaint is dismissed for failure to present sufficient facts to believe that a violation of this chapter has occurred, the notice must inform the parties of the right of the complainant to seek reconsideration of the decision on the record by the chief administrative law judge, as provided in paragraph (c).

(c) A petition for reconsideration may be filed no later than five business days after a complaint is dismissed for failure to present sufficient facts to believe that a violation of this chapter has occurred. The chief administrative law judge must review the petition and make a final ruling within ten business days after its receipt. If the chief administrative law judge determines that the assigned administrative law judge made a clear material error, the chief administrative law judge must schedule the matter for a hearing as provided in subdivision 4.

Subd. 4. Hearing; procedure. (a) A hearing on a complaint must be held within 30 business days after the parties are notified that a hearing will be held. An oral hearing to resolve questions of law may be waived upon consent of all parties and the presiding administrative law judge. For good cause shown, the judge may delay the date of a hearing by no more than ten business days. The judge may continue a hearing to enable the parties to submit additional evidence or testimony.

(b) The administrative law judge must consider any evidence and argument submitted until the hearing record is closed, including affidavits and documentation.

(c) All hearings, and any records relating to the hearing, must be open to the public, except that the judge may inspect in camera any government data in dispute and shall otherwise conduct the hearing and maintain records in a manner that protects the security of data classified or alleged to be classified as not public. A hearing may be conducted by conference telephone call or interactive audio/video system, at the discretion of the presiding judge, and upon consent of all parties.

Subd. 5. Disposition. (a) Following a hearing, the judge must determine whether the violation alleged in the complaint occurred and must make at least one of the following dispositions. The judge may:

(1) dismiss the complaint;

(2) find that an act or failure to act constituted a violation of this chapter;

(3) impose a civil penalty against the respondent of up to \$300;

(4) issue an order compelling the respondent to comply with a provision of law that has been violated, and may establish a deadline for production of data, if necessary; and

(5) refer the complaint to the appropriate prosecuting authority for consideration of criminal charges.

(b) In determining whether to assess a civil penalty, the office shall consider the factors described in section 13.08, subdivision 4.

(c) The judge must render a decision on a complaint within ten business days after the hearing record closes. The chief administrative law judge shall provide for public dissemination of orders issued under this section. If the judge determines that a government entity has violated a provision of law and issues an order to compel compliance, the office shall forward a copy of the order to the commissioner of administration. Any order issued pursuant to this section is enforceable through the district court for the district in which the respondent is located.

(d) A party aggrieved by a final decision on a complaint filed under this section is entitled to judicial review as provided in sections 14.63 to 14.69. Proceedings on a complaint are not a contested case within the meaning of chapter 14 and are not otherwise governed by chapter 14. An action in district court to enforce an order of the office may not be brought until at least 30 days after the order is issued.

(e) A decision of the office under this section is not controlling in any subsequent action brought in district court alleging the same violation and seeking damages.

(f) A government entity or person that releases not public data pursuant to an order under this section is immune from civil and criminal liability for that release. A government entity or person that acts in conformity with an order issued under this section to the government entity or to any other person is not liable for compensatory or exemplary damage or awards of attorney fees for acting in conformity with that order in actions under this section or section 13.08, or for a penalty under section 13.09.

Subd. 6. Costs; attorney fees. (a) A rebuttable presumption shall exist that a complainant who substantially prevails on the merits in an action brought under this section is entitled to an award of reasonable attorney fees, not to exceed \$5,000. An award of attorney fees may be denied if the judge determines that the violation is merely technical or that there is a genuine uncertainty about the meaning of the governing law.

(b) Reasonable attorney fees, not to exceed \$5,000, must be awarded to a substantially prevailing complainant if the government entity that is the respondent in the action was also the subject of a written opinion issued under section 13.072 and the administrative law judge finds that the opinion is directly related to the matter in dispute and that the government entity did not act in conformity with the opinion.

(c) The office shall refund the filing fee of a substantially prevailing complainant in full, less \$50, and the office's costs in conducting the matter shall be billed to the respondent, not to exceed \$1,000.

(d) A complainant who does not substantially prevail on the merits is entitled to a refund of the filing fee, less any costs incurred by the office in conducting the matter.

(e) If the administrative law judge determines that a complaint is frivolous, or brought for purposes of harassment, the judge must order that the complainant pay the respondent's reasonable attorney fees, not to exceed \$5,000. The complainant is not entitled to a refund of the filing fee.

(f) The court shall award the complainant costs and attorney fees incurred in bringing an action in district court to enforce an order of the office under this chapter.

Subd. 7. Special account; appropriation. Proceeds collected by the office from filing fees and bonds submitted under this section shall be deposited into the administrative hearings account in the state treasury and are appropriated to the office for use in administering the requirements of this section. By September 1 each year, the chief administrative law judge must report to the chairs and ranking minority members of the house of representatives and senate finance divisions with jurisdiction over the office on receipt and expenditure of money under this section in the prior fiscal year.

Sec. 4. **EFFECTIVE DATE.**

This act is effective August 1, 2010, and applies to actions commenced on or after that date."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2914, A bill for an act relating to motor vehicles; prohibiting sale of illegally tinted motor vehicle windows; amending Minnesota Statutes 2008, section 169.71, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2925, A bill for an act relating to Public Facilities Authority; amending certain programs; making technical changes; amending Minnesota Statutes 2008, sections 446A.03, subdivision 5; 446A.07, subdivision 8; 446A.072, subdivisions 1, 3, 5a, 9; 446A.081, subdivision 9; 446A.086, subdivisions 1, 2, 11; Minnesota Statutes 2009 Supplement, sections 446A.075, subdivisions 1a, 2, 4, 5; 446A.081, subdivision 8.

Reported the same back with the following amendments:

Page 11, line 30, after the period, insert "No employee in the classified service shall suffer job loss, have a salary reduced, or have employment benefits reduced as a result of the transfer under this section. No action taken after June 1, 2011, shall be considered a result of the transfer under this section."

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

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2927, A bill for an act relating to health; providing administrative simplification by adding a health care clearinghouse for health care provider transactions; amending Minnesota Statutes 2008, sections 62J.51, by adding subdivisions; 62J.536, subdivisions 1, 2b, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 2952, A bill for an act relating to retirement; general state employees retirement plan; correctional state employees retirement plan; legislators retirement plan; judges retirement plan; State Patrol retirement plan; increasing certain contribution rates; temporarily reducing certain postretirement adjustment increase rates; reducing interest rates on refunds; reducing deferred annuity augmentation rates; eliminating interest on reemployed annuitant earnings limitation deferred accounts; increasing certain vesting requirements; increasing certain early retirement reduction rates; reducing certain benefit accrual rates; extending certain amortization periods; amending Minnesota Statutes 2008, sections 3A.02, subdivision 4; 352.113, subdivision 1; 352.115, subdivision 1; 352.12, subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1; 352B.02,

as amended; 352B.08, subdivisions 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2; 352F.07; 356.30, subdivision 1; 356.302, subdivisions 3, 4, 5; 356.303, subdivision 2; 356.315, subdivision 5; 356.47, subdivision 3; Minnesota Statutes 2009 Supplement, sections 352.75, subdivision 4; 352.95, subdivision 2; 356.215, subdivision 11; 356.415, subdivision 1, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:

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

(b) The required reserves applicable to the deferred 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 allowance begins to accrue, at the following annually compounded rate 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 or until January 1, 2011, whichever is earlier; ~~and~~

(3) five percent from the period end date under clause (2) ~~to~~ until the effective date of retirement or until January 1, 2011, whichever is earlier; and

(4) two percent after December 31, 2010.

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

Sec. 2. Minnesota Statutes 2008, section 352.113, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, who is less than normal retirement age and who becomes totally and permanently disabled after three or more years of allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, is entitled to a disability benefit in an amount provided in subdivision 3.

(b) If the disabled employee's state service has terminated at any time, the employee must have at least two years of allowable service after last becoming a state employee covered by the system.

(c) Refunds may be repaid under section 352.23 before the effective accrual date of the disability benefit under subdivision 2.

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

Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** After separation from state service, any employee (1) who has attained the age of at least 55 years and who is entitled to credit for at least three years allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, or (2) who has received credit for at least 30 years allowable service regardless of age, is entitled upon application to a retirement annuity.

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

Sec. 4. Minnesota Statutes 2008, section 352.12, subdivision 2, is amended to read:

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has credit for at least three years allowable service if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee 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 employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

(e) Any employee or former employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

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

Sec. 5. Minnesota Statutes 2008, section 352.22, subdivision 2, is amended to read:

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest at the rate of six percent per year compounded daily from the date that the contribution was made until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and at the rate of four percent per year compounded daily from the date that the contribution was made or from July 1, 2011, whichever is later, until the date on which the refund is paid. Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

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

Sec. 6. Minnesota Statutes 2008, section 352.22, subdivision 3, is amended to read:

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

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

(c) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

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

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

Sec. 7. Minnesota Statutes 2008, section 352.72, subdivision 1, is amended to read:

Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee covered by a retirement system listed in paragraph (b) is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals three or more years if employed before July 1, 2010, or totals five or more years if employed after June 30, 2010.

(b) This section applies to the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, the Teachers Retirement Association, the State Patrol Retirement Association, or any other public employee retirement system in the state with a similar provision, except as noted in paragraph (c).

(c) This section does not apply to other funds providing benefits for police officers or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one fund is based shall be again used in the computation for benefits from another fund. No refund may have been taken from any one of these funds since service entitling the employee to coverage under the system or the employee's membership in any of the

associations last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least ~~three~~ a specific number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals ~~three or more years~~ at least the longest period of allowable service of any of the applicable retirement plans.

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

Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55 or until January 1, 2011, whichever is earlier, and from ~~that date~~ the January 1 next following the attainment of age 55 to the effective date of retirement or until January 1, 2011, whichever is earlier, ~~the rate is~~ five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually until January 1, 2011, if the employee becomes an employee after June 30, 2006, and two percent compounded annually after December 31, 2010, irrespective of when the employee became a state employee. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee 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 the tables adopted by the board and approved by the actuary retained under section 356.214.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is amended to read:

Subd. 4. **Existing deferred retirees.** Any former member of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund is entitled to a retirement annuity from the Minnesota State Retirement System if the employee:

(1) is not an active employee of the Transit Operating Division of the former Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active continuous service with the Transit Operating Division of the former Metropolitan Transit Commission as defined by the former Metropolitan Transit Commission-Transit

Operating Division employees retirement plan document in effect on December 31, 1977; (3) has not received a refund of contributions; (4) has not retired or begun receiving an annuity or benefit from the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid application for a retirement annuity to the executive director of the Minnesota State Retirement System.

The person is entitled to a retirement annuity in an amount equal to the normal old age retirement allowance calculated under the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977, subject to an early retirement reduction or adjustment in amount on account of retirement before the normal retirement age specified in that former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document.

The deferred retirement annuity of any person to whom this subdivision applies must be augmented. The required reserves applicable to the deferred retirement annuity, determined as of the date the allowance begins to accrue using an appropriate mortality table and an interest assumption of five percent, must be augmented by interest at the rate of five percent per year compounded annually from January 1, 1978, to January 1, 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the date that the annuity begins to accrue or June 30, 2010, whichever is earlier, and two percent after June 30, 2010, to the first day of the month in which the annuity begins to accrue. After the commencement of the retirement annuity, the annuity is eligible for postretirement adjustments under section 356.415. On applying for a retirement annuity under this subdivision, the person is entitled to elect a joint and survivor optional annuity under section 352.116, subdivision 3.

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

Sec. 10. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section 352.91 who has reached age 55 years and has credit for at least three years of covered correctional service or a combination of covered correctional service and general state employees state retirement plan allowable service if first employed as a state employee before July 1, 2010, or has credit for at least ten years of covered correctional service or a combination of covered correctional service and general state employees retirement plan allowable service if first employed as a state employee after June 30, 2010, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

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

Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at least 50 years old and who has at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years of allowable service if first employed as a correctional state employee after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by two-tenths of one percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee before July 1, 2010, and if retired before July 1, 2015, or reduced by 0.417 percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee after June 30, 2010, or if first employed as a correctional state employee before July 1, 2010, and if retired after June 30, 2015.

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

Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to pay a higher amount from the date of retirement until an employee is first eligible to draw Social Security benefits, reaches age 65, or up to reaches the age the employee is eligible to receive unreduced Social Security benefits, at which time the monthly benefits must be reduced. The optional annuity forms must be actuarially equivalent to the normal single life annuity form provided in subdivision 2. The optional annuity forms must be ~~approved~~ certified as actuarially equivalent by the actuary retained under section 356.214.

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

Sec. 13. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at least age 50, has credit for at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years of allowable service if first employed as a correctional state employee after June 30, 2010, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and had credit for at least three years of allowable service ~~credit~~ on the date of death if first employed as a correctional state employee before July 1, 2010, or had credit for at least ten years of allowable service on the date of death if first employed as a correctional state employee after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(c) The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse. Any employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is amended to read:

Subd. 2. **Regular disability; computation of benefit.** A covered correctional employee who was hired before July 1, 2009, after rendering at least one year of covered correctional service, or a covered correctional employee who was first hired after June 30, 2009, after rendering at least three years of covered correctional plan service if first employed as a correctional state employee before July 1, 2010, or after rendering at least ten years of covered correctional plan service if first employed as a correctional state employee after June 30, 2010, and who is determined to have a regular disability, physical or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular disability benefit. The regular disability benefit must be based on covered correctional service only. The regular disability benefit must be computed as provided in section 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional employee who was first hired before July 1, 2009, and who is determined to have a regular disability, physical or psychological, under this subdivision must be computed as though the employee had at least 15 years of covered correctional service.

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

Sec. 15. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter 101, article 2, section 109; and Laws 2009, chapter 169, article 1, section 23; article 2, section 16; and article 4, sections 3 and 4, is amended to read:

352B.02 STATE PATROL RETIREMENT FUND.

Subdivision 1. **Fund created; membership.** A State Patrol retirement fund is established. Its membership consists of all persons defined in section 352B.011, subdivision 10.

Subd. 1a. **Member contributions.** (a) The member contribution is ~~10.40 percent~~ the following percentage of the member's salary:

<u>(1) before the first day of the first pay period beginning after July 1, 2011</u>	<u>10.40 percent</u>
<u>(2) on or after the first day of the first pay period beginning after July 1, 2011</u>	<u>11.20 percent</u>

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

Subd. 1b. **Salary deductions.** Member contribution amounts must be deducted each pay period by the department head, who shall have the total amount of the deductions paid to the commissioner of management and budget for deposit in the State Patrol retirement fund, and have a detailed report of all deductions made each pay period to the executive director of the Minnesota State Retirement System.

Subd. 1c. **Employer contributions.** (a) In addition to member contributions, department heads shall pay a sum equal to ~~15.60 percent~~ the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund; as follows:

<u>(1) before the first day of the first pay period beginning after July 1, 2011</u>	<u>15.60 percent</u>
<u>(2) on or after the first day of the first pay period beginning after July 1, 2011</u>	<u>16.80 percent</u>

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

Subd. 1d. **Additional employer contributions.** (a) In addition to the regular employer contribution under subdivision 1c, department heads shall pay a sum equal to ten percent of the salary upon which member contribution deductions were made, which is the additional employer contribution to the fund.

(b) Department additional employer contributions must be paid from departmental appropriations or revenue.

Subd. ~~4d~~ 1e. **Fund revenue and expenses.** The amounts provided for in this section must be credited to the State Patrol retirement fund. All money received must be deposited by the commissioner of management and budget in the State Patrol retirement fund. The fund must be used to pay the administrative expenses of the retirement fund, and the benefits and annuities provided in this chapter.

Subd. ~~4e~~ 1f. **Audit; regular actuarial valuation; supplemental valuations.** (a) The legislative auditor shall audit the fund.

(b) Any actuarial valuation of the fund required under section 356.215 must be prepared by the actuary retained under section 356.214.

(c) Any approved actuary retained by the executive director under section 352.03, subdivision 6, may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuation or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

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

Sec. 16. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is credited with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, is entitled to separate from state service and upon becoming 50 years old, is entitled to receive a life annuity, upon separation from state service.

(b) Members ~~shall~~ must apply for an annuity in a form and manner prescribed by the executive director.

(c) No application may be made more than 90 days before the date the member is eligible to retire by reason of both age and service requirements.

(d) An annuity begins to accrue no earlier than 180 days before the date the application is filed with the executive director.

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

Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and who has at least three years of allowable service if first employed before July 1, 2010, or who has at least five years of allowable service if first employed after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement if first employed after June 30, 2010.

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

Sec. 18. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, dies before attaining age 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

(b) If an active member with less than three years of allowable service if first employed before July 1, 2010, or with fewer than five years of allowable service if first employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (c).

(c) If an active member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, dies on or after attaining exact age 55, the surviving spouse is entitled to receive the benefits specified in subdivision 2c, paragraph (d).

(d) If a disabilitant dies while receiving a disability benefit under section 352B.10 or before the benefit under that section commenced, and an optional annuity was not elected under section 352B.10, subdivision 5, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (b).

(e) If a former member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, who terminated from service and has not received a refund or commenced receipt of any other benefit provided by this chapter, dies, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (e).

(f) If a former member with less than three years of allowable service if first employed before July 1, 2010, or with fewer than five years of allowable service if first employed after June 30, 2010, who terminated from service and has not received a refund or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the surviving spouse is entitled to receive the refund specified in subdivision 2c, paragraph (f).

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

Sec. 19. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least ~~three~~ a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

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

Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose ~~shall~~ must be five percent per year compounded annually until January 1, 1981, ~~and after that date~~ three percent per year compounded annually after January 1, 1981, until January 1, 2011, if the employee became an employee before July 1, 2006, ~~and at~~ 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006, and two percent per year compounded annually after December 31, 2010, irrespective of when the employee was first employed. The mortality table and interest assumption used to compute the annuity ~~shall~~ must be those in effect when the member files application for annuity.

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

Sec. 21. Minnesota Statutes 2008, section 352F.07, is amended to read:

352F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 352 to the contrary, terminated hospital employees may receive a refund of employee accumulated contributions plus interest ~~at the rate of six percent per year compounded annually~~ in accordance with ~~Minnesota Statutes 1994~~, section 352.22, subdivision 2, at any time after the transfer of employment to Fairview, University of Minnesota Physicians, or University Affiliated Family Physicians. If a terminated hospital employee has received a refund from a pension plan enumerated in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with section 356.30, subdivision 2.

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

Sec. 22. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a member who first became a public employee before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a member who first becomes a public employee after June 30, 2010, is vested when the person has accrued credit for not less than five years of allowable service as defined under subdivision 16.

(c) For purposes of qualifying for an annuity or benefit as a member of the police and fire plan or a member of the local government correctional employees retirement plan:

(1) a member who first became a public employee before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a member who first becomes a public employee after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years.

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

Sec. 23. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For a basic member, the employee contribution is 9.10 percent of salary. For a coordinated member, the employee contribution is ~~six percent~~ the following percentage of salary plus any contribution rate adjustment under subdivision 3b.:

<u>Effective before January 1, 2011</u>	<u>6.00</u>
<u>Effective after December 31, 2010</u>	<u>6.25</u>

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

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

Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** (a) For a basic member, the employer contribution is 9.10 percent of salary. For a coordinated member, the employer contribution is ~~six percent~~ the following percentage of salary plus any contribution rate adjustment under subdivision 3b.:

<u>Effective before January 1, 2011</u>	<u>6.00</u>
<u>Effective after December 31, 2010</u>	<u>6.25</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 25. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section.;

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision 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.;~~ and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is 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.

(b) Employee and employer contributions under subdivisions 2 and 3 must be adjusted:

(1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph (a) ~~equal to or~~ greater than ~~0.5~~ one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency equals is no more greater than ~~0.25~~ one percent of covered payroll based on the most recent actuarial valuation; or

(2) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 ~~indicate~~ indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (e) (d) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) The contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, 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 under subdivisions 2, 3, and 3a, by more than ~~0.5~~ one percent of covered payroll, the coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be ~~adjusted~~ decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.

(d) ~~No~~ If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental adjustment increase may exceed be up to 0.25 percent for either the coordinated program employee and matching employer contribution rates per year in which any adjustment is implemented. A contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision;

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

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

(e) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. 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, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(f) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

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

Sec. 26. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

Subdivision 1. **Age and allowable service requirements.** Upon termination of membership, a person who has attained normal retirement age and who ~~received credit for not less than three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. The retirement annuity is known as the "normal" retirement annuity.

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

Sec. 27. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of public service, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least 55 years old but not normal retirement age, and ~~has received credit for at least three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

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

Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

Subdivision 1. **Before retirement.** If a member or former member who terminated public service dies before retirement or before receiving any retirement annuity and no other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~ is payable to the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund shall must be in an amount equal to accumulated deductions plus annual compound interest thereon at the rate ~~of six percent per annum~~

~~compounded annually specified in section 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that may have been paid by the fund; provided that a survivor who has a right to benefits pursuant to under section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived pursuant to under an order of the district court.~~

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

Sec. 29. Minnesota Statutes 2008, 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~~ is vested under section 353.01, subdivision 47, and who 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 a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, 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 computed using section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(c) If a member who was under age 55 and ~~has credit for at least three years of allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back 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.

(f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(g) 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 surviving spouse's estate.

(h) A member may specify in writing, with the signed consent of the spouse, 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.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

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

Sec. 30. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is amended to read:

Subdivision 1. **Age, service, and salary requirements.** ~~(a) A coordinated or basic member who has at least three years of allowable service is vested under section 353.01, subdivision 47, and who becomes totally and permanently disabled before normal retirement age, upon application as defined under section 353.031, is entitled to a disability benefit in an amount determined under subdivision 3.~~

~~(b) If the disabled person's public service has terminated at any time, at least two of the required three years of allowable service required to be vested under section 353.01, subdivision 47, must have been rendered after last becoming an active member.~~

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

Sec. 31. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either 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 before the date of termination of public service. 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 placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, the Public Employees Retirement Association police and fire retirement plan, or the public employees local government ~~corrections~~ correctional service retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus ~~six percent annual compound interest compounded annually~~ from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

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

Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** ~~(a) Except as provided in subdivision 1, any person who ceases to be a public employee shall be entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed at the rate of six percent compounded annually based on fiscal year balances.~~

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

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

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

Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member with at least three years of allowable service who is vested under section 353.01, subdivision 47, when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in section 353.71, subdivision 2.

(c) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

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

Sec. 34. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member in each calendar year after 2010. This contribution must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

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

Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member in each calendar year after 2010. This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 36. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

Subdivision 1. **Age and allowable service requirements.** Upon separation from public service, any police officer or firefighter member who has attained the age of at least 55 years and who received credit for not less than three years of allowable service is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. Such retirement annuity is known as the "normal" retirement annuity.

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

Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age ~~with at least three years of allowable service~~ and who is vested under section 353.01, subdivision 47, upon the termination of public service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public service, any police and fire plan member not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

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

Sec. 38. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund dies from any cause before retirement or before becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01, subdivision 15, except that if the death is not a line of duty death, the member must ~~have accrued at least three years of credited service~~ be vested under section 353.01, subdivision 47.

(b) Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit 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 section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The spouse and child or children are entitled to monthly benefits as provided in subdivisions 2 to 4.

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

Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and ~~has credit for not less than three years allowable service~~ either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) 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 death while eligible survivor benefit 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 section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

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

(d) The surviving spouse 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. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which 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, to the legal representative of the estate of such deceased member.

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

(g) 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.

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

Sec. 40. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a fund retirement plan providing benefits for police officers or firefighters governed by sections 69.77 or 69.771 to 69.776, shall be is entitled, when qualified, to an annuity from each ~~fund retirement plan~~ retirement plan if the total allowable service in all ~~funds retirement plans~~ retirement plans or in any two of these ~~funds retirement plans~~ retirement plans totals ~~three or more years~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one ~~fund retirement plan~~ retirement plan is based is again used in the computation for benefits from another ~~fund retirement plan~~ retirement plan and provided further that the person has not taken a refund from any one of these ~~funds retirement plans~~ retirement plans since the person's membership in that association or system last terminated. The annuity from each fund ~~shall must~~ be determined by the appropriate provisions of the law except that the requirement that a person must have at least ~~three years~~ a specific minimum period of allowable service in the respective association or system ~~shall does not apply for the purposes of this section provided if~~ the combined service in two or more of these ~~funds retirement plans~~ retirement plans equals ~~three or more~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

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

Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this ~~paragraph~~ subdivision. The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

(b) For a person who became a public employee before July 1, 2006, whose period of deferral began after June 30, 1971, and who terminated public employment before January 1, 2011, the required reserves of the deferred annuity must be augmented at the following applicable rate ~~of~~ or rates:

(1) five percent ~~annually compounded annually~~ annual compound interest until January 1, 1981, and at the rate of;

(2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until the earlier of December 31, 2010, or after the date of the termination of public service or the termination of membership, whichever is later, until January 1 of the year following the year in which the former member attains age 55 and;

(3) five percent annual compound interest from ~~that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an~~ January 1 of the year following the year in which the former member attains age 55, or until December 31, 2010, whichever is earlier; and

(4) one percent annual compound interest from January 1, 2011.

(c) For a person who became a public employee after June 30, 2006, and who terminated public employment before January 1, 2011, the required reserves of the deferred annuity must be augmented at 2.5 percent annual compound interest from the date of termination of public service or termination of membership, whichever is earlier, until December 31, 2010, and one percent annual compound interest after December 31, 2010.

(d) For a person who terminates public employment after December 31, 2010, the required reserves of the deferred annuity must not be augmented.

(e) If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves is the present value of the annuity. Uninterrupted service for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

~~(b)~~ (f) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable 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 and approved by the actuary retained under section 356.214.

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

Sec. 42. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

Subdivision 1. **Eligibility requirements.** After termination of public employment, an employee covered under section 353E.02 who has attained the age of at least 55 years and ~~has credit for not less than three years of coverage~~ who is vested under section 353.01, subdivision 47, in the local government correctional service plan is entitled, upon application, to a normal retirement annuity. Instead of a normal retirement annuity, a retiring employee may elect to receive the optional annuity provided in section 353.30, subdivision 3.

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

Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~ who is vested under section 353.01, subdivision 47, in the local government correctional service plan is entitled, upon application, to a reduced retirement annuity equal to the annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue until age 55.

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

Sec. 44. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

Subdivision 1. **Member at least age 50.** If a member or former member of the local government correctional service retirement plan who has attained the age of at least 50 years and ~~has credit for not less than three years of allowable service~~ who is vested under section 353.01, subdivision 47, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor annuity for which the member could have qualified had the member terminated service on the date of death.

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

Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had credit for not less than three years of allowable service~~ was vested under section 353.01, subdivision 47, on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and the surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and one-half the early retirement reduction from age 50 to the age payment begins. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

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

Sec. 46. Minnesota Statutes 2008, section 353F.03, is amended to read:

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

Notwithstanding any provision of chapter 353 to the contrary, a terminated medical facility or other public employing unit employee is eligible to receive a retirement annuity under section 353.29 of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, without regard to the requirement ~~for three years of allowable service~~ specified in section 353.01, subdivision 47.

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

Sec. 47. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For a basic member, the employee contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:-;

<u>before July 1, 2011</u>	<u>9.0 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
<u>after June 30, 2014</u>	<u>11.0 percent</u>

(b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following percentage of the member's salary:

<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>

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

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

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

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

Sec. 48. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated member and 9.0 percent of the salary of each of its teachers who is a basic member. After July 1, 2007, the regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent the applicable following percentage of salary of each coordinated member and 9.5 percent the applicable following percentage of salary of each basic member:~~

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or is a basic member.

(b) The employer contribution to the fund for every other employer is an amount equal to ~~5.0 percent~~ the applicable following percentage of the salary of each coordinated member and ~~9.0 percent~~ the applicable following percentage of the salary of each basic member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member and 9.5 percent of the salary of each basic member after June 30, 2007.~~

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

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

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

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

Sec. 49. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency exists if 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 approved 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.

(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the 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 approved 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.

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

Sec. 50. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the employee and employer contribution rates may be adjusted as follows:

(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll and the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates for the plan may each be decreased to a level such that the sufficiency equals no more than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after June 30, 2015, the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll and the deficiency has existed for at least two consecutive years, the employee and employer contribution rates for the applicable plan may each be increased by:

(i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

(ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered payroll and less than or equal to four percent; and

(iii) 0.75 percent if the deficiency is greater than four percent.

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

Sec. 51. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4c. **Contribution sufficiency measures.** (a) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions being collected.

(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic adjustment under this section to increase contributions. A proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement, as provided under section 356.214, subdivision 4, on the manner in which the benefit modification is to be funded.

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

Sec. 52. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease under subdivision 4b, as determined by the executive director of the Teachers Retirement Association, 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 exists based on the most recent actuarial valuation under section 356.215.

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

Sec. 53. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is amended to read:

Subdivision 1. **Death before retirement.** (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

(b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, then the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest compounded annually. a refund equal to the accumulated deductions credited to the member's account plus interest compounded annually until the member's date of death using the following interest rates:

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

(d) The amount of any refund payable under this subdivision must be reduced by any permanent disability payment under section 354.48 received by the member.

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

Sec. 54. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is amended to read:

Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, is entitled to receive a refund in an amount equal to the accumulated deductions credited to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions with interest at the rate of six percent per annum compounded annually.~~ plus interest compounded annually using the following interest rates:

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

(b) If the person has received permanent disability payments under section 354.48, the refund amount must be reduced by the amount of those payments.

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

Sec. 55. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision, by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement.

(c) No augmentation is not creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, with a deferral period commencing after June 30, 1971, the annuity must be augmented ~~using~~ as follows:

(1) five percent interest compounded annually until January 1, 1981, and;

(2) three percent interest compounded annually thereafter from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55;

~~From that date~~ (3) five percent interest compounded annually from the date established in clause (2) to the effective date of retirement, the rate is five percent compounded annually, or until June 30, 2011, whichever is earlier; and

(4) two percent interest compounded annually after June 30, 2011.

(e) For persons who become covered employees after June 30, 2006, the interest rate used to augment the deferred annuity is 2.5 percent interest compounded annually until June 30, 2011, or until the effective date of retirement, whichever is earlier, and two percent interest compounded annually after June 30, 2011.

(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(g) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.

(h) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.

(i) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.

(j) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

(k) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

(l) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

(m) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

(n) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher 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 as recommended by an approved actuary and approved by the actuary retained under section 356.214.

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

Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) ~~The contribution required to be paid by each member of a teachers retirement fund association shall not be less than~~ is the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law coordinated programs	5.5 percent
<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>effective July 1, 2011</u>	<u>6.0 percent</u>
<u>effective July 1, 2012</u>	<u>6.5 percent</u>
St. Paul Teachers Retirement Fund Association	
basic program <u>before July 1, 2010</u>	8 percent
<u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
<u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
coordinated program <u>before July 1, 2010</u>	5.5 percent
<u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
<u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

(b) Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth Teachers Retirement Fund Association	4.50 percent
<u>before July 1, 2011</u>	<u>5.79 percent</u>
<u>effective July 1, 2011</u>	<u>6.29 percent</u>
<u>effective July 1, 2012</u>	<u>6.79 percent</u>

St. Paul Teachers Retirement Fund Association

<u>before July 1, 2010</u>	4.50 percent
<u>after June 30, 2010</u>	<u>5.0 percent</u>
<u>after June 30, 2011</u>	<u>5.5 percent</u>
<u>after June 30, 2013</u>	<u>6.5 percent</u>

(2) for any basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount ~~equal to 8.00 percent of the salary of the basic member;~~ according to the schedule below:

<u>before July 1, 2010</u>	<u>8.0 percent of the salary of the basic member</u>
<u>before July 1, 2011</u>	<u>8.5 percent of the salary of the basic member</u>
<u>before July 1, 2012</u>	<u>9.0 percent of the salary of the basic member</u>
<u>before July 1, 2013</u>	<u>9.5 percent of the salary of the basic member</u>
<u>before July 1, 2014</u>	<u>10.0 percent of the salary of the basic member</u>

(3) for a basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a coordinated member of ~~a teachers retirement fund association in a city of the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth Teachers Retirement Fund Association	1.29 percent
St. Paul Teachers Retirement Fund Association	3.84 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

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

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 58. Minnesota Statutes 2008, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214, or 2037, whichever occurs earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association ~~terminate at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained under section 356.214, equals or exceeds the accrued liability funding ratio for the Teachers Retirement Association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained under section 356.214,~~ must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.

~~(b) If the St. Paul Teachers Retirement Fund Association is funded at an amount equal to or greater than the funding ratio applicable to the Teachers Retirement Association, then any future state aid under subdivision 3a is payable to the Teachers Retirement Association.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 59. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

Subd. 5. **Calculation Eligibility for and payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees ~~of the Duluth Teachers Retirement Fund Association~~ determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision ~~6 or 7, whichever is applicable.~~

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be ~~equal to two percent of a permanent percentage increase as specified under subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 60. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

Subd. 6. **Additional increase Calculation of postretirement adjustments; transitional provision.** ~~(a) In addition to the postretirement increases granted under subdivision 5, an additional percentage increase must be computed and paid under this subdivision.~~

~~(b) The board of trustees shall determine the number of annuitants or benefit recipients who have been receiving an annuity or benefit for at least 12 months as of the current June 30. These recipients are entitled to receive the surplus investment earnings additional postretirement increase.~~

~~(c) Annually, as of each June 30, the board shall determine the five year annualized rate of return attributable to the assets of the Duluth Teachers Retirement Fund Association under the formula or formulas specified in section 11A.04, clause (11).~~

~~(d) The board shall determine the amount of excess five year annualized rate of return over the preretirement interest assumption as specified in section 356.215.~~

~~(e) The additional percentage increase must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained under section 356.214, times the rate of return excess as determined in paragraph (d).~~

~~(f) The additional increase is payable to all eligible annuitants or benefit recipients on the following January 1.~~

(a) For purposes of computing postretirement adjustments after the effective date of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund Association, the funding ratio of the plan, as determined by dividing the market value of assets by the actuarial accrued liability as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, determines the postretirement increase as follows:

<u>Funding Ratio</u>	<u>Postretirement Increase</u>
<u>less than 80 percent</u>	<u>0 percent</u>
<u>at least 80 percent but less than 90 percent</u>	<u>1 percent</u>
<u>at least 90 percent</u>	<u>2 percent</u>

(b) If the funding ratio of the plan based on actuarial value, rather than market value, is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement increases must be paid as specified under subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 61. Minnesota Statutes 2008, section 354A.27, is amended by adding a subdivision to read:

Subd. 7. Calculation of postretirement adjustments. (a) This subdivision applies if subdivision 6 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(c) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 62. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 63. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

Subdivision 1. **Death before retirement; refund.** If a coordinated member or former coordinated member dies prior to retirement or prior to the receipt of any retirement annuity or other benefit payment which is or may be payable and a surviving spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to the person's surviving spouse, or if there is none, to the person's designated beneficiary, or if there is none, to the legal representative of the person's estate. For a coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association, the refund shall be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually. For a coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity shall commence upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

(b) The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. For a member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and

five percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, five percent compounded annually after that date to July 1, 2010, and two percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually to July 1, 2010, and two percent compounded annually after that date to the effective date of retirement if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 65. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **Computation of refund amount.** A former coordinated member of the St. Paul Teachers Retirement Fund Association who qualifies for a refund pursuant to under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually. A former coordinated member of the Duluth Teachers Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 66. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member who has attained the normal retirement age with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity pursuant to section 356.32. The refund for a member of the St. Paul Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually. The refund for a member of the Duluth Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 67. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

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

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption H <u>G</u>
State Patrol retirement plan	assumption G <u>F</u>
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption E <u>B</u>
local government correctional service retirement plan	assumption G <u>F</u>
teachers retirement plan	assumption D <u>C</u>
Duluth teachers retirement plan	assumption E <u>D</u>
St. Paul teachers retirement plan	assumption F <u>E</u>

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan ~~and the general public employees retirement plan~~. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; (2) 0.6 percent for the general state employees retirement plan ~~and the general public employees retirement plan~~; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	<u>E</u> <u>B</u>	D <u>C</u>	<u>E</u> <u>D</u>	F <u>E</u>	<u>G</u> <u>F</u>	<u>H</u> <u>G</u>
16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544

24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
71	4.25	4.00		5.20				

(4) service-related ultimate future salary increase assumption

<u>service length</u>	<u>general employees retirement plan of the Public Employees Retirement Association</u>
<u>1</u>	<u>12.03%</u>
<u>2</u>	<u>8.90</u>
<u>3</u>	<u>7.46</u>
<u>4</u>	<u>6.58</u>
<u>5</u>	<u>5.97</u>
<u>6</u>	<u>5.52</u>
<u>7</u>	<u>5.16</u>
<u>8</u>	<u>4.87</u>
<u>9</u>	<u>4.63</u>
<u>10</u>	<u>4.42</u>
<u>11</u>	<u>4.24</u>
<u>12</u>	<u>4.08</u>
<u>13</u>	<u>3.94</u>
<u>14</u>	<u>3.82</u>
<u>15</u>	<u>3.70</u>
<u>16</u>	<u>3.60</u>
<u>17</u>	<u>3.51</u>
<u>18</u>	<u>3.50</u>
<u>19</u>	<u>3.50</u>
<u>20</u>	<u>3.50</u>
<u>21</u>	<u>3.50</u>
<u>22</u>	<u>3.50</u>
<u>23</u>	<u>3.50</u>
<u>24</u>	<u>3.50</u>
<u>25</u>	<u>3.50</u>
<u>26</u>	<u>3.50</u>
<u>27</u>	<u>3.50</u>
<u>28</u>	<u>3.50</u>
<u>29</u>	<u>3.50</u>
<u>30 or more</u>	<u>3.50</u>

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

<u>plan</u>	<u>payroll growth assumption</u>
general state employees retirement plan	4.50%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general public employees retirement plan <u>of the Public Employees Retirement Association</u>	4.50 4.00
public employees police and fire retirement plan	4.50

local government correctional service retirement plan	4.50
teachers retirement plan	4.50
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

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

Sec. 68. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than the Minneapolis Employees Retirement Fund, the general employees retirement plan of the Public Employees Retirement Association, the general state employees retirement plan of the Minnesota State Retirement System, and the St. Paul Teachers Retirement Fund Association, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

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

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

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

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

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

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

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

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

(d) For the Minneapolis Employees Retirement Fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation shall contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(k) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.

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

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

Sec. 69. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:

(1) the person has allowable service ~~totaling an amount that allows the person to receive an annuity~~ in any two or more of the enumerated plans;

(2) the person has sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; and

~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed the percent specified in section 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed the percentage rate specified in section 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed the percentage rate specified in section 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

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

Sec. 70. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

Subd. 3. **General employee plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than the normal retirement age on the date of the application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least ~~three years~~ the number of years required by the applicable retirement plan with the longest service credit requirement for disability benefit receipt;

(4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) was not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

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

Sec. 71. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

Subd. 4. **Public safety plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) has become occupationally disabled;

(2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least ~~one year~~ the minimum period of service credit required by the applicable retirement plan with the longest service credit eligibility requirement for the receipt of a duty-related disability benefit if the disability is duty-related or totaling at least ~~three years~~ the minimum period of service credit required by the applicable retirement plan with the longest service credit eligibility requirement for a disability benefit that is not duty-related if the disability is not duty-related;

(3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

(4) was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

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

Sec. 72. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

Subd. 5. **General and public safety plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement plan and general employee retirement plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability, that the person must have allowable service credit for the applicable retirement plan with the longest service credit eligibility requirement for the receipt of a disability benefit, and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

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

Sec. 73. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

Subd. 2. **Entitlement; eligibility.** Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the applicable covered retirement fund with the longest allowable service credit requirement for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

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

Sec. 74. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

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

Sec. 75. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, or 1d, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

(b) The increases provided by this ~~section~~ subdivision commence on January 1, 2010.

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

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35.~~ A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

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

Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plan, the general state employees retirement plan, the correctional state employees retirement plan, the State Patrol retirement plan, the elected state officers retirement plan, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

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

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

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

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

Sec. 77. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1b. Annual postretirement adjustments; general employees retirement plan and local government correctional retirement plan of the Public Employees Retirement Association. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30;

(2) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30; and

(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.

(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(c) If, after applying the increase as provided for in paragraph (a), clauses (3) and (4), the market value of the applicable retirement plan is determined in the next subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent of the actuarial accrued liability of any of the applicable Public Employees Retirement Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be applied as of the next successive January until funding stability is again restored.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

(e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment, as provided in section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 78. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1c. **Annual postretirement adjustments; PERA-P&F.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year;

(2) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of one percent in each year;

(3) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 1.5 percent;

(4) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers-all items published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of annuity or benefit receipt;

(5) for each January 1 following the restoration of funding stability as defined under paragraph (b) and during the continuation of funding stability as defined under paragraph (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers-all items published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent; and

(6) for each January 1 following the restoration of funding stability as defined under paragraph (b) and during the continuation of funding stability as defined under paragraph (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers-all items published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt.

(b) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the most recent prior actuarial valuation prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission and Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

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

Sec. 79. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

(2) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;

(3) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, following the year in which the person has been retired for less than 12 months;

(4) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and

(5) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, following the year in which the person has been retired for less than 12 months.

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 80. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest at. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association, the annual interest is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association, the annual interest is the ~~compound annual~~ rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

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

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

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

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

Sec. 81. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid distributed under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments shall be made on or before June 30 each fiscal year. If the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility for this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), Independent School District No. 625, St. Paul, must make contributions to the St. Paul Teachers Retirement Fund Association in accordance with the following schedule:

Fiscal Year	Amount
1996	\$0
1997	\$0
1998	\$200,000
1999	\$400,000
2000	\$600,000
2001 and thereafter	\$800,000

(c) Special School District No. 1, Minneapolis, and the city of Minneapolis must each make contributions to the Teachers Retirement Association in accordance with the following schedule:

Fiscal Year	City amount	School district amount
1996	\$0	\$0
1997	\$0	\$0
1998	\$250,000	\$250,000
1999	\$400,000	\$400,000
2000	\$550,000	\$550,000
2001	\$700,000	\$700,000
2002	\$850,000	\$850,000
2003 and thereafter	\$1,000,000	\$1,000,000

~~(d) Money contributed under paragraph (a) and either paragraph (b) or (c), as applicable, must be credited to a separate account in the applicable teachers retirement fund and may not be used in determining any benefit increases. The separate account terminates for a fund when the aid payments to the fund under paragraph (a) cease.~~

~~(e) (d) Thirty percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried firefighter relief association must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.~~

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

Sec. 82. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES STUDY.**

A study group consisting of representatives from pension plans subject to Minnesota Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the state auditor to study investment-related provisions, authorities, and limitations under Minnesota Statutes, chapter 356A, and related sections of other chapters. Administrative support for the study group shall be provided by the state auditor. The study group shall prepare a report to include an assessment of the effectiveness of current statutory prescriptions, options for change, and recommendations for consideration by the governor and the legislature during the 2011 legislative session. The report will be provided no later than January 15, 2011, to the executive director of the Legislative Commission on Pensions and Retirement, the chair and ranking minority caucus member of the senate State and Local Government Operations and Oversight Committee, and the chair and ranking minority caucus member of the house State and Local Government Operations Reform, Technology and Elections Committee.

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

Sec. 83. **BYLAW AUTHORIZATION.**

Consistent with the requirements of Minnesota Statutes, section 354A.12, subdivision 4, the board of the Duluth Teachers Retirement Fund Association is authorized to revise the bylaws or articles of incorporation so that the requirements of this act apply to the old law coordinated program.

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

Sec. 84. **REPEALER.**

Minnesota Statutes 2008, section 354A.27, subdivision 1, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2010."

Delete the title and insert:

"A bill for an act relating to retirement; Minnesota State Retirement System; Public Employees Retirement Association; Teachers Retirement Association; first class city teacher retirement fund associations; increasing certain contribution rates; suspending certain postretirement adjustments; reducing certain postretirement adjustment increase rates; reducing interest rates on refunds; reducing deferred annuity augmentation rates; eliminating interest on reemployed annuitant earnings limitation deferred accounts; increasing certain vesting requirements; increasing certain early retirement reduction rates; reducing certain benefit accrual rates; extending certain amortization periods; requiring a retirement fund investment authority study; authorizing certain bylaw amendments; amending Minnesota Statutes 2008, sections 3A.02, subdivision 4; 352.113, subdivision 1; 352.115, subdivision 1; 352.12,

subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1; 352B.02, as amended; 352B.08, subdivisions 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2; 352F.07; 353.01, by adding a subdivision; 353.27, subdivision 3b; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivisions 1, 1a; 353.34, subdivisions 1, 2, 3; 353.651, subdivisions 1, 4; 353.657, subdivisions 1, 2a; 353.71, subdivisions 1, 2; 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1, 2; 353F.03; 354.42, subdivision 3, by adding subdivisions; 354A.12, subdivisions 1, 3c; 354A.27, subdivisions 5, 6, by adding a subdivision; 354A.31, subdivision 1; 354A.35, subdivision 1; 354A.37, subdivisions 2, 3, 4; 356.215, subdivision 8; 356.30, subdivision 1; 356.302, subdivisions 3, 4, 5; 356.303, subdivision 2; 356.315, subdivision 5; 356.47, subdivision 3; Minnesota Statutes 2009 Supplement, sections 352.75, subdivision 4; 352.95, subdivision 2; 353.27, subdivisions 2, 3; 353.33, subdivision 1; 353.65, subdivisions 2, 3; 354.42, subdivision 2; 354.47, subdivision 1; 354.49, subdivision 2; 354.55, subdivision 11; 354A.12, subdivision 2a; 356.215, subdivision 11; 356.415, subdivision 1, by adding subdivisions; 423A.02, subdivision 3; repealing Minnesota Statutes 2008, section 354A.27, subdivision 1."

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

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 2958, A bill for an act relating to state government; making changes to the Open Meeting Law; amending Minnesota Statutes 2008, sections 13D.01; 13D.02, subdivisions 1, 4; 13D.021, subdivisions 1, 4; 13D.04.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

Subdivision 1. ~~In executive branch, local government~~ **Open meetings; definitions.** (a) All meetings, ~~including executive sessions, of a public body~~ must be open to the public.

~~(a) of a state~~

~~(1) agency,~~

~~(2) board,~~

~~(3) commission, or~~

~~(4) department,~~

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

~~(b) of the governing body of a~~

~~(1) school district however organized,~~

~~(2) unorganized territory,~~

~~(3) county,~~

~~(4) statutory or home rule charter city,~~

~~(5) town, or~~

~~(6) other public body;~~

~~(c) of any~~

~~(1) committee,~~

~~(2) subcommittee,~~

~~(3) board,~~

~~(4) department, or~~

~~(5) commission,~~

of a public body; and

~~(d) of the governing body or a committee of:~~

~~(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or~~

~~(2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, 422A, or 423B.~~

(b) For purposes of this section, "meeting" means a quorum of the members of a public body transacting public business.

(c) "Public body" means any multimember state, regional, or local governing body. The term also includes a committee, subcommittee, commission, board, or other similar multimember body of a state, regional, or local governing body; a statewide public pension plan as defined by section 356A.01, subdivision 24; or a local public pension plan under section 69.77 or 69.771 to 69.775, or chapter 354A, 422A, or 423B.

Sec. 2. Minnesota Statutes 2008, section 13D.01, subdivision 3, is amended to read:

Subd. 3. **Subject of and grounds for closed meeting.** Before closing a meeting, a public body shall state on the record the ~~specific grounds~~ legal basis permitting the meeting to be closed and describe the subject to be discussed.

Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 4, is amended to read:

Subd. 4. **Votes to be kept in journal.** (a) The votes of the members of the ~~state agency, board, commission, or department, or of the governing body, committee, subcommittee, board, department, or commission~~ public body on an action taken in a meeting required by this section to be open to the public must be recorded in a journal kept for that purpose.

(b) The vote of each member must be recorded on each appropriation of money, except for payments of judgments, claims, and amounts fixed by statute.

Sec. 4. Minnesota Statutes 2008, section 13D.01, subdivision 6, is amended to read:

Subd. 6. **Public copy of members' materials.** (a) In any meeting ~~which under subdivisions 1, 2, 4, and 5, and section 13D.02~~ that must be open to the public, at least one paper copy of any printed or electronic materials relating to the agenda items of the meeting prepared or distributed by or at the direction of the governing public body or its employees and:

- (1) distributed at the meeting to all members of the governing public body;
- (2) distributed before the meeting to all members; or
- (3) available in the meeting room to all members;

shall be available in the meeting room for inspection by the public while the governing public body considers their subject matter.

(b) This subdivision does not apply to materials classified by law as other than public as defined in chapter 13, or to materials relating to the agenda items of a closed meeting held in accordance with the procedures in section 13D.03 or other law permitting the closing of meetings.

Sec. 5. Minnesota Statutes 2008, section 13D.01, is amended by adding a subdivision to read:

Subd. 7. **Public recording of meetings.** Open meetings may be recorded and photographed by members of the public in a manner that is not disruptive and does not interfere with the meeting as reasonably determined by the public body.

Sec. 6. Minnesota Statutes 2008, section 13D.021, subdivision 1, is amended to read:

Subdivision 1. **Conditions.** A meeting governed by this section and section 13D.01, ~~subdivisions 1, 2, 4, and 5,~~ may be conducted by telephone or other electronic means so long as the following conditions are met:

(1) the presiding officer, chief legal counsel, or chief administrative officer for the affected governing public body determines that an in-person meeting or a meeting conducted under section 13D.02 is not practical or prudent because of a health pandemic or an emergency declared under chapter 12;

(2) all members of the body participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(3) members of the public present at the ~~regular~~ meeting location of the body can hear all discussion and testimony and all votes of the members of the body, unless attendance at the ~~regular~~ meeting location is not feasible due to the health pandemic or emergency declaration;

(4) at least one member of the body, chief legal counsel, or chief administrative officer is physically present at the ~~regular~~ meeting location, unless unfeasible due to the health pandemic or emergency declaration; and

(5) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

Sec. 7. Minnesota Statutes 2008, section 13D.04, subdivision 2, is amended to read:

Subd. 2. **Special meetings.** (a) For a special meeting, except an emergency meeting or a special meeting for which a notice requirement is otherwise expressly established by statute, the public body shall post written notice of the date, time, place, and purpose of the meeting on the principal bulletin board of the public body, or if the public body has no principal bulletin board, on the door of its usual meeting room. If the principal bulletin board or door of the public body's usual meeting room is not generally accessible to the public, the public body must post the notice in an area generally accessible for public viewing.

(b) The notice shall also be mailed or otherwise delivered to each person who has filed a written request for notice of special meetings with the public body. This notice shall be posted and mailed or delivered at least three calendar days before the date of the meeting.

(c) As an alternative to mailing or otherwise delivering notice to persons who have filed a written request for notice of special meetings, the public body may publish the notice once, at least three calendar days before the meeting, in the official newspaper of the public body or, if there is none, in a qualified newspaper of general circulation within the area of the public body's authority.

(d) A person filing a request for notice of special meetings may limit the request to notification of meetings concerning particular subjects, in which case the public body is required to send notice to that person only concerning special meetings involving those subjects.

(e) A public body may establish an expiration date for requests for notices of special meetings pursuant to this subdivision and require refiling of the request once each year.

(f) Not more than 60 days before the expiration date of a request for notice, the public body shall send notice of the refiling requirement to each person who filed during the preceding year.

Sec. 8. Minnesota Statutes 2008, section 13D.04, subdivision 6, is amended to read:

Subd. 6. **State agencies.** For a meeting of a public body of an agency, board, commission, or department of the state:

(1) the notice requirements of this section apply only if a statute governing meetings of ~~the agency, board, or commission~~ the public body does not contain specific reference to the method of providing notice; and

(2) all provisions of this section relating to publication are satisfied by publication in the State Register and on the agency's Web site."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3008, A bill for an act relating to transportation; amending requirements for type III vehicle drivers; providing a rulemaking exception; amending Minnesota Statutes 2008, section 171.321, subdivision 2; Minnesota Statutes 2009 Supplement, section 171.02, subdivision 2b.

Reported the same back with the following amendments:

Page 3, line 30, after the period, insert "The rules for physical qualifications of type III vehicle drivers are not subject to chapter 14 and section 14.386 does not apply."

Page 4, delete section 3

Amend the title as follows:

Page 1, line 3, delete "providing a rulemaking exception;"

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

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3042, A bill for an act relating to health; regulating participating provider agreements between health plan companies and health care providers; amending Minnesota Statutes 2008, sections 62Q.735, by adding subdivisions; 62Q.75, subdivision 3, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 12, delete "members" and insert "enrollees about the possible termination"

Page 1, line 13, delete everything after "provider" and insert a period

Page 1, line 21, before "A" insert "(a)"

Page 1, line 22, after "fees" insert "or fee schedules"

Page 2, after line 3, insert:

"(b) A dental organization may satisfy paragraph (a) by complying with section 62Q.735, subdivision 1, paragraph (c)."

Page 2, line 11, delete "does" and insert "need"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3048, A bill for an act relating to labor and industry; modifying construction codes and licensing provisions; modifying certain notice provisions; amending Minnesota Statutes 2008, sections 178.01; 178.03, subdivisions 3, 4; 178.06; 178.08; 178.11; 326.02, subdivision 5; 326B.04, subdivision 2; 326B.127, subdivision 3; 326B.13, subdivisions 3, 4, 5, 6; 326B.133, subdivision 5; 326B.139; 326B.142; 326B.148, subdivisions 2, 3; 326B.191; 326B.31, subdivision 28; 326B.33, subdivision 17; 326B.42, subdivisions 2, 6; 326B.435, subdivision 2; 326B.47; 326B.84; 326B.89, subdivisions 1, 5, 6, 7, 8, 10, 13, by adding subdivisions; 326B.921, subdivision 3; Minnesota Statutes 2009 Supplement, sections 14.14, subdivision 1a; 326B.145; repealing Minnesota Statutes 2008, sections 299G.11; 299G.13, subdivisions 1, 6, 9, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28; 299G.14; 299G.15; 299G.16; 299G.17; 299G.18; 326B.115; 326B.37, subdivision 13; Minnesota Rules, parts 5200.0020; 5200.0050; 5200.0080, subparts 2, 3, 4, 4a, 4b, 6, 7, 8.

Reported the same back with the following amendments:

Page 3, line 15, after "those" insert "(1)"

Page 3, line 16, reinstate the stricken language and insert ", and (2)"

Page 21, after line 15, insert:

"Sec. 39. Laws 2010, chapter 183, section 8, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective August 1, ~~2009~~ 2010, except that the requirement under subdivision 2 that a master or journeyman plumber must be certified by the Minnesota Plumbing Board and the fee in subdivision 4 are not effective until 180 days after the board adopts rules."

Page 21, line 23, delete "1 to 39" and insert "2 to 7 and 39"

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Mullery from the Committee on Civil Justice to which was referred:

H. F. No. 3106, A bill for an act relating to public safety; modifying implied consent, driving while impaired, and ignition interlock provisions; amending Minnesota Statutes 2008, sections 169A.52, subdivisions 3, 4; 169A.54, subdivisions 2, 5; 169A.55, by adding a subdivision; 169A.60, subdivision 1; 171.09; 171.30, subdivisions 1, 2a, 4; 171.306, as amended; 609.131, subdivision 2; Minnesota Statutes 2009 Supplement, sections 169A.275, subdivision 7; 169A.54, subdivision 1; repealing Minnesota Statutes 2008, sections 169A.54, subdivision 11; 169A.55, subdivision 1; 171.30, subdivision 2c; 171.305, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11.

Reported the same back with the following amendments:

Page 3, line 8, before "two years" insert "one year, or if the test results indicate an alcohol concentration of 0.20 or more, not less than"

Page 4, line 10, before "two years" insert "one year, or if the test results indicate an alcohol concentration of 0.20 or more, not less than"

Page 5, line 20, delete "abstinence from" and insert "no detectable use of" and after "substances" insert "while driving, operating, or in physical control of a motor vehicle"

Page 5, line 21, after "by" insert "monitoring" and delete everything after "device"

Page 5, line 22, delete everything before the period

Page 5, line 23, delete everything after "of" and insert "no detectable"

Page 5, line 24, after "substances" insert "while driving, operating, or being in physical control of a motor vehicle must be"

Page 6, line 1, delete everything after "(c)" and insert "A person whose driver's license has been restricted as a result of three or more qualified impaired driving incidents shall not be eligible for an unrestricted driver's license until the person has completed the required time period of no alcohol and controlled substance violations."

Page 6, delete lines 2 to 3

Page 7, line 7, delete the new language

Page 7, delete line 8

Page 7, line 33, after "clause" insert "(1), (2), if the test results indicate an alcohol concentration of less than 0.20,"

Page 9, line 11, delete "or second"

Page 13, after line 32, insert:

"**Subd. 7. Positive breath alcohol concentration raised.** Beginning January 1, 2013, the reference to breath alcohol concentration of 0.02 in subdivision 1, paragraph (b), and subdivision 4, paragraphs (d) and (e), shall be increased to 0.05."

Page 14, line 3, delete "Subdivisions 1 to 6" and insert "Subdivisions 1 to 7" and delete "Subdivision 7" and insert "Subdivision 8"

Renumber the subdivisions in sequence

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

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3117, A bill for an act relating to transportation; regulating contracts; prohibiting indemnification provisions; proposing coding for new law in Minnesota Statutes, chapter 221.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3131, A bill for an act relating to corrections; adopting the Interstate Compact for Juveniles; proposing coding for new law in Minnesota Statutes, chapter 260.

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

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3137, A bill for an act relating to public safety; requiring chemical use screen of juvenile offenders; amending Minnesota Statutes 2008, sections 260B.157, subdivision 1; 260B.176, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 2, delete "mental health"

Page 2, line 6, after "for" insert "a mental health"

Page 2, line 8, after the period, insert "If the screening indicates a need for a chemical use assessment, the local social service agency, in consultation with the child's family, shall have a chemical use assessment conducted, as defined in section 254A.03, subdivision 3."

Page 4, line 11, before the period, insert "with a screening instrument approved by the commissioner of human services, unless a screening has been performed within the previous 180 days or the child is currently under the care of a licensed alcohol and drug counselor. The screening shall be conducted by a mental health practitioner as defined in section 245.4871, subdivision 26, or a probation officer who is trained in the use of the screening instrument. The screening shall be conducted after the initial detention hearing has been held and the court has ordered the child continued in detention"

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3168, A bill for an act relating to transportation; allowing escort drivers of overdimensional loads to control traffic; directing commissioner of public safety to establish escort driver training and certification program; amending Minnesota Statutes 2008, sections 169.06, subdivision 4; 169.86, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 299D.

Reported the same back with the following amendments:

Page 3, after line 5, insert:

"Subd. 5. **Rules.** The commissioner of public safety must adopt rules to implement this section."

Page 3, delete section 4

Page 3, line 10, delete "5" and insert "4"

Page 3, delete lines 11 and 12 and insert:

"Sections 1, 2, and 3, subdivisions 1 to 4, are effective one year after publication in the State Register of rules adopted under section 3, subdivision 5. Section 3, subdivision 5, is effective the day following final enactment."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3279, A bill for an act relating to health; amending provisions for electronic health record technology; providing for administrative penalties; appropriating money; amending Minnesota Statutes 2009 Supplement, section 62J.495, subdivisions 1a, 3; proposing coding for new law in Minnesota Statutes, chapter 62J.

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

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3281, A bill for an act relating to retirement; volunteer fire relief associations; making various technical corrections; revising break-in-service return to firefighting authorizations; authorizing Minnesota deferred compensation plan service pension transfers; revising payout defaults in survivor benefits; authorizing corrections of certain special fund deposits; amending Minnesota Statutes 2008, section 356A.06, subdivision 8; Minnesota Statutes 2009 Supplement, sections 69.772, subdivision 6; 69.773, subdivision 6; 424A.01, subdivisions 1, 6; 424A.015, by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.02, subdivisions 9, 10; 424A.05, subdivision 3, by adding a subdivision; repealing Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6; Laws 2009, chapter 169, article 10, section 32.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FINANCIAL SUSTAINABILITY PROVISIONS

Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:

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

(b) The required reserves applicable to the deferred 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 allowance begins to accrue, at the following annually compounded rate 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 or until January 1, 2012, whichever is earlier; ~~and~~

(3) five percent from the period end date under clause (2) ~~to~~ until the effective date of retirement or until January 1, 2012, whichever is earlier; and

(4) two percent after December 31, 2011.

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

Sec. 2. Minnesota Statutes 2008, section 352.113, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, who is less than normal retirement age and who becomes totally and permanently disabled after three or more years of allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, is entitled to a disability benefit in an amount provided in subdivision 3.

(b) If the disabled employee's state service has terminated at any time, the employee must have at least two years of allowable service after last becoming a state employee covered by the system.

(c) Refunds may be repaid under section 352.23 before the effective accrual date of the disability benefit under subdivision 2.

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

Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** After separation from state service, any employee (1) who has attained the age of at least 55 years and who is entitled to credit for at least three years allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, or (2) who has received credit for at least 30 years allowable service regardless of age, is entitled upon application to a retirement annuity.

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

Sec. 4. Minnesota Statutes 2008, section 352.12, subdivision 2, is amended to read:

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has credit for at least three years allowable service if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee 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 employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

(e) Any employee or former employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

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

Sec. 5. Minnesota Statutes 2008, section 352.22, subdivision 2, is amended to read:

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest at the rate of six percent per year compounded daily from the date that the contribution was made until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and at the rate of four percent per year compounded daily from the date that the contribution was made or from July 1, 2011, whichever is later, until the date on which the refund is paid. Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

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

Sec. 6. Minnesota Statutes 2008, section 352.22, subdivision 3, is amended to read:

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

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

(c) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

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

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

Sec. 7. Minnesota Statutes 2008, section 352.72, subdivision 1, is amended to read:

Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee covered by a retirement system listed in paragraph (b) is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals three or more years if employed before July 1, 2010, or totals five or more years if employed after June 30, 2010.

(b) This section applies to the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, the Teachers Retirement Association, the State Patrol Retirement Association, or any other public employee retirement system in the state with a similar provision, except as noted in paragraph (c).

(c) This section does not apply to other funds providing benefits for police officers or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one fund is based shall be again used in the computation for benefits from another fund. No refund may have been taken from any one of these funds since service entitling the employee to coverage under the system or the employee's membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least ~~three~~ a specific number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals ~~three or more years~~ at least the longest period of allowable service of any of the applicable retirement plans.

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

Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former

employee attains age 55 or until January 1, 2012, whichever is earlier, and from ~~that date~~ the January 1 next following the attainment of age 55 to the effective date of retirement or until January 1, 2012, whichever is earlier, ~~the rate is~~ five percent compounded annually if the employee became an employee before July 1, 2006, ~~and at~~ 2.5 percent compounded annually until January 1, 2012, if the employee becomes an employee after June 30, 2006, ~~and~~ two percent compounded annually after December 31, 2011, irrespective of when the employee became a state employee. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee 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 the tables adopted by the board and approved by the actuary retained under section 356.214.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is amended to read:

Subd. 4. **Existing deferred retirees.** Any former member of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund is entitled to a retirement annuity from the Minnesota State Retirement System if the employee:

(1) is not an active employee of the Transit Operating Division of the former Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active continuous service with the Transit Operating Division of the former Metropolitan Transit Commission as defined by the former Metropolitan Transit Commission-Transit Operating Division employees retirement plan document in effect on December 31, 1977; (3) has not received a refund of contributions; (4) has not retired or begun receiving an annuity or benefit from the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid application for a retirement annuity to the executive director of the Minnesota State Retirement System.

The person is entitled to a retirement annuity in an amount equal to the normal old age retirement allowance calculated under the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977, subject to an early retirement reduction or adjustment in amount on account of retirement before the normal retirement age specified in that former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document.

The deferred retirement annuity of any person to whom this subdivision applies must be augmented. The required reserves applicable to the deferred retirement annuity, determined as of the date the allowance begins to accrue using an appropriate mortality table and an interest assumption of five percent, must be augmented by interest at the rate of five percent per year compounded annually from January 1, 1978, to January 1, 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the date that the annuity begins to accrue or June 30, 2011, whichever is earlier, and two percent after June 30, 2011, to the first day of the month in which the

annuity begins to accrue. After the commencement of the retirement annuity, the annuity is eligible for postretirement adjustments under section 356.415. On applying for a retirement annuity under this subdivision, the person is entitled to elect a joint and survivor optional annuity under section 352.116, subdivision 3.

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

Sec. 10. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section 352.91 who has reached age 55 years and has credit for at least three years of covered correctional service or a combination of covered correctional service and general state employees state retirement plan allowable service if first employed as a state employee before July 1, 2010, or has credit for at least ten years of covered correctional service or a combination of covered correctional service and general state employees retirement plan allowable service if first employed as a state employee after June 30, 2010, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

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

Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at least 50 years old and who has at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years of allowable service if first employed as a correctional state employee after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by two-tenths of one percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee before July 1, 2010, and if retired before July 1, 2015, or reduced by 0.417 percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee after June 30, 2010, or if first employed as a correctional state employee before July 1, 2010, and if retired after June 30, 2015.

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

Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to pay a higher amount from the date of retirement until an employee is first eligible to draw Social Security benefits, reaches age 65, or up to reaches the age the employee is eligible to receive unreduced Social Security benefits, at which time the monthly benefits must be reduced. The optional annuity forms must be actuarially equivalent to the normal single life annuity form provided in subdivision 2. The optional annuity forms must be ~~approved~~ certified as actuarially equivalent by the actuary retained under section 356.214.

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

Sec. 13. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at least age 50, has credit for at least three years of allowable service if first employed as a correctional state employee before July 1, 2010, or has credit for at least ten years of allowable service if first employed as a correctional state employee after June 30, 2010, and dies before an annuity or disability benefit has become payable, notwithstanding any designation

of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and had credit for at least three years of allowable service ~~credit~~ on the date of death if first employed as a correctional state employee before July 1, 2010, or had credit for at least ten years of allowable service on the date of death if first employed as a correctional state employee after June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(c) The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse. Any employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is amended to read:

Subd. 2. **Regular disability; computation of benefit.** A covered correctional employee who was hired before July 1, 2009, after rendering at least one year of covered correctional service, or a covered correctional employee who was first hired after June 30, 2009, after rendering at least three years of covered correctional plan service if first employed as a correctional state employee before July 1, 2010, or after rendering at least ten years of covered correctional plan service if first employed as a correctional state employee after June 30, 2010, and who is determined to have a regular disability, physical or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular disability benefit. The regular disability benefit must be based on covered correctional service only. The regular disability benefit must be computed as provided in section 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional employee who was first hired before July 1, 2009, and who is determined to have a regular disability, physical or psychological, under this subdivision must be computed as though the employee had at least 15 years of covered correctional service.

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

Sec. 15. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter 101, article 2, section 109; and Laws 2009, chapter 169, article 1, section 23; article 2, section 16; and article 4, sections 3 and 4, is amended to read:

352B.02 STATE PATROL RETIREMENT FUND.

Subdivision 1. **Fund created; membership.** A State Patrol retirement fund is established. Its membership consists of all persons defined in section 352B.011, subdivision 10.

Subd. 1a. **Member contributions.** (a) The member contribution is ~~10.40 percent~~ the following percentage of the member's salary:

<u>(1) before the first day of the first pay period beginning after July 1, 2011</u>	<u>10.40 percent</u>
<u>(2) on or after the first day of the first pay period beginning after July 1, 2011</u>	<u>11.20 percent</u>

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

Subd. 1b. **Salary deductions.** Member contribution amounts must be deducted each pay period by the department head, who shall have the total amount of the deductions paid to the commissioner of management and budget for deposit in the State Patrol retirement fund, and have a detailed report of all deductions made each pay period to the executive director of the Minnesota State Retirement System.

Subd. 1c. **Employer contributions.** (a) In addition to member contributions, department heads shall pay a sum equal to ~~15.60 percent~~ the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund—as follows:

(1) before the first day of the first pay period beginning after July 1, 2011	15.60 percent
(2) on or after the first day of the first pay period beginning after July 1, 2011	16.80 percent

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

Subd. 1d. **Additional employer contributions.** (a) In addition to the regular employer contribution under subdivision 1c, department heads shall pay a sum equal to ten percent of the salary upon which member contribution deductions were made, which is the additional employer contribution to the fund.

(b) Department additional employer contributions must be paid from departmental appropriations or revenue.

Subd. ~~1e~~ **Fund revenue and expenses.** The amounts provided for in this section must be credited to the State Patrol retirement fund. All money received must be deposited by the commissioner of management and budget in the State Patrol retirement fund. The fund must be used to pay the administrative expenses of the retirement fund, and the benefits and annuities provided in this chapter.

Subd. ~~1f~~ **Audit; regular actuarial valuation; supplemental valuations.** (a) The legislative auditor shall audit the fund.

(b) Any actuarial valuation of the fund required under section 356.215 must be prepared by the actuary retained under section 356.214.

(c) Any approved actuary retained by the executive director under section 352.03, subdivision 6, may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuation or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

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

Sec. 16. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is credited with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, is entitled to separate from state service and upon becoming 50 years old, is entitled to receive a life annuity, upon separation from state service.

(b) Members ~~shall~~ must apply for an annuity in a form and manner prescribed by the executive director.

(c) No application may be made more than 90 days before the date the member is eligible to retire by reason of both age and service requirements.

(d) An annuity begins to accrue no earlier than 180 days before the date the application is filed with the executive director.

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

Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and who has at least three years of allowable service if first employed before July 1, 2010, or who has at least five years of allowable service if first employed after June 30, 2010, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement if first employed after June 30, 2010.

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

Sec. 18. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, dies before attaining age 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

(b) If an active member with less than three years of allowable service if first employed before July 1, 2010, or with fewer than five years of allowable service if first employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (c).

(c) If an active member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, dies on or after attaining exact age 55, the surviving spouse is entitled to receive the benefits specified in subdivision 2c, paragraph (d).

(d) If a disabilitant dies while receiving a disability benefit under section 352B.10 or before the benefit under that section commenced, and an optional annuity was not elected under section 352B.10, subdivision 5, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (b).

(e) If a former member with three or more years of allowable service if first employed before July 1, 2010, or with at least five years of allowable service if first employed after June 30, 2010, who terminated from service and has not received a refund or commenced receipt of any other benefit provided by this chapter, dies, the surviving spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (e).

(f) If a former member with less than three years of allowable service if first employed before July 1, 2010, or with fewer than five years of allowable service if first employed after June 30, 2010, who terminated from service and has not received a refund or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the surviving spouse is entitled to receive the refund specified in subdivision 2c, paragraph (f).

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

Sec. 19. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other

funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least ~~three~~ a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals ~~three or more~~ the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

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

Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose ~~shall~~ must be five percent per year compounded annually until January 1, 1981, ~~and after that date~~ three percent per year compounded annually after January 1, 1981, until January 1, 2012, if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006, and two percent per year compounded annually after December 31, 2011, irrespective of when the employee was first employed. The mortality table and interest assumption used to compute the annuity ~~shall~~ must be those in effect when the member files application for annuity.

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

Sec. 21. Minnesota Statutes 2008, section 352F.07, is amended to read:

352F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 352 to the contrary, terminated hospital employees may receive a refund of employee accumulated contributions plus interest ~~at the rate of six percent per year compounded annually~~ in accordance with ~~Minnesota Statutes 1994,~~ section 352.22, subdivision 2, at any time after the transfer of employment to Fairview, University of Minnesota Physicians, or University Affiliated Family Physicians. If a terminated hospital employee has received a refund from a pension plan enumerated in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with section 356.30, subdivision 2.

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

Sec. 22. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a member who first became a public employee before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a member who first becomes a public employee after June 30, 2010, is vested when the person has accrued credit for not less than five years of allowable service as defined under subdivision 16.

(c) For purposes of qualifying for an annuity or benefit as a member of the police and fire plan or a member of the local government correctional employees retirement plan:

(1) a member who first became a public employee before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a member who first becomes a public employee after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years.

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

Sec. 23. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For a basic member, the employee contribution is 9.10 percent of salary. For a coordinated member, the employee contribution is ~~six percent~~ the following percentage of salary plus any contribution rate adjustment under subdivision 3b-:

<u>Effective before January 1, 2011</u>	<u>6.00</u>
<u>Effective after December 31, 2010</u>	<u>6.25</u>

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

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

Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** (a) For a basic member, the employer contribution is 9.10 percent of salary. For a coordinated member, the employer contribution is ~~six percent~~ the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

<u>Effective before January 1, 2011</u>	<u>6.00</u>
<u>Effective after December 31, 2010</u>	<u>6.25</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 25. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision 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;~~ and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is 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.

(b) Employee and employer contributions under subdivisions 2 and 3 must be adjusted:

(1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph (a) ~~equal to or~~ greater than 0.5 one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency ~~equals~~ is no more greater than 0.25 one percent of covered payroll based on the most recent actuarial valuation; or

(2) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 ~~indicate~~ indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph ~~(c)~~ (d) to a level such that no deficiency exists based on the most recent actuarial valuation.

~~(c) The contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, 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 under subdivisions 2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be adjusted decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.~~

~~(d) No If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:~~

~~(1) less than two percent, the incremental adjustment increase may exceed be up to 0.25 percent for either the coordinated program employee and matching employer contribution rates per year in which any adjustment is implemented. A contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision.;~~

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

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

~~(e) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. 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, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.~~

~~(f) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.~~

~~(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.~~

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

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

Sec. 26. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

Subdivision 1. **Age and allowable service requirements.** Upon termination of membership, a person who has attained normal retirement age and who ~~received credit for not less than three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. The retirement annuity is known as the "normal" retirement annuity.

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

Sec. 27. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of public service, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least 55 years old but not normal retirement age, and ~~has received credit for at least three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

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

Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

Subdivision 1. **Before retirement.** If a member or former member who terminated public service dies before retirement or before receiving any retirement annuity and no other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~ is payable to the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund shall ~~shall~~ must be in an amount equal to accumulated deductions plus annual compound interest thereon at the rate ~~of six percent per annum compounded annually~~ specified in section 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that may have been paid by the fund; provided that a survivor who has a right to benefits ~~pursuant to~~ under section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an order of the district court.

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

Sec. 29. Minnesota Statutes 2008, 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~~ is vested under section 353.01, subdivision 47, and who 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 a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, 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 computed using section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(c) If a member who was under age 55 and ~~has credit for at least three years of allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back 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.

(f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(g) 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 surviving spouse's estate.

(h) A member may specify in writing, with the signed consent of the spouse, 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.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

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

Sec. 30. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is amended to read:

Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or basic member who ~~has at least three years of allowable service~~ is vested under section 353.01, subdivision 47, and who becomes totally and permanently disabled before normal retirement age, upon application as defined under section 353.031, is entitled to a disability benefit in an amount determined under subdivision 3.

(b) If the disabled person's public service has terminated at any time, at least two of the ~~required three~~ years of allowable service required to be vested under section 353.01, subdivision 47, must have been rendered after last becoming an active member.

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

Sec. 31. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either 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 before the date of termination of public service. 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 placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, the Public Employees Retirement Association police and fire retirement plan, or the public employees local government ~~corrections~~ correctional service retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound interest ~~compounded annually~~ from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

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

Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a public employee shall is entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed at the rate of six percent compounded annually based on fiscal year balances.

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

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

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

Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member ~~with at least three years of allowable service~~ who is vested under section 353.01, subdivision 47, when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in section 353.71, subdivision 2.

(c) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

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

Sec. 34. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member in each calendar year after 2010. This contribution must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

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

Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member in each calendar year after 2010. This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 36. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

Subdivision 1. **Age and allowable service requirements.** Upon separation from public service, any police officer or firefighter member who has attained the age of at least 55 years and who ~~received credit for not less than three years of allowable service~~ is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. ~~Such retirement annuity is,~~ known as the "normal" retirement annuity.

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

Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age ~~with at least three years of allowable service~~ and who is vested under section 353.01, subdivision 47, upon the termination of public service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public service, any police and fire plan member not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

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

Sec. 38. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund dies from any cause before retirement or before becoming disabled and receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01, subdivision 15, except that if the death is not a line of duty death, the member must ~~have accrued at least three years of credited service~~ be vested under section 353.01, subdivision 47.

(b) Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit 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 section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The spouse and child or children are entitled to monthly benefits as provided in subdivisions 2 to 4.

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

Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and ~~has credit for not less than three years allowable service~~ either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) 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 death while eligible survivor benefit 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 section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

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

(d) The surviving spouse 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. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which 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, to the legal representative of the estate of such deceased member.

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

(g) 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.

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

Sec. 40. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a fund retirement plan providing benefits for police officers or firefighters governed by sections 69.77 or 69.771 to 69.776, shall be is entitled, when qualified, to an annuity from each ~~fund retirement plan~~ retirement plan if the total allowable service in all ~~funds retirement plans~~ retirement plans or in any two of these ~~funds retirement plans~~ retirement plans totals ~~three or more years~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one ~~fund retirement plan~~ retirement plan is based is again used in the computation for benefits from another ~~fund retirement plan~~ retirement plan and provided further that the person has not taken a refund from any one of these ~~funds retirement plans~~ retirement plans since the person's membership in that association or system last terminated. The annuity from each fund ~~shall must~~ be determined by the appropriate provisions of the law except that the requirement that a person must have at least ~~three years~~ a specific minimum period of allowable service in the respective association or system ~~shall does not~~ apply for the purposes of this section ~~provided if~~ the combined service in two or more of these ~~funds retirement plans~~ retirement plans equals ~~three or more~~ the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

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

Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this ~~paragraph~~ subdivision. The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

(b) For a person who became a public employee before July 1, 2006, whose period of deferral began after June 30, 1971, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at the following applicable rate of or rates:

(1) five percent ~~annually compounded annually~~ annual compound interest until January 1, 1981, and at the rate of;

(2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until the earlier of December 31, 2011, or after the date of the termination of public service or the termination of membership, whichever is later, until January 1 of the year following the year in which the former member attains age 55 and;

(3) five percent annual compound interest from ~~that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an~~ January 1 of the year following the year in which the former member attains age 55, or until December 31, 2011, whichever is earlier; and

(4) one percent annual compound interest from January 1, 2012.

(c) For a person who became a public employee after June 30, 2006, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at 2.5 percent annual compound interest from the date of termination of public service or termination of membership, whichever is earlier, until December 31, 2011, and one percent annual compound interest after December 31, 2011.

(d) For a person who terminates public employment after December 31, 2011, the required reserves of the deferred annuity must not be augmented.

(e) If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves is the present value of the annuity. Uninterrupted service for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

~~(b)~~ (f) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable 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 and approved by the actuary retained under section 356.214.

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

Sec. 42. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

Subdivision 1. **Eligibility requirements.** After termination of public employment, an employee covered under section 353E.02 who has attained the age of at least 55 years and ~~has credit for not less than three years of coverage~~ who is vested under section 353.01, subdivision 47, in the local government correctional service plan is entitled, upon application, to a normal retirement annuity. Instead of a normal retirement annuity, a retiring employee may elect to receive the optional annuity provided in section 353.30, subdivision 3.

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

Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~ who is vested under section 353.01, subdivision 47, in the local government correctional service plan is entitled, upon application, to a reduced retirement annuity equal to the annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue until age 55.

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

Sec. 44. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

Subdivision 1. **Member at least age 50.** If a member or former member of the local government correctional service retirement plan who has attained the age of at least 50 years and ~~has credit for not less than three years of allowable service who is vested under section 353.01, subdivision 47,~~ dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor annuity for which the member could have qualified had the member terminated service on the date of death.

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

Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had credit for not less than three years of allowable service~~ was vested under section 353.01, subdivision 47, on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and the surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and one-half the early retirement reduction from age 50 to the age payment begins. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

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

Sec. 46. Minnesota Statutes 2008, section 353F.03, is amended to read:

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

Notwithstanding any provision of chapter 353 to the contrary, a terminated medical facility or other public employing unit employee is eligible to receive a retirement annuity under section 353.29 of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, without regard to the requirement ~~for three years of allowable service specified in section 353.01, subdivision 47.~~

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

Sec. 47. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For a basic member, the employee contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:;

<u>before July 1, 2011</u>	<u>9.0 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
<u>after June 30, 2014</u>	<u>11.0 percent</u>

(b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following percentage of the member's salary:;

<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>

<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>

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

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

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

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

Sec. 48. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated member and 9.0 percent of the salary of each of its teachers who is a basic member. After July 1, 2007, the regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent~~ the applicable following percentage of salary of each coordinated member and ~~9.5 percent~~ the applicable following percentage of salary of each basic member.;

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or is a basic member.

(b) The employer contribution to the fund for every other employer is an amount equal to ~~5.0 percent~~ the applicable following percentage of the salary of each coordinated member and ~~9.0 percent~~ the applicable following percentage of the salary of each basic member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member and 9.5 percent of the salary of each basic member after June 30, 2007.;~~

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

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

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

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

Sec. 49. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency exists if 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 approved 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.

(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the 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 approved 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.

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

Sec. 50. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the employee and employer contribution rates may be adjusted as follows:

(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll and the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates for the plan may each be decreased to a level such that the sufficiency equals no more than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after June 30, 2015, the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll and the deficiency has existed for at least two consecutive years, the employee and employer contribution rates for the applicable plan may each be increased by:

(i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

(ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered payroll and less than or equal to four percent; and

(iii) 0.75 percent if the deficiency is greater than four percent.

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

Sec. 51. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4c. Contribution sufficiency measures. (a) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions being collected.

(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic adjustment under this section to increase contributions. A proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement, as provided under section 356.214, subdivision 4, on the manner in which the benefit modification is to be funded.

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

Sec. 52. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision to read:

Subd. 4d. Reporting; commission review. A contribution rate increase or decrease under subdivision 4b, as determined by the executive director of the Teachers Retirement Association, 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 exists based on the most recent actuarial valuation under section 356.215.

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

Sec. 53. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is amended to read:

Subdivision 1. **Death before retirement.** (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

(b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, ~~then the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's~~

~~accumulated deductions plus six percent interest compounded annually.~~ a refund equal to the accumulated deductions credited to the member's account plus interest compounded annually until the member's date of death using the following interest rates:

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

(d) The amount of any refund payable under this subdivision must be reduced by any permanent disability payment under section 354.48 received by the member.

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

Sec. 54. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is amended to read:

Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, is entitled to receive a refund in an amount equal to the accumulated deductions credited to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions with interest at the rate of six percent per annum compounded annually.~~ plus interest compounded annually using the following interest rates:

(1) before July 1, 1957, no interest accrues;

(2) July 1, 1957, to June 30, 2011, six percent; and

(3) after June 30, 2011, four percent.

For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

(b) If the person has received permanent disability payments under section 354.48, the refund amount must be reduced by the amount of those payments.

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

Sec. 55. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision, by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement.

(c) No augmentation is not creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, with a deferral period commencing after June 30, 1971, the annuity must be augmented ~~using~~ as follows:

(1) five percent interest compounded annually until January 1, 1981, and;

(2) three percent interest compounded annually thereafter from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55;

~~From that date~~ (3) five percent interest compounded annually from the date established in clause (2) to the effective date of retirement, the rate is five percent compounded annually, or until June 30, 2012, whichever is earlier; and

(4) two percent interest compounded annually after June 30, 2012.

(e) For persons who become covered employees after June 30, 2006, the interest rate used to augment the deferred annuity is 2.5 percent interest compounded annually until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two percent interest compounded annually after June 30, 2012.

(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(g) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.

(h) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.

(i) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.

(j) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

(k) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

(l) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

(m) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

(n) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher 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 as recommended by an approved actuary and approved by the actuary retained under section 356.214.

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

Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member of a teachers retirement fund association ~~shall not be less than~~ is the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law coordinated programs	5.5 percent
<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>effective July 1, 2011</u>	<u>6.0 percent</u>
<u>effective July 1, 2012</u>	<u>6.5 percent</u>
St. Paul Teachers Retirement Fund Association	
<u>basic program before July 1, 2010</u>	8 percent
<u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
<u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
<u>coordinated program before July 1, 2010</u>	5.5 percent
<u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
<u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

(b) Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth Teachers Retirement Fund Association	4.50 percent
<u>before July 1, 2011</u>	<u>5.79 percent</u>

<u>effective July 1, 2011</u>	<u>6.29 percent</u>
<u>effective July 1, 2012</u>	<u>6.79 percent</u>

St. Paul Teachers Retirement Fund Association

<u>before July 1, 2010</u>	<u>4.50 percent</u>
<u>after June 30, 2010</u>	<u>5.0 percent</u>
<u>after June 30, 2011</u>	<u>5.5 percent</u>
<u>after June 30, 2013</u>	<u>6.5 percent</u>

(2) for any basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to ~~8.00 percent of the salary of the basic member~~; according to the schedule below:

<u>before July 1, 2010</u>	<u>8.0 percent of the salary of the basic member</u>
<u>before July 1, 2011</u>	<u>8.5 percent of the salary of the basic member</u>
<u>before July 1, 2012</u>	<u>9.0 percent of the salary of the basic member</u>
<u>before July 1, 2013</u>	<u>9.5 percent of the salary of the basic member</u>
<u>before July 1, 2014</u>	<u>10.0 percent of the salary of the basic member</u>

(3) for a basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a coordinated member of ~~a teachers retirement fund association in a city of the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth Teachers Retirement Fund Association	1.29 percent
St. Paul Teachers Retirement Fund Association	3.84 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

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

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 58. Minnesota Statutes 2008, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under

section 356.214, or 2037, whichever occurs earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association ~~terminate at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained under section 356.214, equals or exceeds the accrued liability funding ratio for the Teachers Retirement Association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained under section 356.214. must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.~~

~~(b) If the St. Paul Teachers Retirement Fund Association is funded at an amount equal to or greater than the funding ratio applicable to the Teachers Retirement Association, then any future state aid under subdivision 3a is payable to the Teachers Retirement Association.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 59. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

Subd. 5. **Calculation Eligibility for and payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund Association determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6 or 7, whichever is applicable.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be equal to two percent of a permanent percentage increase as specified under subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 60. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

Subd. 6. **Additional increase Calculation of postretirement adjustments; transitional provision.** ~~(a) In addition to the postretirement increases granted under subdivision 5, an additional percentage increase must be computed and paid under this subdivision.~~

~~(b) The board of trustees shall determine the number of annuitants or benefit recipients who have been receiving an annuity or benefit for at least 12 months as of the current June 30. These recipients are entitled to receive the surplus investment earnings additional postretirement increase.~~

~~(c) Annually, as of each June 30, the board shall determine the five year annualized rate of return attributable to the assets of the Duluth Teachers Retirement Fund Association under the formula or formulas specified in section 11A.04, clause (11).~~

~~(d) The board shall determine the amount of excess five year annualized rate of return over the preretirement interest assumption as specified in section 356.215.~~

~~(e) The additional percentage increase must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained under section 356.214, times the rate of return excess as determined in paragraph (d).~~

(f) The additional increase is payable to all eligible annuitants or benefit recipients on the following January 1.

(a) For purposes of computing postretirement adjustments after the effective date of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund Association, the funding ratio of the plan, as determined by dividing the market value of assets by the actuarial accrued liability as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, determines the postretirement increase as follows:

<u>Funding Ratio</u>	<u>Postretirement Increase</u>
<u>less than 80 percent</u>	<u>0 percent</u>
<u>at least 80 percent but less than 90 percent</u>	<u>1 percent</u>
<u>at least 90 percent</u>	<u>2 percent</u>

(b) If the funding ratio of the plan based on actuarial value, rather than market value, is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement increases must be paid as specified under subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 61. Minnesota Statutes 2008, section 354A.27, is amended by adding a subdivision to read:

Subd. 7. Calculation of postretirement adjustments. (a) This subdivision applies if subdivision 6 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(c) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 62. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 63. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

Subdivision 1. **Death before retirement; refund.** If a coordinated member or former coordinated member dies prior to retirement or prior to the receipt of any retirement annuity or other benefit payment which is or may be payable and a surviving spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to the person's surviving spouse, or if there is none, to the person's designated beneficiary, or if there is none, to the legal representative of the person's estate. For a coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association, the refund shall be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually. For a coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity shall commence upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

(b) The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. For a member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and five percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, five percent compounded annually after that date to July 1, 2012, and two percent compounded annually after

that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent compounded annually after that date to the effective date of retirement if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 65. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **Computation of refund amount.** A former coordinated member of the St. Paul Teachers Retirement Fund Association who qualifies for a refund pursuant to under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually. A former coordinated member of the Duluth Teachers Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 66. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member who has attained the normal retirement age with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity pursuant to section 356.32. The refund for a member of the St. Paul Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually. The refund for a member of the Duluth Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 67. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

Plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

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

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption H <u>G</u>
State Patrol retirement plan	assumption G <u>F</u>
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C <u>B</u>
local government correctional service retirement plan	assumption G <u>F</u>
teachers retirement plan	assumption D <u>C</u>
Duluth teachers retirement plan	assumption E <u>D</u>
St. Paul teachers retirement plan	assumption F <u>E</u>

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan ~~and the general public employees retirement plan~~. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; (2) 0.6 percent for the general state employees retirement plan ~~and the general public employees retirement plan~~; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	<u>C</u> <u>B</u>	D <u>C</u>	E <u>D</u>	F <u>E</u>	G <u>F</u>	H <u>G</u>
16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363

25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
71	4.25	4.00		5.20				

(4) service-related ultimate future salary increase assumption

<u>service length</u>	<u>general employees retirement plan of the Public Employees Retirement Association</u>
<u>1</u>	<u>12.03%</u>
<u>2</u>	<u>8.90</u>
<u>3</u>	<u>7.46</u>
<u>4</u>	<u>6.58</u>
<u>5</u>	<u>5.97</u>
<u>6</u>	<u>5.52</u>
<u>7</u>	<u>5.16</u>
<u>8</u>	<u>4.87</u>
<u>9</u>	<u>4.63</u>
<u>10</u>	<u>4.42</u>
<u>11</u>	<u>4.24</u>
<u>12</u>	<u>4.08</u>
<u>13</u>	<u>3.94</u>
<u>14</u>	<u>3.82</u>
<u>15</u>	<u>3.70</u>
<u>16</u>	<u>3.60</u>
<u>17</u>	<u>3.51</u>
<u>18</u>	<u>3.50</u>
<u>19</u>	<u>3.50</u>
<u>20</u>	<u>3.50</u>
<u>21</u>	<u>3.50</u>
<u>22</u>	<u>3.50</u>
<u>23</u>	<u>3.50</u>
<u>24</u>	<u>3.50</u>
<u>25</u>	<u>3.50</u>
<u>26</u>	<u>3.50</u>
<u>27</u>	<u>3.50</u>
<u>28</u>	<u>3.50</u>
<u>29</u>	<u>3.50</u>
<u>30 or more</u>	<u>3.50</u>

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	4.50%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general public employees retirement plan of the <u>Public Employees Retirement Association</u>	4.50 4.00
public employees police and fire retirement plan	4.50
local government correctional service retirement plan	4.50

teachers retirement plan	4.50
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

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

Sec. 68. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than the Minneapolis Employees Retirement Fund, the general employees retirement plan of the Public Employees Retirement Association, the general state employees retirement plan of the Minnesota State Retirement System, and the St. Paul Teachers Retirement Fund Association, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

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

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

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

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

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

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

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

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

(d) For the Minneapolis Employees Retirement Fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation shall contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(k) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.

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

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

Sec. 69. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:

(1) the person has allowable service ~~totaling an amount that allows the person to receive an annuity~~ in any two or more of the enumerated plans;

(2) the person has sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; and

~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed the percent specified in section 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed the percentage rate specified in section 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed the percentage rate specified in section 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

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

Sec. 70. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

Subd. 3. **General employee plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than the normal retirement age on the date of the application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least ~~three years~~ the number of years required by the applicable retirement plan with the longest service credit requirement for disability benefit receipt;

(4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) was not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

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

Sec. 71. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

Subd. 4. **Public safety plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) has become occupationally disabled;

(2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least ~~one year~~ the minimum period of service credit required by the applicable retirement plan with the longest service credit eligibility requirement for the receipt of a duty-related disability benefit if the disability is duty-related or totaling at least ~~three years~~ the minimum period of service credit required by the applicable retirement plan with the longest service credit eligibility requirement for a disability benefit that is not duty-related if the disability is not duty-related;

(3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

(4) was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

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

Sec. 72. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

Subd. 5. **General and public safety plan eligibility requirements.** A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement plan and general employee retirement plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability, that the person must have allowable service credit for the applicable retirement plan with the longest service credit eligibility requirement for the receipt of a disability benefit, and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

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

Sec. 73. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

Subd. 2. **Entitlement; eligibility.** Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the applicable covered retirement fund with the longest allowable service credit requirement for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

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

Sec. 74. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

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

Sec. 75. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, or 1d, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

(b) The increases provided by this ~~section~~ subdivision commence on January 1, 2010.

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

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35.~~ A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

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

Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement System plans. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plan, the general state employees retirement plan, the correctional state employees retirement plan, the State Patrol retirement plan, the elected state officers retirement plan, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

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

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

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

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

Sec. 77. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1b. Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30;

(2) for January 1, 2011, and each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30; and

(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.

(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(c) If, after applying the increase as provided for in paragraph (a), clauses (3) and (4), the market value of the applicable retirement plan is determined in the next subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent of the actuarial accrued liability of any of the applicable Public Employees Retirement Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be applied as of the next successive January until funding stability is again restored.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

(e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment, as provided in section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 78. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1c. **Annual postretirement adjustments; PERA-P&F.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year;

(2) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of one percent in each year;

(3) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding

June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 1.5 percent;

(4) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of annuity or benefit receipt;

(5) for each January 1 following the restoration of funding stability as defined under paragraph (b) and during the continuation of funding stability as defined under paragraph (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent; and

(6) for each January 1 following the restoration of funding stability as defined under paragraph (b) and during the continuation of funding stability as defined under paragraph (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one full month as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt.

(b) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the most recent prior actuarial valuation prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

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

Sec. 79. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding a subdivision to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

(2) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;

(3) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, following the year in which the person has been retired for less than 12 months;

(4) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and

(5) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, following the year in which the person has been retired for less than 12 months.

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 80. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest ~~at~~. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association, the annual interest is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association, the annual interest is the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

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

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

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

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

Sec. 81. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid distributed under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments shall be made on or before June 30 each fiscal year. If the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility for this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), Independent School District No. 625, St. Paul, must make contributions to the St. Paul Teachers Retirement Fund Association in accordance with the following schedule:

Fiscal Year	Amount
1996	\$0
1997	\$0
1998	\$200,000
1999	\$400,000
2000	\$600,000
2001 and thereafter	\$800,000

(c) Special School District No. 1, Minneapolis, and the city of Minneapolis must each make contributions to the Teachers Retirement Association in accordance with the following schedule:

Fiscal Year	City amount	School district amount
1996	\$0	\$0
1997	\$0	\$0
1998	\$250,000	\$250,000

1999	\$400,000	\$400,000
2000	\$550,000	\$550,000
2001	\$700,000	\$700,000
2002	\$850,000	\$850,000
2003 and thereafter	\$1,000,000	\$1,000,000

~~(d) Money contributed under paragraph (a) and either paragraph (b) or (c), as applicable, must be credited to a separate account in the applicable teachers retirement fund and may not be used in determining any benefit increases. The separate account terminates for a fund when the aid payments to the fund under paragraph (a) cease.~~

~~(e)~~ (d) Thirty percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried firefighter relief association must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

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

Sec. 82. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES STUDY.**

A study group consisting of representatives from pension plans subject to Minnesota Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the state auditor to study investment-related provisions, authorities, and limitations under Minnesota Statutes, chapter 356A, and related sections of other chapters. Administrative support for the study group shall be provided by the state auditor. The study group shall prepare a report to include an assessment of the effectiveness of current statutory prescriptions, options for change, and recommendations for consideration by the governor and the legislature during the 2011 legislative session. The report will be provided no later than January 15, 2011, to the executive director of the Legislative Commission on Pensions and Retirement, the chair and ranking minority caucus member of the senate State and Local Government Operations and Oversight Committee, and the chair and ranking minority caucus member of the house State and Local Government Operations Reform, Technology and Elections Committee.

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

Sec. 83. **BYLAW AUTHORIZATION.**

Consistent with the requirements of Minnesota Statutes, section 354A.12, subdivision 4, the board of the Duluth Teachers Retirement Fund Association is authorized to revise the bylaws or articles of incorporation so that the requirements of this act apply to the old law coordinated program.

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

Sec. 84. **REPEALER.**

Minnesota Statutes 2008, section 354A.27, subdivision 1, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 2

MSRS ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general ~~who~~ whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission, ~~or Metropolitan Radio Board~~ unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) personnel who are employed as seasonal help employees in the classified or unclassified service ~~employed by the Department of Revenue;~~

(15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; and

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

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

Sec. 2. Minnesota Statutes 2008, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

(1) elect a chair;

(2) appoint an executive director;

(3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;

(4) consider and dispose of, or take any other action the board of directors deems appropriate concerning, denials of applications for annuities or disability benefits under this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;

(5) oversee the administration of the ~~state~~ deferred compensation plan established in section 352.965; and

(6) oversee the administration of the health care savings plan established in section 352.98.

(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.

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

Sec. 3. Minnesota Statutes 2008, section 352.04, subdivision 9, is amended to read:

Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the salary of an employee for the retirement fund in ~~error~~ excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary warrant or check, and the check is canceled or the amount of the warrant or check returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

~~(c) Employee deductions and employer contributions taken in error may be directly transferred, without interest, to another Minnesota public employee retirement plan by which the employee is actually covered.~~

~~For purposes of this subdivision, a Minnesota public pension plan means a plan specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.~~

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the rate of 0.71 percent per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Minnesota Statutes 2008, section 352.115, subdivision 10, is amended to read:

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

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.47.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

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

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

(f) If a reemployed annuitant whose annuity is suspended under paragraph (a) is having insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium amounts must continue to be withheld and transferred from the suspended portion of the annuity. The balance of the annual retirement annuity after cessation, after deduction of the insurance premium amounts, must be treated as specified in paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2010.

Sec. 5. Minnesota Statutes 2008, section 352.91, is amended by adding a subdivision to read:

Subd. 6. **Correction of plan coverage errors.** If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the correctional state employees retirement plan and any other plan specified in section 356.99, that section applies.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 6. Minnesota Statutes 2008, section 352.965, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) The Minnesota ~~state~~ deferred compensation plan is established. For purposes of this section, "plan" means the Minnesota ~~state~~ deferred compensation plan, unless the context clearly indicates otherwise. The Minnesota State Retirement System shall administer the plan.

(b) The purpose of the plan is to provide a means for a public employee to contribute a portion of the employee's compensation to a tax-deferred investment account. The plan is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue Code, United States Code, title 26, section 457(b), and the applicable regulations under Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

(c) The board of directors of the Minnesota State Retirement System is the plan trustee and plan sponsor. The board's executive director is the plan administrator. Fiduciary activities of the plan must be undertaken in a manner consistent with chapter 356A.

(d) The executive director, with the approval of the board of directors, shall adopt and amend, as required to maintain tax-qualified status, a written plan document specifying the material terms and conditions for eligibility, benefits, applicable limitations, and the time and form under which benefit distributions can be made. With the approval of the board of directors, the executive director may also establish policies and procedures necessary for the administration of the deferred compensation plan.

(e) The plan document ~~shall~~ must include provisions that are necessary to cause the plan to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code. The plan document may provide additional administrative and substantive provisions consistent with state law, provided that those provisions ~~will do~~ not cause the plan to fail to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code and may include provisions for certain optional features and services.

(f) The board of directors may authorize the executive director to establish and administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth individual retirement account as defined under section 408A of the Internal Revenue Code.

(g) All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts for the exclusive benefit of the plan participants and beneficiaries, as required by section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and 356A.06, subdivision 1.

(h) The information and data maintained in the accounts of the participants and beneficiaries are private data and ~~shall~~ must not be disclosed to anyone other than the participant or beneficiary pursuant to a court order or ~~pursuant to~~ under section 356.49.

(i) The plan document is not subject to the rule adoption process under the Administrative Procedures Act, including section 14.386, but must conform with applicable federal and state laws.

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

Sec. 7. Minnesota Statutes 2008, section 352.965, subdivision 2, is amended to read:

Subd. 2. **Right to participate in deferred compensation plan.** (a) At the request of an officer or employee of the state, an officer or employee of a political subdivision, or an employee covered by a retirement fund in section 356.20, subdivision 2, the appointing authority shall defer the payment of part of the compensation of the public officer or employee through payroll deduction.

(b) The amount to be deferred must be as provided in ~~a written~~ an agreement between the officer or employee and the ~~public employer plan sponsor~~. The agreement must be in a form specified by the executive director of the Minnesota State Retirement System and must be consistent with the requirements for an eligible plan under federal and state tax laws, regulations, and rulings.

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 352B.011, subdivision 3, is amended to read:

Subd. 3. **Allowable service.** (a) "Allowable service" means:

(1) service in a month during which a member is paid a salary from which a member contribution is deducted, deposited, and credited in the State Patrol retirement fund;

(2) for members defined in subdivision 10, clause (1), service in any month for which payments have been made to the State Patrol retirement fund under law; ~~and~~

(3) for members defined in subdivision 10, clauses (2) and (3), service for which payments have been made to the State Patrol retirement fund under law, service for which payments were made to the State Police officers retirement fund under law after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961;

(4) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit by payment to the fund under section 352B.013; and

(5) eligible periods of uniformed service for which the member obtained service credit by payment under section 352B.086 to the fund.

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

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

Sec. 9. **[352B.013] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.**

Subdivision 1. **Application.** This section specifies the procedure for purchasing service credit in the State Patrol retirement plan for authorized leaves of absence under section 352B.011, subdivision 3, unless an alternative payment procedure is specified in law for a particular form of leave or break in service.

Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this chapter may purchase credit for allowable service in the plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in section 352B.02 at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year from the date the employee returned to work following the authorized leave, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in section 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

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

Sec. 10. Minnesota Statutes 2008, section 352B.02, is amended by adding a subdivision to read:

Subd. 3. **Correction of plan coverage errors.** If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the State Patrol retirement plan and any other plan specified in section 356.99, that section applies.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 11. Minnesota Statutes 2008, 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~~ a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable, ~~without interest.~~ The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the rate of 0.71 percent per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

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

~~(b)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal 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 applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

(c) If erroneous employee deductions and employer contributions reflect a plan coverage error involving any Public Employees Retirement Association plan specified in section 356.99 and any other plan specified in that section, section 356.99 applies.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3a, is amended to read:

Subd. 3a. **Disposition of suspension or reduction amount.** (a) The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.47.

(b) If a reemployed annuitant whose annuity is suspended is having insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium amounts must continue to be withheld and transferred from the suspended portion of the annuity. The balance of the annual retirement annuity after cessation, after deduction of the insurance premium amounts, must be treated as specified in paragraph (a).

EFFECTIVE DATE. This section is effective January 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 354.42, subdivision 7, is amended to read:

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

(b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to ~~another Minnesota public pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director must transfer these salary deductions and employer contributions to the account of the appropriate public pension fund without interest. For purposes of this paragraph, a Minnesota public pension plan means a plan specified in section 356.30, subdivision 3, or the plan governed by chapter 354B. person under the applicable plan. The transfer to the applicable defined contribution plan account must include interest at the rate of 0.71 percent per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(c) A potential transfer under paragraph (b) 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. Within 30 days after being notified by the Teachers 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~~ fund account of the applicable person under the appropriate plan. The retirement association must provide a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer.

(d) If 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 if a check has been returned to the funds of the employing unit making the payment, a refund of the amount deducted, or any portion of it that is required to adjust the salary deductions, must be made to the employing unit.

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

(f) Any refund 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 is responsible for refunding to the applicable employee any amount that was erroneously deducted from the salary of the employee, with interest as specified in paragraph (e).

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

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 14. Minnesota Statutes 2008, section 354A.12, is amended by adding a subdivision to read:

Subd. 6a. **Erroneous salary deductions or direct payments.** If erroneous employee deductions and employer contributions reflect a plan coverage error involving any plan covered by this chapter and any plan specified in section 356.99, that section applies.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 15. Minnesota Statutes 2008, 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, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

- (i) to the state of Minnesota deferred compensation plan under section 352.965;

(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; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(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 laborers national industrial pension fund or to a laborers 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 \$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 \$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 \$5,000 per year per employee;

(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;

(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; or

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a.

~~(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.~~

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

Sec. 16. Minnesota Statutes 2008, section 356.50, subdivision 4, is amended to read:

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, the person 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.~~

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

CORRECTION OF PLAN COVERAGE ERRORS

Sec. 17. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN COVERAGE.**

Subdivision 1. Definitions. (a) For purposes of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the person selected or elected by the governing board of a covered pension plan with primary responsibility to administer the covered pension plan, or that person's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision 3, except clauses (3), (5), (6), and (11).

(d) "Governing board" means the governing board of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers Retirement Fund Association.

(e) "Member" means an active plan member in a covered pension plan.

Subd. 2. Treatment of terminated employee coverage error. Any person who terminated the erroneously covered service before a chief administrative officer determined the covered pension plan coverage was in error retains the coverage with the plan that originally credited the service.

Subd. 3. Active employee correction of prospective service coverage. Upon determination by a chief administrative officer that a member is covered by the wrong pension plan, the employer must stop remitting the erroneous employee deductions and employer contributions and report the employee to the correct covered pension plan for all subsequent service.

Subd. 4. Active employee treatment of past service. Any plan member, with past service credited in an erroneous plan, retains the coverage for that past service with the plan that originally credited that service if the reporting error began earlier than two fiscal years prior to the current fiscal year in which the error was determined by the chief administrative officer. If the reporting error began within two fiscal years prior to the current fiscal year, the pension plan coverage for that past service must be corrected as provided in subdivision 5.

Subd. 5. Past service transfer procedure. (a) For cases under subdivision 4 requiring correction of prior service coverage, on behalf of the applicable member the chief administrative officer of the covered pension plan fund that has received erroneous employee deductions and employer contributions must transfer to the appropriate covered retirement plan fund an amount which is the lesser of all contributions made by or on behalf of the member for the period of erroneous membership, or the specific amount requested by the chief administrative officer of the other covered pension plan which represents the employee deductions and employer contributions that would have been made had the member been properly reported.

(b) If excess employee deductions remain in the member's account after the transfer of funds, the remaining erroneous amount must be refunded to the person with interest at the rate provided under the general refund law of the applicable covered pension plan. The chief administrative officer must also return any remaining excess employer contributions by providing to the employer a credit against future contributions payable by that employer.

(c) If the contributions transferred to the correct covered pension plan fund are less than the amounts required for the period being corrected, the chief administrative officer of the correct covered pension plan fund must collect the remaining employee deductions and employer contributions from the employer under laws for recovering deficient contributions applicable to the correct covered pension plan, except that no interest is chargeable if the additional amounts due under this paragraph are received by the chief administrative officer within 30 days of notifying the employer of the amount due.

(d) A potential transfer under this section that would cause a plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be made. Within 30 days after being notified by a chief administrative officer of an unmade potential transfer under this section, the employer of the member must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the fund of the appropriate covered pension plan. The chief administrative officer of the covered pension plan which erroneously provided coverage must provide to the employer a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from that employer.

(e) Upon transfer of the required assets, or payment from the employer under paragraph (d), whichever is applicable, allowable service and salary credit for the period being transferred is forfeited in the erroneous plan and is granted in the correct plan.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 18. Minnesota Statutes 2008, section 490.123, is amended by adding a subdivision to read:

Subd. 4. Correction of contribution errors. (a) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the judges retirement plan and any other plan specified in section 356.99, that section applies.

(b) The provisions of section 352.04, subdivisions 8 and 9, apply to the judges' retirement plan, except that if employee deductions or contributions are erroneously transmitted to the judges' retirement fund for service rendered after the service credit limit under section 490.121, subdivision 22, has been attained, consistent with section 352D.04, subdivision 2, no employer contributions may be transferred.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 19. **REPEALER.**

Minnesota Statutes 2008, sections 352.91, subdivision 5; and 353.88, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 3

MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS

Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

Subd. 6. Plan administrative expenses. (a) The reasonable and necessary administrative expenses of the deferred compensation plan may be charged to plan participants in the form of an annual fee, an asset-based fee, a percentage of the contributions to the plan, or a combination thereof, as set forth in the plan document. The

executive director of the system at the direction of the board of directors shall establish procedures to carry out this section including allocation of administrative costs of the plan to participants. Processes and procedures shall be set forth in the plan document. Fees cannot be charged on contributions and investment returns attributable to contributions made to the Minnesota supplemental investment funds before July 1, 1992.

(b) The plan document must conform to federal and state tax laws, regulations, and rulings, and is not subject to the Administrative Procedure Act.

(c) The executive director may contract with a third party to perform administrative and record keeping functions. The executive director may solicit bids and negotiate such contracts. Participating employers must provide the necessary data to the third-party record keeper as determined by the executive director. The third-party record keeper and the Minnesota State Retirement System shall follow the data privacy provisions under chapter 13. The third-party record keeper may not solicit participants for any product or services not related to the deferred compensation plan.

(d) The board of directors may authorize a third-party investment consultant to provide investment information and advice, ~~provided that~~ if the offering of such information and advice is consistent with the investment advice requirements applicable to private plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law 109-280, section 601.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 4

MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT PROGRAM AMENDMENTS

Section 1. Minnesota Statutes 2008, section 3A.07, is amended to read:

3A.07 APPLICATION.

(a) Except as provided in paragraph (b) ~~or~~ (d), 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.

(d) Members of the legislature who are covered by the retirement plan governed by this chapter on July 1, 2010, may, on or before the end of the member's seventh year of legislative service or January 1, 2011, whichever is later, elect to have future retirement coverage by either the general state employees retirement plan governed by chapter 352 or the unclassified state employees retirement program governed by chapter 352D. The election must be made on a form prescribed by the director and is irrevocable.

Sec. 2. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

(1) employees of the Minnesota Historical Society;

- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general who are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control Commission, or Metropolitan Radio Board unless excluded or covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) seasonal help in the classified service employed by the Department of Revenue;
- (15) persons employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;
- (16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);
- (17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; ~~and~~
- (18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply; and

(19) employees who have elected to transfer past service to the general employees retirement plan under section 352D.02, subdivision 1d, paragraph (a), or who have not elected to transfer to the unclassified program under section 352D.02, subdivision 1d, paragraph (b).

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 3. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** "State employee" does not include:

(1) students who are employed by the University of Minnesota, or the state colleges and universities, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, whichever is applicable;

(2) employees who are eligible for membership in the state Teachers Retirement Association, except employees of the Department of Education who have chosen or may choose to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(3) employees of the University of Minnesota who are excluded from coverage by action of the Board of Regents;

(4) officers and enlisted personnel in the National Guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(5) election officers;

(6) persons who are engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(7) officers and employees of the senate, or of the house of representatives, or of a legislative committee or commission who are temporarily employed;

(8) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the Department of Labor and Industry;

(9) patient and inmate help who perform services in state charitable, penal, and correctional institutions including the Minnesota Veterans Home;

(10) persons who are employed for professional services where the service is incidental to their regular professional duties and whose compensation is paid on a per diem basis;

(11) employees of the Sibley House Association;

(12) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;

- (13) state troopers and persons who are described in section 352B.011, subdivision 10, clauses (2) to (8);
- (14) temporary employees of the Minnesota State Fair who are employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons who are employed at any time by the state fair administration for special events held on the fairgrounds;
- (15) emergency employees who are in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee must be considered a "state employee" retroactively to the beginning of the pay period;
- (16) temporary employees in the classified service, and temporary employees in the unclassified service who are appointed for a definite period of not more than six months and who are employed less than six months in any one-year period;
- (17) interns who are hired for six months or less and trainee employees, except those listed in subdivision 2a, clause (8);
- (18) persons whose compensation is paid on a fee basis or as an independent contractor;
- (19) state employees who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);
- (20) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the Teachers Retirement Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for incidental employment as a state employee that is not covered by one of the teacher retirement associations or systems;
- (21) employees of the adjutant general who are employed on an unlimited intermittent or temporary basis in the classified or unclassified service for the support of Army and Air National Guard training facilities;
- (22) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;
- (23) examination monitors who are employed by departments, agencies, commissions, and boards to conduct examinations required by law;
- (24) persons who are appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;
- (25) temporary employees who are employed for limited periods under any state or federal program for training or rehabilitation, including persons who are employed for limited periods from areas of economic distress, but not including skilled and supervisory personnel and persons having civil service status covered by the system;
- (26) full-time students who are employed by the Minnesota Historical Society intermittently during part of the year and full-time during the summer months;
- (27) temporary employees who are appointed for not more than six months, of the Metropolitan Council and of any of its statutory boards, if the board members are appointed by the Metropolitan Council;

(28) persons who are employed in positions designated by the Department of Management and Budget as student workers;

(29) members of trades who are employed by the successor to the Metropolitan Waste Control Commission, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

(30) off-duty peace officers while employed by the Metropolitan Council;

(31) persons who are employed as full-time police officers by the Metropolitan Council and as police officers are members of the public employees police and fire fund;

(32) persons who are employed as full-time firefighters by the Department of Military Affairs and as firefighters are members of the public employees police and fire fund;

(33) foreign citizens ~~with~~ who are employed under a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date that the extension is granted, in which case they are eligible for coverage from the date extended; ~~and~~

(34) persons who are employed by the Board of Trustees of the Minnesota State Colleges and Universities and who elected to remain members of the Public Employees Retirement Association or the Minneapolis Employees Retirement Fund, whichever applies, under Minnesota Statutes 1994, section 136C.75-; and

(35) employees who have elected to transfer service to the unclassified program under section 352D.02, subdivision 1d, paragraph (b).

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 4. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

Subd. 4. **General fund.** "General fund" means the general state employees retirement fund ~~except the moneys for the unclassified program under chapter 352.~~

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 5. Minnesota Statutes 2008, section 352D.015, is amended by adding a subdivision to read:

Subd. 4a. **General employees retirement plan.** "General employees retirement plan" means the general state employees retirement plan under chapter 352.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 6. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt of an application. If no application is required, "value" means the cash value at the end of the month in which the event necessitating the transfer occurs~~ the market value of the account at the end of the United States investment market day.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (b), clause (1), are participants in the unclassified program under this chapter. Persons referenced in paragraph (b), 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. Employees enumerated in paragraph ~~(e)~~ (b), ~~clauses (2), (3), (4), (6) to (14), and (16) to (18); clauses (2) to (14) and (16) to (18),~~ if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.

~~(b) Persons referenced in paragraph (e), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (e), 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.~~

~~(e)~~ (b) 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 Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education 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, the state court administrator and judicial district administrators;

(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 Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3;

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Enterprise Minnesota, Inc.;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

Sec. 8. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular~~ general employees retirement plan who is subsequently employed as a full-time unclassified employee of the legislature or any commission or agency of the legislature without a limit on the duration of the employment may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 9. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

Subd. 2. **Coverage upon employment change.** A person becoming a participant in the unclassified program prior to July 1, 2010, by virtue of employment in a position specified in subdivision 1, clause (4), and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent amendment, except that a person ~~shall is~~ is not ~~be~~ eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position is not specified in subdivision 1, clause (4). Any person employed in a position specified in subdivision 1 shall cease to participate in the unclassified program in the event that the position is placed in the classified service.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 10. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general employees retirement plan.** (a) An employee referred to in subdivision 1, paragraph (b), clauses (2) to (4), (6) to (14), and (16) to (18), who is credited with employee shares in the unclassified program, after acquiring and who has credit for ten years of allowable service and, not later than one month following the termination of covered employment, may elect to terminate participation in the unclassified program and be covered by the general employees retirement plan by filing a written election with the executive director—~~if the employee was employed before July 1, 2010, and has at least ten years of allowable service as of the date of the election or if the employee was employed after June 30, 2010, and has no more than seven years of allowable service as of the date of the election.~~

(b) A person referred to in subdivision 1, paragraph (b), clause (5), who is credited with employee shares in the unclassified program, and who has credit for allowable service, prior to the termination of service, may elect to terminate participation in the unclassified program and be covered by the general employees retirement plan by filing a written election with the executive director if the person first became covered by the unclassified program after June 30, 2010, and has no more than seven years of allowable service or if the person first became covered by the unclassified program before July 1, 2010, and makes the election to transfer on or before January 1, 2011.

(c) If the transfer election is made, the executive director shall then redeem the employee's total shares and shall credit to the employee's account in the general employees retirement plan the amount of contributions that would have been so credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment or elective state service. The balance of money so redeemed and not credited to the employee's account ~~shall~~ must be transferred to the general employees retirement plan retirement fund, except that (1) the employee contribution paid to the unclassified program must be compared to (2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

~~(b)~~ (d) An election under paragraph (a) or (b) to transfer coverage to the general employees retirement plan is irrevocable during any period of covered employment.

(e) A person referenced in subdivision 1, paragraph (b), clause (1) or (15), who is credited with employee shares in the unclassified program is not permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 11. Minnesota Statutes 2008, section 352D.03, is amended to read:

352D.03 TRANSFER OF ASSETS.

Unless an eligible employee enumerated in section 352D.02, subdivision 1, has elected coverage under the individual retirement account plan under chapter 354B, ~~a sum of money representing the assets credited to each employee exercising the option contained in section 352D.02, plus an equal employer contribution together with interest for an employee exercising an option under section 352D.02, an amount equal to the employee and employer contributions for the employment period at the applicable preretirement interest actuarial assumption rate during this period plus six percent interest,~~ compounded annually, must be used for the purchase of shares on behalf of each employee in the accounts of the supplemental retirement fund established by section 11A.17.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 12. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

Subdivision 1. **Investment options.** (a) A person exercising an option to participate in the retirement program provided by this chapter may elect to purchase shares in one or a combination of the income share account, the growth share account, the international share account, the money market account, the bond market account, the fixed interest account, or the common stock index account established in section 11A.17. The person may elect to participate in one or more of the investment accounts in the fund by specifying, ~~on a form provided in a manner prescribed~~ by the executive director, the percentage of the person's contributions provided in subdivision 2 to be used to purchase shares in each of the accounts.

(b) A participant may ~~indicate in writing on forms provided, in a manner prescribed by the Minnesota State Retirement System a choice of options~~ executive director, choose their investment allocation for subsequent purchases of shares. Until a different written indication is made by the participant, the executive director shall purchase shares in the supplemental fund as selected by the participant. If no initial option is chosen, 100 percent income shares must be purchased for a participant. A change in choice of investment option is effective ~~no later than the first pay date first occurring after 30 days following the receipt of the request for a change~~ at the end of the most recent United States investment market day.

~~(e) Shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for withdrawal under section 352D.05 or for benefit payments under sections 352D.06 to 352D.075.~~

~~(d) (c) A participant or former participant may also change the investment options selected for all or a portion of the participant's shares previously purchased in accounts, subject to the provisions of paragraph (e) concerning the fixed interest account. Changes in investment options for the participant's shares must be effected as soon as cash flow to an account practically permits, but not later than six months after the requested change~~ trading restrictions imposed on the investment option.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 13. Minnesota Statutes 2008, 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 ~~four~~ the percent of salary specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

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

(d) 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.

(e) 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.

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

EFFECTIVE DATE. This section is effective the first day of the first full pay period beginning after July 1, 2010.

Sec. 14. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the ~~month in which most recent United States investment market day following receipt of the~~ application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 15. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.

EFFECTIVE DATE. This section is effective June 30, 2010.

Sec. 16. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the first full month after an application is received or the day following termination of state service, whichever is later. The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity day following receipt of the application or the day following termination, whichever is later. The benefit must be based on the value of the account the day following receipt of the application or the date of termination, whichever is later, plus any contributions and interest received after that date.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 17. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

Subd. 3. **Annuity payment.** The annuity payable under this section ~~shall begin~~ begins to accrue the ~~first day of the month following the date of disability receipt of the application or the day after termination, whichever is later, plus any contributions and interest received after that date, and shall must~~ be based on the participant's age when the annuity begins to accrue. The shares ~~shall must~~ be valued as of the end of the ~~month following authorization of payments~~ day on which the benefit accrues.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 18. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make available by electronic means to each participant the prospectus prepared by the supplemental fund, by July 1 or when received from such fund, whichever is later, to each participant in covered employment.

(b) Any participant may contact the Minnesota State Retirement System and request a copy of the prospectus.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 19. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

Subd. 7. **Administrative fees.** The board of directors shall establish a budget and charge participants a reasonable fee to pay the administrative expenses of the unclassified program. Fees ~~cannot may not~~ be charged on contributions and investment returns attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan administration cannot exceed 10/100 of one percent of the contributions and investment returns attributable to contributions made on or after July 1, 1992.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 5

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is amended to read:

Subd. 2. **Public employee.** "Public employee" means a governmental employee or a public officer performing personal services for a governmental subdivision defined in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. For purposes of membership in the association, the term includes the classes of persons described or listed in subdivision 2a and excludes the classes of persons listed in subdivision 2b. The term also includes persons who elect association membership under subdivision 2d, paragraph (a), and persons for whom the applicable governmental subdivision had elected association membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons listed in subdivision 2b for purposes of membership in the association.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees ~~whose salary from employment in one or more positions within 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~~ whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must 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. Membership commences as a condition of their employment on the first day of their employment unless they or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

~~(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.~~

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

(2) elected county sheriffs;

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

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

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

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

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

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

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

(b) A public employee or elected official 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 for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

~~(c) Public employees under paragraph (a) include:~~

~~(1) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

~~(2) full time employees of the Dakota County Agricultural Society; and~~

~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elect Public Employee Retirement Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

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

EFFECTIVE DATE. This section is effective July 1, 2010, except that the amendment to paragraph (a), clause (3), applies to any person first appointed, elected, or contracted after June 30, 2010.

Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

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

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

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

(~~2~~) (3) election officers or election judges;

(~~3~~) (4) patient and inmate personnel who perform services for a governmental subdivision;

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

(~~5~~) (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

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

(~~7~~) (8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

~~(10)~~ (11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens ~~working for~~ who are employed by a governmental subdivision ~~with under~~ a work permit ~~of less than three years~~, or an H-1b visa ~~valid initially issued or extended for a combined period less than three years of employment~~. Upon ~~notice to the association that the work permit or visa extends~~ extension of the employment beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

~~(13)~~ (14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the ~~public~~ general employees retirement ~~fund plan~~ or the public employees police and fire ~~fund plan~~, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; ~~provided that, but~~ a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the ~~public~~ general employees retirement ~~fund plan~~ or the public employees police and fire ~~fund plan~~, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 ~~pension plan~~ who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters

and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

~~(19)~~ (20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

~~(21)~~ (22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

~~(23)~~ (24) reemployed annuitants of the association during the course of that reemployment; and

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

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

EFFECTIVE DATE. This section is effective July 1, 2010, except that clause (25) is effective for persons first appointed after June 30, 2010.

Sec. 4. Minnesota Statutes 2008, 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 on January 1, 2003, who were at least age 45 on that date, and who elected 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 that association, at its option, certifies to the executive director that its employees who meet the conditions set forth in subdivision 2a 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 who meet the conditions set forth in subdivision 2a are to be considered 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 to the association the applicable 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 the applicable provisions of this chapter. For employees specified in paragraph (b), clause (3), membership continues until the exclusion option is exercised for the designated class of employee.

(d) The option to become a member, once exercised under this subdivision, may not be withdrawn until the termination of public service as defined under subdivision 11a.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 5. Minnesota Statutes 2009 Supplement, 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 deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

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

(3) 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;

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

(5) 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 for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

(6) 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, excluding overtime pay, 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 30 days after termination of public service, whichever is sooner. The executive director 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;

(7) 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;

(8) 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 with the same governmental subdivision 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~~ must be 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, excluding overtime pay, 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, excluding overtime pay, 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 that 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 30 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; or

(9) a period specified under subdivision 40.

(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]

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

Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in subdivision 1 may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the member returned to work following the authorized leave, or within 30 days after the date of termination of public service if the member did not return to work, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period, or at termination of public service, whichever is earlier, multiplied by the employee's average monthly salary, excluding overtime, upon which deductions were paid during the six months, or portion thereof, before the commencement of the leave of absence and by the number of months of the leave of absence for which the employee wants allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period until the last day of the month in which payment is received.

(c) If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date the person terminates public service under section 353.01, subdivision 11a.

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

Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

(a) A member may purchase additional salary credit for a period specified in this section.

(b) The applicable period is a period during which the member is receiving a reduced salary from the employer while the member is:

(1) receiving temporary workers' compensation payments related to the member's service to the public employer;

(2) on an authorized medical leave of absence; or

(3) on an authorized partial paid leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision.

(c) The differential salary amount is the difference between the average monthly salary received by the member during the period of reduced salary under this section and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(d) To receive eligible salary credit, the member shall pay an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable months from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive

director by a resolution of the governing body of the governmental subdivision. For an authorized medical leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 consecutive months of authorized medical leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

EFFECTIVE DATE. This section is effective July 1, 2010. Purchase of reduced salary credit may be made for a period mandated or offered by a governmental subdivision for purposes of budget or salary savings on or after July 1, 2009.

Sec. 8. Minnesota Statutes 2008, 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. 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 and who is receiving a retirement annuity or a member who receives a disability benefit. 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 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~~ provide 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), and procedures~~ to govern the form and length of these statements, and the timing of mailings, and deadlines for submitting materials to be mailed. ~~The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement distributed to the eligible voters.~~

(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~~ eligible voters the instructions and materials necessary to vote for the candidates seeking terms on the board of trustees. Eligible voters are the members, retirees, and other benefit recipients. No ~~member~~ voter 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 Votes cast by using paper ballots mailed to the association must be postmarked no later than January 31. Votes cast by using telephone or other electronic means authorized under the board's procedures must be entered by the end of the day on January 31. The ballot envelopes must be so designated and the ballots must be counted in a manner that ensures design of the voting response media must ensure that each voter's vote is secret.

(d) A candidate who receives contributions ~~or, who~~ makes expenditures in excess of \$100, or ~~who~~ 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~~ any distribution 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.

(e) The secretary of state shall review and ~~approve~~ comment on 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.

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

Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each public employee who qualifies for membership under this chapter ~~and or chapter 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is paid.~~ The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, and the required employer contributions and the additional employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period ~~submit~~ to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of \$5 per calendar day until the association receives the required data. ~~Data required to be submitted as part of salary deduction reporting must include, but are not limited to:~~

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

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

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

~~(b)~~ (c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the format prescribed by the executive director. The required enrollment data on new ~~employees~~ members must be submitted to the association prior to or concurrent with the submission of the initial

employee salary deduction. Also, the employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

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

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

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

Sec. 10. Minnesota Statutes 2009 Supplement, 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 refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). 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 allowable service credit for~~ all invalid service if forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

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

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

(e) Upon discovery of the receipt of erroneous employee deductions and employer 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 reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; ~~and the employer must pay the refunded employee deductions plus interest to the member;~~

(2) for a former member who:

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

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

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

(f) In the event that 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 any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit is within the limitation period specified in paragraph (c), and an overpayment has resulted by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and recover any overpayment as provided under subdivision 7b.

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

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

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

Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually furnish the executive director with an exclusion report listing only those employees in potentially PERA-eligible positions who were not reported as members of the association and who worked during the school year for school employees and calendar year for nonschool employees. The department head must certify the accuracy and completeness of the exclusion report to the association. The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. Also, the executive director shall ~~also~~ check the exclusion report to ascertain whether any omissions have been made by a department head in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

(b) If an employer fails to comply with the reporting requirements under this subdivision, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is amended to read:

Subd. 4. **Duration.** Postretirement option employment ~~shall~~ may be for an initial period not to exceed one year. At the end of the initial period, the governing body has sole discretion to determine if the offer of a postretirement option position will be renewed, renewed with modifications, or terminated. Postretirement option employment may be renewed annually, but ~~may not be renewed after the individual attains retirement age as defined in United States Code, title 42, section 416(4) no more than four renewals may occur.~~

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

Sec. 13. Minnesota Statutes 2008, 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 who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of 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;

(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;

(8) elected county sheriffs who are former members of the police and fire plan and who are receiving a retirement annuity as provided under section 353.651; and

(9) persons who are excluded from membership under section 353.01, subdivision 2b, paragraph (a), clause (25).

(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 who must be a member of the police and fire plan as provided under chapter 353.

(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.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible participants.** ~~An (a) The following classes of eligible elected local government official participants who elects elect to participate in the public employees defined contribution plan under section 353D.02 shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating~~

(1) elected local government official's officials;

(2) physicians; and

(3) persons who are excluded from membership under section 353.01, subdivision 2b, clause (25).

(b) A participant's governmental subdivision shall contribute a matching amount.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

Subdivision 1. **Crediting of ~~account~~ contributions to participant accounts.** (a) Contributions made by or on behalf of a participating elected local government official or physician participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must be remitted to the Public Employees Retirement Association and credited to the individual account established for the participant. ~~Ambulance service~~

(b) Contributions as provided under section 353D.03, subdivisions 3, and 6, paragraph (b), must be remitted on a regular basis to the association together with any member contributions paid or withheld. Those contributions must be credited to the individual account of each participating member.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The executive director may adopt policies and procedures regarding deductions taken totally or partially in error by the employer from the salary of an elected official.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 17. Minnesota Statutes 2009 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) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- (4) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- ~~(4)~~ (5) the Dassel Lakeside Community Home;
- (6) the Douglas County Hospital, with respect to the Mental Health Unit;
- ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;
- ~~(6)~~ (8) the Glencoe Area Health Center;
- ~~(7)~~ (9) Hutchinson Area Health Care;
- ~~(8)~~ (10) the Lakefield Nursing Home;
- ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;
- ~~(10)~~ (12) the Luverne Public Hospital;
- ~~(11)~~ (13) the Oakland Park Nursing Home;

~~(12)~~ (14) the RenVilla Nursing Home;

~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;

~~(14)~~ (16) the St. Peter Community Health Care Center;

~~(15)~~ (17) the Waconia-Ridgeview Medical Center;

~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~

(19) the Wheaton Community Hospital; and

~~(17)~~ (20) the Worthington Regional Hospital.

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

Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

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

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

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

Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, or if paragraph (c) applies, the executive director shall forward a recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the

chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session. The recommendation may be included as part of public pension administrative legislation under section 356B.05.

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

(c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall forward a recommendation that the privatization be included as an addition under paragraph (a) if the chief clerical officer of the applicable governmental subdivision submits a resolution from the governing body specifying that a lump sum payment will be made to the executive director equal to the net loss, plus interest. The interest must be computed using the applicable preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date defined under section 353F.02.

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

Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief administrative officer of a covered pension plan regarding a person's eligibility, benefits, or other rights under the plan with which the person does not agree is subject to review under this section.

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

Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

Subd. 3. **Notice of determination.** If the applicable chief administrative officer denies an application or a written request, modifies a benefit, or terminates a benefit of a person claiming a right or potential rights under a covered pension plan, the chief administrative officer shall notify that person through a written notice containing:

(1) a statement of the reasons for the determination;

(2) a notice that the person may petition the governing board of the covered pension plan for a review of the determination and that a person's petition for review must be filed in the administrative office of the covered pension plan within 60 days of the receipt of the written notice of the determination;

(3) a statement indicating that a failure to petition for review within 60 days precludes the person from contesting in any other administrative review or court procedure the issues determined by the chief administrative officer;

(4) a statement indicating that all relevant materials, documents, affidavits, and other records that the person wishes to be reviewed in support of the petition must be filed with and received in the administrative office of the covered pension plan at least ~~30~~ 15 days before the date of the hearing under subdivision 10; and

(5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is amended to read:

Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2 may petition for a review of that decision by the governing board of the covered pension plan.

(b) A petition under this section must be sent to the chief administrative officer by mail and must be postmarked no later than 60 days after the person received the notice required by subdivision 3. The petition must include the person's statement of the reason or reasons that the person believes the decision of the chief administrative officer should be reversed or modified. The petition may include all documentation and written materials that the petitioner deems to be relevant. In developing a record for review by the board when a decision is appealed, the ~~executive director~~ chief administrative officer may direct that the applicant participate in a fact-finding session conducted by an administrative law judge assigned by the Office of Administrative Hearings and, as applicable, participate in a vocational assessment conducted by a qualified rehabilitation counselor on contract with the applicable retirement system.

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

Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30 calendar days from the date of the next regular board meeting,~~ the chief administrative officer must schedule a timely review of the petition before the governing board of the covered pension plan. The review must be scheduled to take into consideration any necessary accommodations to allow the petitioner to participate in the governing board's review.

(b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief administrative officer must provide by mail to the petitioner an acknowledgment of the receipt of the person's petition and a follow-up notice of the time and place of the meeting at which the governing board is scheduled to consider the petition and must provide a copy of all relevant documents, evidence, summaries, and recommendations assembled by or on behalf of the plan administration to be considered by the governing board.

(c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials that the petitioner wishes to be part of the record for review must be filed with the chief administrative officer and must be received in the offices of the covered pension plan at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to be heard.

(d) A petitioner; may request a continuance of a scheduled hearing if the request is received by the chief administrative officer within ten calendar days of the scheduled date of the applicable board meeting, ~~may request a continuance on a scheduled petition.~~ The chief administrative officer must reschedule the review within ~~60 days of the date of the continuance request~~ a reasonable time. Only one continuance may be granted to any petitioner.

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

Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and affidavits in the possession of the covered pension plan of which the covered pension plan desires to avail itself and be considered by the governing board, and all evidence which the petitioner wishes to present to the governing board, including any evidence which would otherwise be classified by law as "private," must be made part of the hearing record.

(b) ~~Not later than~~ The chief administrative officer must provide a copy of the record to each member of the governing board at least seven days before the scheduled hearing date, ~~the chief administrative officer must provide a copy of the record to each member of the governing board.~~

(c) ~~At least five days before the hearing, the petitioner may submit to the chief administrative officer, for submission to the governing board, Any additional document, affidavit, or other relevant information that was not initially submitted with the petition~~ the petitioner requests be part of the record may be admitted with the consent of the governing board.

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

Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

Sec. 49. CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.

Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes, section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and 356, to the contrary, this section establishes the procedures by which the executive director of the Public Employees Retirement Association shall adjust erroneous employee deductions and employer contributions paid on behalf of active employees and former members by the city of Duluth ~~and~~, by the Duluth Airport Authority, and by the city of Virginia on amounts determined by the executive director to be invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former members and their beneficiaries based upon invalid salary amounts.

Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund to active employees or former members who are not receiving retirement annuities or benefits all erroneous employee deductions identified by the city of Duluth ~~or~~, by the Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts determined to be invalid salary. The refunds must include interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the date each refund is paid.

(b) The refund payment for active employees must be sent to the ~~applicable governmental subdivision which must pay the refunded employee deductions plus interest to the active~~ home addresses of the members who are employees of the city of Duluth ~~or~~, who are employees of the Duluth Airport Authority, or who are employees of the city of Virginia, as applicable.

(c) Refunds to former members must be mailed by the executive director of the Public Employees Retirement Association to the former member's last known address.

Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a retirement annuity or disability benefit, or for a person receiving an optional annuity or survivor benefit, the executive director must:

(1) adjust the annuity or benefit payment to the correct monthly benefit amount payable by reducing the average salary under Minnesota Statutes, section 353.01, subdivision 17a, by the invalid salary amounts;

(2) determine the amount of the overpaid benefits paid from the effective date of the annuity or benefit payment to the first of the month in which the monthly benefit amount is corrected;

(3) calculate the amount of employee deductions taken in error on invalid salary, including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the date the annuity or benefit is adjusted as provided under clause (1); and

(4) determine the net amount of overpaid benefits by reducing the amount of the overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous employee deductions with interest as determined in clause (3).

(b) If a former member's erroneous employee deductions plus interest determined under this section exceeds the amount of the person's overpaid benefits, the balance must be refunded to the person to whom the annuity or benefit is being paid.

(c) The executive director shall recover the net amount of all overpaid annuities or benefits as provided under subdivision 4.

Subd. 4. **Employer credits and obligations.** (a) The executive director shall provide a credit without interest to the city of Duluth ~~and~~ to the Duluth Airport Authority, and to the city of Virginia, as applicable, for the amount of that governmental subdivision's erroneous employer contributions. The credit must first be used to offset the net amount of the overpaid retirement annuities and the disability and survivor benefits that remains after applying the amount of erroneous employee deductions with interest as provided under subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions, if any, must be credited against future employer contributions required to be paid by the applicable governmental subdivision. If the overpaid benefits exceed the employer contribution credit, the balance of the overpaid benefits is the obligation of the city of Duluth ~~or~~ the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

(b) The Public Employees Retirement Association board of trustees shall determine the period of time and manner for the collection of overpaid retirement annuities and benefits, if any, from the city of Duluth ~~and~~ the Duluth Airport Authority, and the city of Virginia.

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

Sec. 26. Laws 2009, chapter 169, article 4, section 49, the effective date, is amended to read:

EFFECTIVE DATE. (a) This section is effective for the city of Duluth the day after the Duluth city council and the chief clerical officer of the city of Duluth timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the city of Duluth.

(b) This section is effective for the Duluth Airport Authority the day after the Duluth Airport Authority and the chief clerical officer of the Duluth Airport Authority timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the Duluth Airport Authority.

(c) This section is effective for the city of Virginia the day after the Virginia city council and the chief clerical officer of the city of Virginia timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the city of Virginia. If this section becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

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

Sec. 27. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement option position after that date.

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

Sec. 28. **REPEALER.**

(a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective July 1, 2010.

(b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03, subdivision 2, are repealed the day following final enactment.

(c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

ARTICLE 6

VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN

Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

Subd. 3. **Report by certain municipalities.** (a) Each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report shall must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report shall must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report shall must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The state auditor shall forward one copy to the county auditor of the county wherein the municipality is located. The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid pursuant to under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

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

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, is amended to read:

Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer firefighters by the retirement plan is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage.

(b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighters' relief association, following approval of the request by the board of the volunteer firefighters' relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighters' relief association, the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.

(c) The cost analysis of the prospective retirement coverage by the statewide retirement plan must be based on the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighters' relief association, ~~if there is one the relief association is a lump-sum defined benefit plan, or the amount equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan,~~ or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighters' relief association, rounded up, and any other service pension amount designated by the requester or requesters. The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(d) If a cost analysis is requested and a volunteer firefighters' relief association exists that has filed the information required under section 69.051 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighters' relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

(e) If a cost analysis is requested, the executive director of the State Board of Investment shall review the investment portfolio of the relief association, if applicable, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under paragraph (f), the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of retirement plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

(f) Upon receipt of the cost analysis, the governing body of the municipality or independent nonprofit firefighting corporation associated with the fire department shall either approve or disapprove the retirement coverage change within 90 days. If the retirement coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the retirement coverage change is approved by the applicable governing body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the next following January 1.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is amended to read:

Subdivision 1. **Special fund disestablishment.** ~~(a)~~ On the date immediately prior to the effective date of the coverage change, the special fund of the applicable volunteer firefighters' relief association, if one exists, ceases to exist as a pension fund of the association and legal title to the assets of the special fund transfers to the State Board of Investment, with the beneficial title to the assets of the special fund remaining in the applicable volunteer firefighters.

~~(b) If the market value of the special fund of the volunteer firefighters' relief association for which retirement coverage changed under this chapter declines in the interval between the date of the most recent financial report or statement, and the special fund disestablishment date, the applicable municipality shall transfer an additional amount to the State Board of Investment equal to that decline. If more than one municipality is responsible for the direct management of the fire department, the municipalities shall allocate the additional transfer amount among the various applicable municipalities one-half in proportion to the population of each municipality and one-half in proportion to the market value of each municipality.~~

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. Annual funding requirements. (a) Annually, the executive director shall determine the funding requirements of each account in the voluntary statewide lump-sum volunteer firefighter retirement plan on or before August 1. The funding requirements as directed under this section, must be determined using a mathematical procedure developed and certified as accurate by an approved actuary retained by the Public Employees Retirement Association and based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

(3) The amount of the total present assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of each account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the account must be calculated by multiplying the dollar amount of the administrative expenses for the most recent prior calendar year by the factor of 1.035.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan is the annual financial requirements of the account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 2. Cash flow funding requirement. If the executive director determines that an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has insufficient assets to meet the service pensions determined payable from the account, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in proportion to the market value of the property of each municipality.

Subd. 3. Authorized account disbursements. ~~(f)~~ The assets of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the retirement plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15; ~~and~~
- (4) the survivor benefits payable under section 353G.12; and
- (5) the disability benefit coverage insurance premiums under section 353G.115.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, is amended to read:

Subd. 3. Alternative pension eligibility and computation. (a) An active member of the retirement plan is entitled to an alternative lump-sum service pension from the retirement plan if the person:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years or the age for receipt of a service pension under the benefit plan of the applicable former volunteer firefighters' relief association as of the date immediately prior to the election of the retirement coverage change, whichever is later;
- (3) has completed at least five years of active service with the fire department and at least five years in total as a member of the applicable former volunteer firefighters' relief association or of the retirement plan, but has not rendered at least five years of good time service credit as a member of the retirement plan; and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) If retirement coverage prior to statewide retirement plan coverage was provided by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum service pension is the service pension amount specified in the bylaws of the applicable former volunteer firefighters' relief association either as of the date immediately prior to the election of the retirement coverage change or as of the date immediately before the termination of firefighting services, whichever is earlier, multiplied by the total number of years of service as a member of that volunteer firefighters' relief association and as a member of the retirement plan. If retirement coverage prior to statewide retirement plan coverage was provided by a defined contribution plan volunteer firefighters relief association, the alternative lump-sum service pension is an amount equal to the person's account balance as of the date immediately prior to the date on which statewide retirement plan coverage was first provided to the person plus six percent annual compound interest from that date until the date immediately prior to the date of retirement.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Levels.** The retirement plan provides the following levels of service pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

Level A	\$500 per year of good time service credit
Level B	\$750 \$600 per year of good time service credit
<u>Level C</u>	<u>\$700 per year of good time service credit</u>
<u>Level D</u>	<u>\$800 per year of good time service credit</u>
<u>Level E</u>	<u>\$900 per year of good time service credit</u>
Level C F	\$1,000 per year of good time service credit
<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
Level D H	\$1,500 per year of good time service credit
Level E I	\$2,000 per year of good time service credit
Level F J	\$2,500 per year of good time service credit
Level G K	\$3,000 per year of good time service credit
Level H L	\$3,500 per year of good time service credit
Level I M	\$4,000 per year of good time service credit
Level J N	\$4,500 per year of good time service credit
Level K O	\$5,000 per year of good time service credit
Level L P	\$5,500 per year of good time service credit
Level M Q	\$6,000 per year of good time service credit
Level N R	\$6,500 per year of good time service credit
Level O S	\$7,000 per year of good time service credit
Level P T	\$7,500 per year of good time service credit

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a subdivision to read:

Subd. 1a. **Continuation of prior service pension levels.** If a municipality or independent nonprofit firefighting corporation elects to be covered by the retirement plan prior to January 1, 2010, and selects the \$750 per year of good time service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY INSURANCE.**

(a) Except as provided in paragraph (b), no disability benefit is payable from the statewide retirement plan.

(b) If the board approves the arrangement, disability coverage for statewide retirement plan members may be provided through a group disability insurance policy obtained from an insurance company licensed to do business in this state. The voluntary statewide lump-sum volunteer retirement plan is authorized to pay the premium for the disability insurance authorized by this paragraph. The proportional amount of the total annual disability insurance premium must be added to the required contribution amount determined under section 353G.08.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.08, is amended to read:

424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED DISBURSEMENTS.

(a) Any qualified municipality which is entitled to receive fire state aid but which has no volunteer firefighters' relief association directly associated with its fire department and which has no full-time firefighters with retirement coverage by the public employees police and fire retirement plan shall deposit the fire state aid in a special account established for that purpose in the municipal treasury. Disbursement from the special account may not be made for any purpose except:

(1) payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the state Volunteer Firefighters' Benefit Association in order to entitle its firefighters to membership in and the benefits of these state associations;

(2) payment of the cost of purchasing and maintaining needed equipment for the fire department; and

(3) payment of the cost of construction, acquisition, repair, or maintenance of buildings or other premises to house the equipment of the fire department.

(b) A qualified municipality which is entitled to receive fire state aid, which has no volunteer firefighters' relief association directly associated with its fire department, which does not participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, and which has full-time firefighters with retirement coverage by the public employees police and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3, or for a combination of the two types of disbursements.

(c) A municipality that has no volunteer firefighters' relief association directly associated with it and that participates in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G shall transmit any fire state aid that it receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

ARTICLE 7

TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT PROCEDURE REVISIONS

Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a subdivision to read:

Subd. 41. Annual base salary. (a) "Annual base salary" means:

(1) for an independent school district or educational cooperative, the lowest full-time Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing unit;

(2) for a charter school, the lowest starting annual salary for a full-time licensed teacher employed during the previous fiscal year for that employing unit; and

(3) for a state agency or professional organization, the lowest starting annual salary for a full-time Teachers Retirement Association covered position for the previous fiscal year for that employing unit.

(b) If there is no previous fiscal year data because an employer unit is new and paragraph (c) does not apply, the annual base salary for the first year of operation will be as provided in paragraph (a), except that the base contract salary for the current fiscal year, rather than the previous fiscal year, must be used.

(c) For a new employer unit created as a result of a merger or consolidation, the annual base salary must be the lowest annual base salary as specified in paragraph (a) for any of the employer units involved in the merger or consolidation.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2008, section 354.07, subdivision 5, is amended to read:

Subd. 5. **Records; accounts; interest.** The board shall keep a record of the receipts and disbursements of the fund and a separate account with each member of the association. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves. It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. Any amount in the capital reserve account on July 1, 1973, shall be transferred to the employer contribution's account. The annual interest earnings shall be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.44, subdivision 6 ~~or 7~~. The rate to be used in this distribution computed to the last full quarter percent shall be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts shall be credited to the gross interest earnings for the next succeeding year.

Sec. 3. Minnesota Statutes 2008, section 354.091, is amended to read:

354.091 SERVICE CREDIT.

Subdivision 1. **Definition; monthly base salary.** For purposes of this section, "monthly base salary" means the annual base salary, as defined in section 354.05, subdivision 41, divided by 12.

Subd. 2. **Service credit annual limit.** ~~(a) In computing service credit,~~ No teacher may receive credit for more than one year of teaching service for any fiscal year. ~~Additionally, in crediting allowable service:~~

~~(1) if a teacher teaches less than five hours in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

~~(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and~~

~~(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year in the same relationship as the period of service performed bears to 170 days.~~

~~(b) A teacher must receive a full year of service credit based on the number of days in the employer's full school year if that school year is less than 170 days. Teaching service performed before July 1, 1961, must be computed under the law in effect at the time it was performed.~~

~~(c) A teacher must not lose or gain retirement service credit as a result of the employer converting to a flexible or alternate work schedule. If the employer converts to a flexible or alternate work schedule, the forms for reporting teaching service and the procedures for determining service credit must be determined by the executive director with the approval of the board of trustees.~~

Subd. 3. **Service credit calculation.** (a) Except as specified in subdivisions 4 and 5, service credit must be calculated monthly by dividing the teacher's monthly salary by the monthly base salary for the teacher's employing unit and multiplying the result by 11.1 percent.

(b) For purposes of computing service credit, salary must be allocated to each calendar month based on the pay period begin and end dates. If the pay period covers more than one calendar month, the salary must be allocated based on the number of days in each calendar month.

(c) A teacher may not receive more than 11.1 percent of a year's service credit in a calendar month.

(d) Annual service credit must be calculated by adding the allowable monthly service credit for all 12 months of the fiscal year, with the result rounded to two decimal places, subject to the annual limit specified in subdivision 2.

Subd. 4. **Service credit determination for Minnesota State Colleges and Universities system teachers.** (4) For all services rendered on or after July 1, 2003, service credit for all members employed by the Minnesota State Colleges and Universities system must be determined:

(1) for full-time employees, by the definition of full-time employment contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1; and

(2) for part-time employees, by the appropriate proration of full-time equivalency based on the provisions contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1, and the applicable procedures of the Minnesota State Colleges and Universities system; and

~~(3) in no case may a member receive more than one year of service credit for any fiscal year.~~

Subd. 5. **Service credit procedure, nontraditional schedules.** For employer units that have nontraditional work schedules or pay schedules, the procedure for determining service credit must be specified by the executive director with the approval of the board of trustees.

EFFECTIVE DATE. This section is effective for teaching service performed after June 30, 2012.

Sec. 4. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the following data to the association for payroll warrants on an ongoing basis within 14 calendar days after the date of the payroll warrant in a format prescribed by the executive director:

- (1) association member number;
- (2) employer-assigned employee number;
- (3) Social Security number;
- (4) amount of each salary deduction;
- (5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;
- (6) reason for payment;
- ~~(7) service credit;~~
- ~~(8)~~ (7) the beginning and ending dates of the payroll period covered and the date of actual payment;
- ~~(9)~~ (8) fiscal year of salary earnings;
- ~~(40)~~ (9) total remittance amount including employee, employer, and additional employer contributions;
- ~~(44)~~ (10) reemployed annuitant salary under section 354.44, subdivision 5; and
- ~~(42)~~ (11) other information as may be required by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 5. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision to read:

Subd. 4d. **Annual base salary reporting.** An employing unit must provide the following data to the association on or before June 30 of each fiscal year:

- (1) annual base salary, as defined in section 354.05, subdivision 41; and
- (2) beginning and ending dates for the regular school work year.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 6. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not comply with the reporting requirements under subdivision 2a, 4a, ~~or~~ 4b, or 4d, must pay a fine of \$5 per calendar day until the association receives the required data.

(b) If the annual base salary required to be reported under subdivision 4d has not been settled or determined as of June 16, the fine commences if the annual base salary has not been reported to the association within 14 days following the settlement date.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 7. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section, the term "part-time teaching position" means a teaching position within the district in which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is~~ compensated ~~in~~ for an amount of at least 30 percent, but not exceeding 80 percent of the compensation established by the board for a full-time teacher with identical education and experience with the employing unit.

(b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time teaching position" means a teaching position within the district in which the teacher is ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is~~ compensated ~~in~~ for an amount of at least 15 percent, but not exceeding 40 percent of the compensation established by the board for a full-time teacher, with identical education and experience with the employing unit.

EFFECTIVE DATE. This section is effective for service provided after June 30, 2012.

ARTICLE 8

MNSCU IRAP ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2008, section 11A.04, is amended to read:

11A.04 DUTIES AND POWERS.

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 if state assets are involved and in accordance with chapter 356A if pension assets are involved.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board are not subject to the Administrative Procedure Act.

(3) Employ an executive director as provided in section 11A.07.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the commissioner of management and budget to sell property other than money that has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property must be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified board employees who are not covered by a collective bargaining agreement.

(15) Contract, as necessary, with the board of trustees of the Minnesota State Universities and Colleges System for the provision of investment review and selection services under section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the costs of all necessary expenses for the administration of the board. These sums will be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget.

Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

Subdivision 1. **General governance.** The individual retirement account plan is the administrative responsibility of the Board of Trustees of the Minnesota State Colleges and Universities. The Board of Trustees of the Minnesota State Colleges and Universities may administer the plan directly or may contract out for administrative services with a qualified third-party plan administrative entity and may contract out for investment review and selection service.

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

Sec. 3. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

Subd. 3. **Selection of financial institutions.** (a) The investment options provided under subdivision 2 must be selected by the board. The board may contract with the State Board of Investment or with a third party to provide the investment review and selection services. The board must not contract with a third party to provide the investment option review and selection services if the third party markets, offers, or has other material interest in investment products. The board must require any third party contracted to provide investment review and selection services to disclose to the board any contracts for services and any financial relationships it has with vendors under consideration to provide investment products under the plan.

In making its selection, at a minimum, the ~~State board of Investment~~ shall consider the following:

(1) the experience and ability of the financial institution to provide benefits and products that are suited to meet the needs of plan participants;

(2) the relationship of those benefits and products provided by the financial institution to their cost;

(3) the financial strength and stability of the financial institution; and

(4) the fees and expenses associated with the investment products in comparison to other products of similar risk and rates of return.

(b) After selecting a financial institution, the ~~State board of Investment~~ must periodically review each financial institution and the offered products. The periodic review must occur at least every three years. In making its review, the ~~State board of Investment~~ may retain appropriate consulting services to assist it in its periodic review, establish a budget for the cost of the periodic review process, and charge a proportional share of these costs to the reviewed financial institution.

(c) Contracts with financial institutions under this section must be executed by the board ~~and must be approved by the State Board of Investment before execution.~~

(d) ~~The State Board of Investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

Sec. 4. Minnesota Statutes 2008, section 354C.14, is amended to read:

354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall invest the deductions and contributions under section 354C.12, after deduction of administrative expenses under section 354C.12, subdivision 4, in annuity contracts or custodial accounts from financial institutions selected ~~by the State Board of Investment~~ under section 354B.25, subdivision 3.

(b) The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges and Universities are owned by the supplemental retirement plan and must be paid in accordance with those annuity contracts or custodial account agreements.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2008, section 354C.15, is repealed.

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

ARTICLE 9

ACTUARIAL VALUATION REPORTING DEADLINE DATES

Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the completed valuation must be delivered to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of management and budget, and to the Legislative Reference Library. The copies of the actuarial valuation must be filed with the executive director of the Legislative Commission on Pensions and Retirement, the commissioner of management and budget, and the Legislative Reference Library no later than the last day of the sixth month occurring after the end of the previous fiscal year.

(c) Two copies of a quadrennial experience study must be filed with the executive director of the Legislative Commission on Pensions and Retirement, with the commissioner of management and budget, and with the Legislative Reference Library, not later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 10

EARLY RETIREMENT INCENTIVE MODIFICATIONS

Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) An eligible appointing authority 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 section 356.30, subdivision 3, or has at least 15 years of coverage by the individual retirement account plan governed by chapter 354B employment as indicated in the personnel records of the applicable employing unit and upon retirement is immediately eligible for a retirement annuity or benefit from one or more of these funds retirement plan governed by chapter 354B, or section 356.30;~~

(2) terminates service after the effective date of this section, and before ~~July 15, 2009~~ October 1, 2012; ~~and~~

(3) is not in receipt of a public retirement plan retirement annuity, retirement allowance, or service pension during the month preceding the termination of qualified employment; ~~and~~

(4) has not been eligible to receive a retirement annuity for a period longer than ten years.

(b) An eligible appointing authority is any Minnesota governmental employing unit which employs one or more employees with retirement coverage by a retirement plan listed in section 356.30 by virtue of that employment.

(c) An elected official is not eligible to receive an incentive under this section.

(d) Employees of the Minnesota State Colleges and Universities System who participate in the incentive program under section 136F.481 are not eligible for the incentive under this section.

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

Sec. 2. Minnesota Statutes 2009 Supplement, section 356.351, subdivision 2, is amended to read:

Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, if for whom an early retirement incentive is approved under paragraph (b), and who terminates employment as provided for in the agreement, the employer may provide an amount up to \$17,000, to an employee who terminates service, to:

(1) a severance amount in lieu of and not to exceed the maximum amount of regular state-provided unemployment compensation for that particular person if the person had been laid off; and

(2) an additional severance amount not to exceed the amount of the employer's contribution for health insurance, dental insurance, and basic life insurance that would have been payable to the particular person under the applicable collective bargaining agreement or personnel policy at the time of termination.

(b) The severance amounts under paragraph (a) must be used:

(1) unless the appointing authority has designated the use under clause (2) or the use under clause (3) for the initial retirement incentive applicable to that employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account in the health care savings plan established by section 352.98;

(2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to that employing entity under Laws 2007, chapter 134, after May 26, 2007, for purchase of service credit for unperformed service sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies; or

(3) if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to the employing entity under Laws 2007, chapter 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number of years from the applicable retirement plan to provide additional benefits, as provided in paragraph (d).

~~(b)~~ (c) Approval to provide the incentive must be obtained from the commissioner of finance if the eligible employee is a state employee and must be obtained from the applicable governing board with respect to any other employing entity. An employee is eligible for the payment under paragraph ~~(a)~~ (b), clause (2), if the employee uses money from a deferred compensation account that, combined with the payment under paragraph ~~(a)~~ (b), clause (2), would be sufficient to purchase enough service credit to qualify for retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies.

~~(c)~~ (d) The cost to purchase service credit under paragraph ~~(a)~~ (b), clause (2), must be made in accordance with section 356.551.

~~(d)~~ (e) An annuity purchase under paragraph ~~(a)~~ (b), clause (3), must be made using annuity factors, as determined by the actuary retained under section 356.214, derived from the applicable factors used by the applicable retirement plan to calculate optional annuity forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

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

ARTICLE 11

OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN MARRIAGE DISSOLUTIONS

Section 1. [356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO MARRIAGE DISSOLUTION OR ANNULMENT.

Subdivision 1. Covered plans. This section applies to the following retirement plans:

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

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

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

(4) the unclassified state employees retirement program of the Minnesota State Retirement System established under chapter 352D;

(5) the general employee retirement plan of the Public Employees Retirement Association established under chapter 353;

(6) the public employees police and fire retirement plan established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the Teachers Retirement Association established under chapter 354; and

(9) the uniform judicial retirement plan established under chapter 490.

Subd. 2. Treatment. (a) The treatment specified in this section applies if, after the accrual date of an annuity or benefit from an applicable plan or plans, a marriage dissolution decree or annulment decree is rendered that specifies that the designation of an optional annuity must be revoked and if the other requirements specified in this section are satisfied.

(b) Notwithstanding any law to the contrary, if the applicable pension plan or plans have provisions of law that revise the monthly benefit amount payable to the primary annuitant upon the death of the individual named as the optional joint annuitant, the monthly benefit amount must be recomputed as though the individual that had been named as the optional joint annuitant died on the date a certified copy of the marriage dissolution or annulment decree is received by the chief administrative officer. Payment of any benefit adjustment under this section is prospective only.

Subd. 3. Restrictions. (a) This section does not apply if the marriage dissolution decree or annulment decree is not consistent with the requirements under section 518.58.

(b) The pension plan benefit recipient must not designate, and the court may not require that the member designate, a subsequent optional annuity beneficiary.

(c) This section does not apply if more than one surviving individual was named as an optional joint annuitant.

Subd. 4. Submission of documentation. To receive the treatment provided in this section, an eligible retiree or disabilitant must provide, to the chief administrative officer of the applicable pension plan, a certified copy of the marriage dissolution or annulment decree. The retiree or disabilitant and the joint annuitant must also submit a form, prescribed by the chief administrative officer of the applicable pension plan and signed by both individuals, requesting the annuity bounce back as provided in subdivision 2. The individuals must also provide any other documentation the chief administrative officer may request.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to any marriage dissolution decree or annulment decree requiring the revocation of an optional annuity form granted at any time prior to the date of enactment.

Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

Subd. 3. Sale or distribution while proceeding pending. (a) If the court finds that it is necessary to preserve the marital assets of the parties, the court may order the sale of the homestead of the parties or the sale of other marital assets, as the individual circumstances may require, during the pendency of a proceeding for a dissolution of marriage or an annulment. If the court orders a sale, it may further provide for the disposition of the funds received from the sale during the pendency of the proceeding. ~~If liquid or readily liquidated marital property other than property representing vested pension benefits or rights is available, the court, so far as possible, shall divide the property representing vested pension benefits or rights by the disposition of an equivalent amount of the liquid or readily liquidated property.~~

(b) The court may order a partial distribution of marital assets during the pendency of a proceeding for a dissolution of marriage or an annulment for good cause shown or upon the request of both parties, provided that the court shall fully protect the interests of the other party.

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

Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

Subd. 4. Pension plans. (a) The division of marital property that represents pension plan benefits or rights in the form of future pension plan payments:

- (1) is payable only to the extent of the amount of the pension plan benefit payable under the terms of the plan;
- (2) is not payable for a period that exceeds the time that pension plan benefits are payable to the pension plan benefit recipient;
- (3) is not payable in a lump-sum amount from defined benefit pension plan assets attributable in any fashion to a spouse with the status of an active member, deferred retiree, or benefit recipient of a pension plan;
- (4) if the former spouse to whom the payments are to be made dies prior to the end of the specified payment period with the right to any remaining payments accruing to an estate or to more than one survivor, is payable only to a trustee on behalf of the estate or the group of survivors for subsequent apportionment by the trustee; and
- (5) in the case of defined benefit public pension plan benefits or rights, may not commence until the public plan member submits a valid application for a public pension plan benefit and the benefit becomes payable.

(b) The individual retirement account plans established under chapter 354B may provide in its plan document, if published and made generally available, for an alternative marital property division or distribution of individual retirement account plan assets. If an alternative division or distribution procedure is provided, it applies in place of paragraph (a), clause (5).

(c) If liquid or readily liquidated marital property other than property representing vested pension benefits or rights is available, the court, so far as possible, shall divide the property representing vested pension benefits or rights by the disposition of an equivalent amount of the liquid or readily liquidated property.

(d) If sufficient liquid or readily liquidated marital property other than property representing vested pension benefits or rights is not available, the court may order the revocation of the designation of an optional annuity beneficiary in pension plans specified in section 356.48 or in any other pension plan in which plan-governing law or governing documents allow revocation of an optional annuity in marital dissolution or annulment situations.

EFFECTIVE DATE. (a) This section is effective the day following final enactment.

(b) This section applies retroactively, for plans specified in section 365.48, to any marriage dissolution decree or annulment decree requiring the revocation of an optional annuity form granted at any time prior to the date of enactment.

ARTICLE 12

ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) Public employees whose salary from employment in one or more positions within 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 general~~ employees retirement plan ~~or under this chapter~~, 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 for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) Public employees under paragraph (a) include:

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

(2) full-time employees of the Dakota County Agricultural Society; and

(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elect Public Employee Retirement Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

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

Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

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

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

(2) election officers or election judges;

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

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

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

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

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

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

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

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

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

(12) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens must be reported for membership from the date of the extension;

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

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

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

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

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

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

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

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

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

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision to read:

Subd. 47. **MERF division.** "MERF division" means the separate retirement plan within the general employees retirement plan of the Public Employees Retirement Association containing the applicable provisions of Minnesota Statutes 2008, chapter 422A.

Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision to read:

Subd. 48. **MERF division account.** "MERF division account" means the separate account within the retirement fund of the general employees retirement fund of the Public Employees Retirement Association in which the actuarial liabilities of the former Minneapolis Employees Retirement Fund are held, and in which the assets of the former Minneapolis Employees Retirement Fund are credited.

Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

353.05 CUSTODIAN OF FUNDS.

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association, including the MERF division, and the general bond of the commissioner of management and budget to the state ~~shall~~ must be so conditioned as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the association received by the commissioner of management and budget ~~shall~~ must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF division. Payments out of the ~~fund~~ shall funds, including the MERF division, may only be made ~~only~~ on warrants issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the ~~secretary~~ executive director of the State Board of Investment.

Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.

The executive director shall from time to time certify to the State Board of Investment for investment such portions of the ~~retirement fund~~ funds of the association, including the MERF division, as in ~~its~~ the director's judgment may not be required for immediate use. The State Board of Investment shall thereupon invest and reinvest

the sum so certified, or transferred, in such securities as are duly authorized as legal investments ~~for state employees retirement fund under section 11A.24 and shall have~~ has authority to sell, convey, and exchange such securities and invest and reinvest the securities when it deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~ executive director when such funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities under chapter 11A must apply to the accounting, purchase and sale of securities for the funds of the Public Employees Retirement fund Association, including the MERF division.

Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.

Subdivision 1. **Income; disbursements.** There is a special fund known as the "public general employees retirement fund," the "retirement fund," or the "fund," which must include all the assets of the general employees retirement plan of the association. This fund must be credited with all contributions, all interest and all other income of the general employees retirement plan of the Public Employees Retirement Association that are authorized by law. From this fund there is appropriated the payments authorized by ~~this chapter sections 353.01 to 353.46~~ in the amounts and at such time provided herein, including the expenses of administering the general employees retirement plan and fund.

Subd. 1a. **MERF division account established; revenue and disbursements.** The MERF division account is established as a special account. The MERF division account includes all of the assets of the former Minneapolis Employees Retirement Fund that were transferred to the administration of the Public Employees Retirement Association under section 353.50. The special account is credited with the contributions under section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision 3, investment performance on the special account assets, and all other income of the MERF division authorized by law. The payments of annuities and benefits authorized by Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in that chapter, and the administrative expenses of the MERF division are appropriated from the special account.

Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is six percent of salary plus any contribution rate adjustment under subdivision 3b.

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

Subd. 3. **General employees retirement plan; employer contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is six percent of salary plus any contribution rate adjustment under subdivision 3b.

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution to the general employees retirement fund of the Public Employees Retirement Association must be made equal to the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Effective before January 1, 2006	2.68	.43
Effective January 1, 2006	2.68	.50
Effective January 1, 2009	2.68	.75
Effective January 1, 2010	2.68	1.00

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) The coordinated program contribution rates set forth in paragraph (a) effective for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports report~~ under section 356.215, respectively, the actuarially required contributions are equal to or less than the total rates under this section in effect as of January 1, 2008.

(c) This subdivision is repealed once the actuarial value of the assets of the general employees retirement plan of the Public Employees Retirement Association equal or exceed the actuarial accrued liability of the plan as determined by the actuary retained under sections 356.214 and 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section, a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees 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 the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees 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.

(b) Employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:

(1) if, after July 1, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater than 0.5 percent of covered payroll for two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) 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, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association 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 coordinated program employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) The general employees retirement plan contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, 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 of the general employees retirement plan exceeds or is less than the total support provided by the combined employee and employer contribution rates by more than 0.5 percent of covered payroll, the general employees retirement plan coordinated program 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.

(d) No incremental adjustment may exceed 0.25 percent for either the general employees retirement plan coordinated program employee and employer contribution rates per year in which any adjustment is implemented. A general employees retirement plan contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision.

(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division.

Subd. 4. Employer reporting requirements; contributions; member status. (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan under this chapter and remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director. Data required to be submitted as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and Social Security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;
- (3) the amount of salary from which each deduction was made;
- (4) the beginning and ending dates of the payroll period covered and the date of actual payment; and
- (5) adjustments or corrections covering past pay periods.

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan in the format prescribed by the executive director. The required enrollment data on new employees must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

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

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 to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan 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 refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). 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 general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan 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 as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

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

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

(e) Upon discovery of the receipt of erroneous employee deductions and employer 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 reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund or credit to the employer in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; and the employer must pay the refunded employee deductions plus interest to the member;

(2) for a former member who:

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

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

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

(f) In the event that 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 any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit is within the limitation period specified in paragraph (c), and an overpayment has resulted by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and recover any overpayment as provided under subdivision 7b.

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

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

Subd. 7a. Deductions or contributions transmitted by error. (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to another Minnesota public pension plan, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable, without interest. The time limitations specified 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 plans governed by chapters 353D and 354B.

(c) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal 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 applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

Subd. 7b. Recovery of overpayments. (a) In the event the executive director determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the association must determine the amount of the employee deductions taken in error on the invalid salary, with interest determined in the manner provided for a former member under subdivision 7, paragraph (e), clause (2), item (i), and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(b) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(c) Any invalid employer contributions reported on the invalid salary must be credited to the employer as provided in subdivision 7, paragraph (e).

(d) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and a joint and survivor optional annuity is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary.

(e) If the association finds that a refund has been overpaid to a former member, beneficiary or other person, the amount of the overpayment must be recovered for the benefit of the respective retirement fund or account.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

Subd. 7c. Limitation on additional plan coverage. No deductions for any plan under this chapter or chapter 353E may be taken from the salary of a person who is employed by a governmental subdivision under section 353.01, subdivision 6, and who is receiving disability benefit payments from any plan under this chapter or chapter 353E unless the person waives the right to further disability benefit payments.

Subd. 8. District court reporters; salary deductions. Deductions from the salary of a district court reporter in a judicial district consisting of two or more counties ~~shall~~ must be made by the auditor of the county in which the bond and official oath of such district court reporter are filed, from the portion of salary paid by such county.

Subd. 9. Fee officers; contributions; obligations of employers. Any appointed or elected officer of a governmental subdivision who was or is a "public employee" within the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees retirement plan of the Public Employees Retirement Association and whose salary was or is paid in whole or in part from revenue derived by fees and assessments, shall pay employee contribution in the amount, at the time, and in the manner provided in subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters. The employer contribution as provided in subdivision 3, and the additional employer contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive and prospective application as to all such members; and every employing governmental subdivision is deemed liable, retroactively and prospectively, for all employer and additional employer contributions for every such member of the general employees retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed in all respects by section 353.28.

Subd. 10. Employer exclusion reports. The head of a department shall annually furnish the executive director with an exclusion report listing only those employees in potentially ~~PERA-eligible~~ PERA general employees retirement plan-eligible positions who were not reported as members of the ~~association~~ general employees retirement plan and who worked during the school year for school employees and calendar year for nonschool employees. The department head must certify the accuracy and completeness of the exclusion report to the association. The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. The executive director shall also check the exclusion report to ascertain whether any omissions have been made by a department head in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

Subd. 11. **Employers; required to furnish requested information.** (a) All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including, but not limited to, payroll abstracts pertaining to all past and present employees, as may be requested by the executive director, including schedules of salaries applicable to various categories of employment.

(b) In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the executive director. If the association is provided a schedule of estimated earnings, the executive director is authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the general employees retirement fund plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan. If estimates are not furnished by the employer at the request of the executive director, the executive director may estimate the obligations of the employee and employer to the general employees retirement fund, the public employees police and fire retirement plan, or the local government correctional employees retirement plan based upon those records that are in its possession.

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

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

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

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

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

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at an annual rate of 8.5 percent compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at an annual rate of 8.5 percent compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

Subd. 13. **Certain warrants canceled.** A warrant payable from the general employees retirement fund, the public employees police and fire retirement fund, or the local government correctional retirement fund remaining unpaid for a period of six months must be canceled into the applicable retirement fund and not canceled into the state's general fund.

Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association with respect to the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional retirement plan, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551. Notwithstanding any provision of section 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a service credit purchase amount may be made anytime before the termination of public service.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a volunteer firefighters relief association. If this paragraph applies, an individual is prohibited from purchasing service credit from a Public Employees Retirement Association plan for any period or periods specified in paragraph (a).

Sec. 8. Minnesota Statutes 2008, 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 before the date of termination of public service. 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 placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

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

Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

Subd. 6. **Additions to fund.** The board of trustees may credit to the general employees retirement fund any ~~moneys~~ money received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise.

Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity under this chapter from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if the person reenters public service as a nonelective employee of a governmental subdivision in a position covered by this chapter or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the MERF division.

Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on the first of the month after the month in which the salary of the reemployed annuitant described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1, paragraph (a), based only on those months in which the annuitant is actually employed in nonelective public service in a position covered under this chapter or employment with a labor organization that represents public employees who are association members of a retirement plan under this chapter or chapter 353E.

(b) An annuitant who is elected to public office after retirement may hold that office and receive an annuity otherwise payable from a retirement plan administered by the association.

Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3, is amended to read:

Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount of the annuity of a person who has not reached the retirement age by one-half of the amount in excess of the applicable reemployment income maximum under subdivision 1, paragraph (a).

(b) There is no reduction upon reemployment, regardless of income, for a person who has reached the retirement age.

Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

Subd. 4. **Resumption of annuity.** The association shall resume paying a full annuity to the reemployed annuitant ~~described in subdivision 1, paragraph (a),~~ at the start of each calendar year until the salary exceeds the maximums under subdivision 1, ~~paragraph (a),~~ or on the first of the month following ~~the~~ termination of the employment which resulted in the suspension of the annuity. The executive director may adopt policies regarding the suspension and reduction of annuities under this section.

Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

Subd. 5. **Effect on annuity.** Except as provided under this section, public service performed by an annuitant ~~described in subdivision 1, paragraph (a),~~ subsequent to retirement ~~under this chapter from the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan~~ does not increase or decrease the amount of an annuity. The annuitant shall not make any further contributions to ~~the association's~~ a defined benefit plan ~~administered by the association~~ by reason of this subsequent public service.

Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

Subd. 2. **Rights of deferred annuitant.** The ~~right entitlement~~ of a deferred annuitant or other former member of the ~~general employees retirement plan of the Public Employees Retirement Association, the Minneapolis Employees Retirement Fund division, the public employees police and fire retirement plan, or the local government correctional employees retirement plan~~ to receive an annuity under the law in effect at the time ~~such~~ the person terminated public service is herein preserved; ~~provided, however,~~ The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753 ~~shall~~, apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.

Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member ~~of the general employees retirement plan of the Public Employees Retirement Association who prior to, before July 1, 1979,~~ was a member of the ~~former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who prior to, before July 1, 1978,~~ was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund ~~shall~~:

~~(1) be is~~ entitled to receive a retirement annuity when otherwise qualified, the calculation of which ~~shall must~~ utilize the formula accrual rates specified in section 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to before July 1, 1978,~~ and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity ~~shall must~~ recognize the service after July 1, 1978, as a member of the ~~former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979,~~ as a member of the ~~general employees retirement plan of the Public Employees Retirement Association~~ as a continuation of service rendered ~~prior to before July 1, 1978.~~ The annuity amount attributable to service as a member of the basic program of the ~~former Minneapolis Municipal Employees Retirement Fund shall be is payable by from the Minneapolis Employees Retirement Fund MERF division~~ and the annuity amount attributable to all other service ~~shall be is payable by from the general employees retirement fund of the Public Employees Retirement Association;~~

~~(2) retain eligibility when otherwise qualified for a disability benefit from the Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage by the Public Employees Retirement Association, if the member has or would, without the transfer of retirement coverage from the basic program of the Minneapolis Municipal Employees Retirement Fund to the coordinated program of the Minneapolis Municipal Employees Retirement Fund or from the coordinated program of the Minneapolis Municipal Employees Retirement Fund to the public employees retirement fund, have sufficient credited service prior to January 1, 1983, to meet the minimum service requirements for a disability benefit pursuant to section 422A.18. The disability benefit amount attributable to service as a member of the basic program of the Minneapolis Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees Retirement Fund and the disability benefit amount attributable to all other service shall be payable by the Public Employees Retirement Association.~~

Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT AND OPERATION.**

Subdivision 1. **Administrative consolidation.** (a) Notwithstanding any provision of this chapter or chapter 422A to the contrary, the administration of the Minneapolis Employees Retirement Fund as the MERF division is transferred to the Public Employees Retirement Association board of trustees. The assets, service credit, and benefit liabilities of the Minneapolis Employees Retirement Fund transfer to the MERF division account within the general employees retirement plan of the Public Employees Retirement Association established by section 353.27, subdivision 1a, on July 1, 2010.

(b) The creation of the MERF division must not be construed to alter the Social Security or Medicare coverage of any member of the former Minneapolis Employees Retirement Fund on June 29, 2010, while the person is employed in a position covered under the MERF division of the Public Employees Retirement Association.

Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and retired members of the Minneapolis Employees Retirement Fund are transferred to the MERF division administered by the Public Employees Retirement Association and are no longer members of the Minneapolis Employees Retirement Fund.

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

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

Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the Minneapolis Employees Retirement Fund shall transfer all records and documents relating to the Minneapolis Employees Retirement Fund and its benefit plan to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of the Minneapolis Employees Retirement Fund transfers to the State Board of Investment and the assets must be invested under section 11A.14, as assets of the MERF division of the Public Employees Retirement Association. The MERF division is the successor in interest to all claims that the former Minneapolis Employees Retirement Fund may have or may assert against any person and is the successor in interest to all claims which could have been asserted against the former Minneapolis

Employees Retirement Fund, but the MERF division is not liable for any claim against the former Minneapolis Employees Retirement Fund, its former governing board, or its former administrative staff acting in a fiduciary capacity under chapter 356A or under common law, which is founded upon a claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach were not undertaken in good faith, the Public Employees Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Minneapolis Employees Retirement Fund, its former board, or its former administrative staff would otherwise have been entitled to assert, and the Public Employees Retirement Association may assert any applicable defense that it has in its capacity as a statewide agency.

Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive Minneapolis Employees Retirement Fund members with that status as of June 30, 2010, with the exception of post-December 31, 2010, postretirement adjustments, which are governed by paragraph (b), as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force after the administrative consolidation under this article.

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

Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the member and employer contributions to the MERF division account are governed by this subdivision.

(b) An active member covered by the MERF division must make an employee contribution of 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10. The employee contribution must be made by payroll deduction by the member's employing unit under section 353.27, subdivision 4, and is subject to the provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

(c) The employer regular contribution to the MERF division account with respect to an active MERF division member is 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10.

(d) The employer additional contribution to the MERF division account with respect to an active member of the MERF division is 2.68 percent of the total salary of the member as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000 that the employing unit paid or is payable to the former Minneapolis Employees Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2, or 2a, during calendar year 2009, as was certified by the former executive director of the former Minneapolis Employees Retirement Fund.

(e) Annually after June 30, 2012, The employer supplemental contribution to the MERF division account by the city of Minneapolis, Special School District No. 1, Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity, Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and the Minnesota State Colleges and Universities system is the amount by which the total actuarial required contribution determined under section 356.215 by the approved actuary retained by the Public Employees Retirement Association in the most recent actuarial valuation of the MERF division and based on a June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds \$36,500,000. Unless the various employing units agree to a different allocation and file that agreement with the executive director by August 15 for the following calendar year, each employing unit's share of the total employer supplemental contribution amount is equal to its percentage share of the total amount allocated under Minnesota Statutes 2008, section 422A.101, subdivision 3, payable for calendar year 2009. The initial total actuarial required contribution after June 30, 2012, must be calculated using the mortality assumption change recommended on September 30, 2009, for the Minneapolis Employees Retirement Fund by the approved consulting actuary retained by the Minneapolis Employees Retirement Fund board.

(f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of August 1 annually, if the amount of the retirement annuities and benefits paid from the MERF division account during the preceding fiscal year, multiplied by the factor of 1.035, exceeds the market value of the assets of the MERF division account on the preceding June 30, plus state aid of \$9,000,000 or \$36,500,000, whichever applies, plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional employer contribution. The special additional employer contribution under this paragraph is payable in addition to any employer contribution required under paragraphs (c), (d), and (e), and is payable on or before the following June 30. The special additional employer contribution under this paragraph must be allocated between the city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal activity, the Minnesota State Colleges and Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan Airports Commission in proportion to their share of the actuarial accrued liability of the former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the approved actuary retained under section 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement.

(g) The employer contributions under paragraphs (c), (d), and (e) must be paid as provided in section 353.28.

(h) Contributions under this subdivision are subject to the provisions of section 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized by an annuitant or retirement benefit recipient in writing on a form prescribed by the executive director of the Public Employees Retirement Association, the executive director shall deduct the dues for the Minneapolis Municipal Retirement Association from the person's annuity or retirement benefit. This dues deduction authority expires upon the eventual full consolidation of the MERF account under subdivision 8.

Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value of assets of the MERF division account equals or exceeds 80 percent of the actuarial accrued liability of the MERF division as calculated by the approved actuary retained by the Public Employees Retirement Association under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement, the MERF division must be merged with the general employees retirement plan of the Public Employees Retirement Association and the MERF division account ceases as a separate account within the general employees retirement fund of the Public Employees Retirement Association.

(b) If the market value of the MERF division account is less than 100 percent of the actuarial accrued liability of the MERF division under paragraph (a), the total employer contribution of employing units referenced in subdivision 7, paragraph (e), for the period after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment the remaining unfunded actuarial accrued liability of the former MERF division account on the full consolidation date by June 30, 2031, shall be calculated by the consulting actuary retained under section 356.214 using the applicable postretirement interest rate actuarial assumption for the general employees retirement plan under section 356.215. The actuarial accrued liability of the MERF division must be calculated using the healthy retired life mortality assumption applicable to the general employees retirement plan.

(c) The merger shall occur as of the first day of the first month after the date on which the triggering actuarial valuation report is filed with the executive director of the Legislative Commission on Pensions and Retirement.

(d) The executive director of the Public Employees Retirement Association shall prepare proposed legislation fully implementing the merger and updating the applicable provisions of chapters 353 and 356 and transmit the proposed legislation to the executive director of the Legislative Commission on Pensions and Retirement by the following February 15.

Subd. 9. Merger of former MERF membership groups into PERA-general. If provided for in an agreement between the board of trustees of the Public Employees Retirement Association and the governing board of an employing unit formerly with retirement coverage provided for its employees by the former Minneapolis Employees Retirement Fund, an employing unit may transfer sufficient assets to the general employees retirement fund to cover the anticipated actuarial accrued liability for its current or former employees that is in excess of MERF division account assets attributable to those employees, have those employees be considered full members of the general employees retirement plan, and be relieved of any further contribution obligation to the general employees retirement plan for those employees under this section. Any agreement under this subdivision and any actuarial valuation report related to a merger under this subdivision must be submitted to the executive director of the Legislative Commission on Pensions and Retirement for comment prior to the final execution.

Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

Subd. 7. Pension coverage for certain public safety employees of the Metropolitan Airports Commission. Any person first employed as either a full-time firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June 30, 1978,~~ who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to municipal employees because that position is excluded from application ~~pursuant to under~~ Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a firefighter or a police officer within the meaning of this section. The Metropolitan Airports Commission shall make the employer contribution required ~~pursuant to under~~ section 353.65, subdivision 3, with respect to each of its firefighters or police officers covered by the public employees police and fire fund and shall meet the employers recording and reporting requirements set forth in section 353.65, subdivision 4.

Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

Plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0

Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

Plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

~~(2) modified single rate future salary increase assumption~~

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

~~(3) (2) select and ultimate future salary increase assumption or graded rate future salary increase assumption~~

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption H
State Patrol retirement plan	assumption G
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption G
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
St. Paul teachers retirement plan	assumption F

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees

retirement plan and the general public employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; (2) 0.6 percent for the general state employees retirement plan and the general public employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940

47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
71	4.25	4.00		5.20				

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	4.50%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general public employees retirement plan	4.50
public employees police and fire retirement plan	4.50
local government correctional service retirement plan	4.50
teachers retirement plan	4.50
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees Retirement Association, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the MERF division of the Public Employees Retirement Association, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund, the general employees a retirement plan of the Public Employees Retirement Association, and the St. Paul Teachers Retirement Fund Association governed by paragraph (d), (e), (f), (g), (h), (i), or (j)~~, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

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

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

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

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

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

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

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

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

(d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, ~~2020~~ 2031.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation ~~shall~~ must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

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

Sec. 21. Minnesota Statutes 2008, 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 MERF division account of the Public Employees Retirement Association with respect to the former 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~~ MERF division of the Public Employees Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees retirement plan of the Public Employees Retirement Association prepared by the actuary retained under section 356.214 consistent with 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~~ 2031, less the amount of employee contributions required under section ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c) and (d). Payments ~~shall~~ must 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 Minnesota Statutes 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section 356.43, plus \$27,500,000 annually after June 30, 2012, and until June 30, 2031.

(d) Annually and after June 30, 2012, if the amount determined under paragraph (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c), the excess must be allocated to and paid to the fund by the employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of metropolitan government and 2a. 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 under section 356.214 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

(e) State contributions under this section end on September 15, 2031, or on September 1 following the first date on which the current assets of the MERF division of the Public Employees Retirement Association equal or exceed the actuarial accrued liability of the MERF division of the Public Employees Retirement Association, whichever occurs earlier.

Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.

Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person whose employment by, or assumption of a position as an appointed or elected officer of, the city of Minneapolis, any of the boards, departments, or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the ~~former~~ Minneapolis Employees Retirement Fund, or Special School District Number 1 if the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association by virtue of that employment or position, initially commences on or after July 1, 1979 ~~shall be~~, is a member of the general employees retirement plan of the Public Employees Retirement Association unless excluded from membership pursuant to under section 353.01, subdivision 2b. In no event shall there be any new members of the contributing class of the Minneapolis employees fund on or after July 1, 1979.

Sec. 23. JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION ASSUMPTIONS.

The approved actuary retained by the Minneapolis Employees Retirement Fund shall compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend to the approved actuary retained by the Public Employees Retirement Association and to the Legislative Commission on Pensions and Retirement the actuarial assumptions that the actuary believes would be appropriate for the MERF division portion of the actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association. Any actuarial assumption changes related to the MERF division must be approved under Minnesota Statutes, section 356.215, subdivision 18.

Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

(a) The administrative consolidation of the former Minneapolis Employees Retirement Fund into the general employees retirement plan of the Public Employees Retirement Association and the merger of the MERF division of the Public Employees Retirement Association into the general employees retirement plan of the Public Employees Retirement Association does not affect the function of the Minneapolis Municipal Retirement Association, a nonprofit corporation, to monitor the administration of the retirement coverage for former members of the former Minneapolis Employees Retirement Fund.

(b) Nothing in this article entitles the Minneapolis Municipal Retirement Association to receive any revenue derived from taxes or obligates the Public Employees Retirement Association to undertake any special duties with respect to the corporation.

Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

(a) Unless the employee elects the severance pay option under paragraph (c), full-time employees of the Minneapolis Employees Retirement Fund first employed before June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred to employment by the city of Minneapolis on July 1, 2010. The chief human relations official of the city of Minneapolis shall place the transferred employee in an appropriate employment position based on the employee's education and employment experience. Transferred employees must have their accumulated, but unused, vacation and sick leave balances as of June 30, 2010, posted to the individual accounts with the new employer. The transferred employees must receive length of service credit for time served with the Minneapolis Employees Retirement Fund. The transferred employee must be given the opportunity as of the date of transfer to be covered for all health and other insurance benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the present value of any accumulated unused vacation or sick leave balances as of the date of transfer.

(b) Unless the employee elects the severance pay option under paragraph (c), full-time employees of the Minneapolis Employees Retirement Fund first employed before June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund on June 29, 2010, with the employment title of accounting manager or accountant II are transferred to employment by the Public Employees Retirement Association on July 1, 2010. The chief human relations official of the Public Employees Retirement Association shall place the transferred employee in an appropriate employment position based on the employee's education and employment experience. Transferred employees must have their accumulated, but unused, vacation and sick leave balances as of June 30, 2010, posted to the individual accounts with the new employer. The transferred employees must receive length of service credit for time served with the Minneapolis Employees Retirement Fund. The transferred employee must be given the opportunity as of the date of transfer to be covered for all health and other insurance benefits offered by the new employer. Upon the transfer of the employee, the executive director of the Public Employees Retirement Association shall deduct from any assets transferred under section 353.50 an amount equal to the present value of any accumulated unused vacation or sick leave balances as of the date of transfer.

(c) An employee covered by paragraph (a) or (b) who elects not to transfer to the new employer unit is granted severance pay in an amount equivalent to one year of salary based on the last annual salary rate received by the employee. The election must be made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the Minneapolis Employees Retirement Fund on June 30, 2010.

Sec. 26. **REVISOR'S INSTRUCTION.**

In the next and future editions of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes, section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota Statutes, section 353.855. The revisor of statutes shall make conforming changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering.

Sec. 27. **REPEALER.**

Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and 422A.08, subdivision 5, are repealed.

Sec. 28. **EFFECTIVE DATE.**

Sections 1 to 27 are effective June 30, 2010.

ARTICLE 13

CONFORMING CHANGES RELATED TO THE MERF ADMINISTRATIVE CONSOLIDATION

Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~ apply to the following retirement funds and plans:

(1) Board of Trustees of the Minnesota State Colleges and Universities supplemental retirement plan established under chapter 354C;

(2) state employees retirement fund established pursuant to chapter 352;

(3) correctional employees retirement plan established pursuant to chapter 352;

(4) State Patrol retirement fund established pursuant to chapter 352B;

(5) unclassified employees retirement plan established pursuant to chapter 352D;

(6) ~~public general~~ employees retirement fund established pursuant to chapter 353;

- (7) public employees police and fire fund established pursuant to chapter 353;
- (8) teachers' retirement fund established pursuant to chapter 354;
- (9) judges' retirement fund established pursuant to chapter 490; and
- (10) any other funds required by law to be invested by the board.

Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

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

- (a) of a state
 - (1) agency,
 - (2) board,
 - (3) commission, or
 - (4) department,

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

- (b) of the governing body of a
 - (1) school district however organized,
 - (2) unorganized territory,
 - (3) county,
 - (4) statutory or home rule charter city,
 - (5) town, or
 - (6) other public body;
- (c) of any
 - (1) committee,
 - (2) subcommittee,
 - (3) board,
 - (4) department, or
 - (5) commission,

of a public body; and

(d) of the governing body or a committee of:

(1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

(2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, ~~422A~~, or 423B.

Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) ~~shall must~~ be adjusted annually in January. The limit ~~shall must~~ equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which ~~shall must~~ be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which ~~shall must~~ not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation ~~shall be~~ is the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed

to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

Subd. 8. **Continuation of coverage.** (a) A former employee of an employer participating in the program who is receiving a public pension disability benefit or an annuity or has met the age and service requirements necessary to receive an annuity under chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or 424~~, or Minnesota Statutes 2008, chapter 422A, and the former employee's dependents, are eligible to participate in the program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

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

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

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

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

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is amended to read:

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

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission ~~with respect to peace officers covered under chapter 422A~~; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

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

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

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

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

(g) "Peace officer" means any person:

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

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

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

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

(5) who is a member of ~~a local police relief association to which section 69.77 applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund~~.

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

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (2) and (3).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district, the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the Board of Regents. For the Metropolitan Airports Commission, the clerk is the person designated by the commission. For the Department of Natural Resources or the Department of Public Safety, the clerk is the respective commissioner. For a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person designated by the applicable American Indian tribal government.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

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

(b) "Excess police state aid" is:

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

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

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

(4) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police relief association governed by sections 69.77 and 423A.01, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount of the financial requirements of the relief association certified to the applicable municipality during the prior calendar year under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions deducted from the covered salary of the relief association during the prior calendar year under section 69.77, subdivision 3, as certified by the chief administrative officer of the applicable municipality;

(5) for the Metropolitan Airports Commission, ~~if there are police officers hired before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement Fund remaining,~~ the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association, ~~plus the amount determined by expressing the commission's total prior calendar year contribution to the Minneapolis Employees Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of the commission's total prior calendar year covered payroll for commission employees covered by the Minneapolis Employees Retirement Fund and applying that percentage to the commission's total prior calendar year covered payroll for commission police officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief administrative officer of the Metropolitan Airports Commission;~~ and

(6) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following amounts:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54

Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemont <u>Rosemount</u>	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is amended to read:

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

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

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

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

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

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

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

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

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid first toward the commission's employer contribution for police officers to the ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if there is any amount of police state aid remaining, shall apply that remainder toward the commission's employer contribution for police officers to the~~ public employees police and fire plan under section 353.65, subdivision 3.

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

Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the general employees retirement plan of the Public Employees Retirement Association as the successor of the Minneapolis Employees Retirement Fund as a result of the maximum dollar amount limitation on state contributions to ~~the fund that plan~~ imposed under section 422A.101, subdivision 3. The additional levy must not exceed the most recent amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive director of the Public Employees Retirement Association as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(b) For taxes payable in 1994 and thereafter, Special School District No. 1, Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1.

(c) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1, Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. If an applicable school district levies under this paragraph, they may not levy under paragraph (b).

(d) In addition to the levy authorized under paragraph (c), Special School District No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the contributions under section 423A.02, subdivision 3, and may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an amount equal to the supplemental contributions under section 423A.02, subdivision 3.

Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS EMPLOYEES.

Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis who is transferred to and employed by the county under the provisions of section 256D.20 and who is a contributing member of a retirement system organized under the provisions of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be is~~ a member of ~~that system~~ the MERF division of the Public Employees Retirement Association and is entitled to all of the applicable benefits conferred thereby by and subject to all the restrictions of ~~chapter 422A, unless the member applies to cancel membership within six months after January 1, 1974~~ section 353.50.

Subd. 2. **City obligation.** The cost to the public of that portion of the retirement allowances or other benefits accrued while any such employee was in the service of the city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be levied and collected by it to discharge its obligation as provided by ~~chapter 422A in section 353.50, subdivision 7.~~

Subd. 3. **County obligation.** The cost to the public of the retirement allowances or other benefits accruing to employees so transferred to and employed by the county ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board shall fix and determine in accordance with chapter 422A in section 353.50, subdivision 7.~~ The county shall pay to the municipal general employees retirement fund ~~an amount certified to the county auditor of the county by the retirement board as the cost of the retirement allowances and other benefits accruing and owing to such county employees~~ of the Public Employees Retirement Association those amounts. The cost to the

public of the retirement allowances as herein provided shall coverage under this section must be paid from the county revenue fund by the county auditor ~~upon receipt of certification from the retirement board as herein provided~~, and the county board is authorized to levy and collect such taxes as may be necessary to pay such costs.

Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** "State employee" does not include:

(1) students employed by the University of Minnesota, or the state colleges and universities, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, whichever is applicable;

(2) employees who are eligible for membership in the state Teachers Retirement Association, except employees of the Department of Education who have chosen or may choose to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(3) employees of the University of Minnesota who are excluded from coverage by action of the Board of Regents;

(4) officers and enlisted personnel in the National Guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(5) election officers;

(6) persons who are engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(7) officers and employees of the senate, or of the house of representatives, or of a legislative committee or commission who are temporarily employed;

(8) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the Department of Labor and Industry;

(9) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota Veterans Home;

(10) persons who are employed for professional services where the service is incidental to their regular professional duties and whose compensation is paid on a per diem basis;

(11) employees of the Sibley House Association;

(12) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;

(13) state troopers and persons who are described in section 352B.011, subdivision 10, clauses (2) to (8);

(14) temporary employees of the Minnesota State Fair who are employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons who are employed at any time by the state fair administration for special events held on the fairgrounds;

(15) emergency employees who are in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee must be considered a "state employee" retroactively to the beginning of the pay period;

(16) temporary employees in the classified service, and temporary employees in the unclassified service who are appointed for a definite period of not more than six months and who are employed less than six months in any one-year period;

(17) interns hired for six months or less and trainee employees, except those listed in subdivision 2a, clause (8);

(18) persons whose compensation is paid on a fee basis or as an independent contractor;

(19) state employees who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);

(20) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the Teachers Retirement Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for incidental employment as a state employee that is not covered by one of the teacher retirement associations or systems;

(21) employees of the adjutant general who are employed on an unlimited intermittent or temporary basis in the classified or unclassified service for the support of Army and Air National Guard training facilities;

(22) chaplains and nuns who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;

(23) examination monitors who are employed by departments, agencies, commissions, and boards to conduct examinations required by law;

(24) persons who are appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;

(25) temporary employees who are employed for limited periods under any state or federal program for training or rehabilitation, including persons who are employed for limited periods from areas of economic distress, but not including skilled and supervisory personnel and persons having civil service status covered by the system;

(26) full-time students who are employed by the Minnesota Historical Society intermittently during part of the year and full-time during the summer months;

(27) temporary employees who are appointed for not more than six months, of the Metropolitan Council and of any of its statutory boards, if the board members are appointed by the Metropolitan Council;

(28) persons who are employed in positions designated by the Department of Management and Budget as student workers;

(29) members of trades who are employed by the successor to the Metropolitan Waste Control Commission, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

(30) off-duty peace officers while employed by the Metropolitan Council;

(31) persons who are employed as full-time police officers by the Metropolitan Council and as police officers are members of the public employees police and fire fund;

(32) persons who are employed as full-time firefighters by the Department of Military Affairs and as firefighters are members of the public employees police and fire fund;

(33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa valid for less than three years of employment, unless notice of extension is supplied which allows them to work for three or more years as of the date the extension is granted, in which case they are eligible for coverage from the date extended; and

(34) persons who are employed by the Board of Trustees of the Minnesota State Colleges and Universities and who elected to remain members of the Public Employees Retirement Association or of the MERF division of the Public Employees Retirement Association as the successor of the Minneapolis Employees Retirement Fund, whichever applies, under Minnesota Statutes 1994, section 136C.75.

Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

Subdivision 1. **Management; composition; election.** (a) The management of the Public Employees Retirement ~~fund~~ Association is vested in an 11-member board of trustees consisting of ten members and the state auditor. 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. 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 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. 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 must be counted in a manner that ensures that each vote is secret.

(d) A candidate who receives contributions or makes expenditures in excess of \$100, or 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.

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

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

Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** Any person who has received a refund from the Public Employees Retirement ~~fund~~ Association and who is a member of any public retirement system referred to in subdivision 1, may repay such refund to the Public Employees Retirement ~~fund~~ Association as provided in section 353.35.

Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined in section 353.01, subdivision 35, who are or become members of and participants in the public general employees retirement fund or the public employees police and fire fund before July 1, 2002, and make contributions to either of those funds based on compensation for service other than volunteer ambulance service may elect to participate in that same fund with respect to compensation received for volunteer ambulance service, provided that the volunteer ambulance service is not credited to another public or private pension plan including the public employees retirement plan established by chapter 353D and provided further that the volunteer ambulance service is rendered for the same governmental unit for which the nonvolunteer ambulance service is rendered.

Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision 1 applies may exercise the election authorized under subdivision 1 within the earlier of the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or the one-year period commencing on the first day of the first month following the start of employment in a position covered by the public general employees retirement fund or the public employees police and fire fund. The election must be exercised by filing a written notice on a form prescribed by the executive director of the association.

Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was a member of, and a participant in, the public general employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter shall continue as a member of, and a participant in, the public general employees retirement fund or the public employees police and fire fund and compensation for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the option to terminate membership and future participation in the public general employees retirement fund or the public employees police and fire fund upon filing of a written notice of intention to terminate participation. Notice must be given on a form prescribed by the executive director of the association and must be filed in the offices of the association not later than June 30, 1990.

Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND CERTIFICATION FAILURES.

(a) If the board of trustees of the Public Employees Retirement Association, upon the recommendation of the executive director, determines that a governmental subdivision has certified a public employee for membership in the public employees police and fire retirement plan when the public employee was not eligible for that retirement plan coverage, the public employee must be covered by the correct retirement plan for subsequent service, the public employee retains the coverage for the period of the misclassification, and the governmental subdivision shall pay in a lump sum the difference in the actuarial present value of the retirement annuities to which the public employee would have been entitled if the public employee was properly classified. The governmental subdivision payment is payable within 30 days of the board's determination. If unpaid, it must be collected under section 353.28. The lump-sum payment must be deposited in the public general employees retirement fund.

(b) If the executive director of the Public Employees Retirement Association determines that a governmental subdivision has failed to certify a person for retirement plan membership and coverage under this chapter, in addition to the procedures under section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of \$25 for each membership certification failure.

Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID REDEDICATED.

Subdivision 1. **Appropriation.** The positive difference, if any, between the actual state aid ~~paid~~ payable to the MERF division account of the Public Employees Retirement Association with respect to the former Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated from the general fund to the commissioner of management and budget for deposit in the Teachers Retirement Association to offset all or a portion of the ~~current and future~~ unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement Fund Association.

Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to the extent that financial requirements ~~of with respect to the MERF division of the Public Employees Retirement Association as the successor of the former Minneapolis Employees Retirement Fund~~ under section ~~422A.101, subdivision 3, 353.50~~ have been satisfied.

Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to read:

Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public school district, other than a charter school, located in the corporate limits of Duluth or St. Paul, as any of the following:

(1) a full-time employee in a position for which a valid license from the state Department of Education is required;

(2) an employee of the teachers retirement fund association located in the city of the first class ~~unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement Fund established pursuant to chapter 422A;~~

(3) a part-time employee in a position for which a valid license from the state Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

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

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

(2) an employee who is a full-time teacher covered by the Teachers Retirement Association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

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

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

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

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

Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, ~~the Minneapolis Employees Retirement Fund,~~ the Duluth Teachers Retirement Fund Association new law coordinated program, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police officers or firefighters ~~shall be~~ is entitled, when qualified, to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association ~~shall~~ must be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association ~~shall does~~ not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.

Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

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 Minnesota Statutes 2008, 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.

Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the Duluth Teachers Retirement Fund Association;
- ~~(7) the Minneapolis Employees Retirement Fund;~~
- ~~(8)~~ (7) the University of Minnesota faculty retirement plan;
- ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;
- ~~(10)~~ (9) the judges retirement fund;
- ~~(11)~~ (10) a police or firefighter's relief association specified or described in section 69.77, subdivision 1a;
- ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771, subdivision 1;
- ~~(13)~~ (12) the public employees police and fire plan of the Public Employees Retirement Association;
- ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State Retirement System;
- ~~(15)~~ (14) the local government correctional service retirement plan of the Public Employees Retirement Association; and
- ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

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

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

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement Fund;~~

~~(7) (6) the public general employees retirement plan, Public Employees Retirement Association, including the MERF division;~~

- ~~(8) (7) the public employees police and fire plan, Public Employees Retirement Association;~~
- ~~(9) (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;~~
- ~~(10) (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;~~
- ~~(11) (10) the legislators retirement plan, Minnesota State Retirement System;~~
- ~~(12) (11) the elective state officers retirement plan, Minnesota State Retirement System; and~~
- ~~(13) (12) local government correctional service retirement plan, Public Employees Retirement Association.~~

(c) The contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and ~~(7) (6)~~, as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;

- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

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

(e) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), ~~(6)~~ (7), (8), (9), (10), (11), or (12), ~~or~~ ~~(13)~~; in the manner provided for in the standards for actuarial work adopted by the commission.

Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

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

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

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

(3) the unclassified employees retirement program, established under chapter 352D;

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

(5) the legislators retirement plan, established under chapter 3A;

(6) the elective state officers retirement plan, established under chapter 352C;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

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

(10) the Teachers Retirement Association, established under chapter 354;

- ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
~~(12) (11) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;~~
~~(13) (12) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and~~
~~(14) (13) the judges retirement fund, established by chapter 490.~~

Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

(4) the Teachers Retirement Association, established by chapter 354;

(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

- (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~
- ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;
- ~~(10)~~ (9) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- ~~(11)~~ (10) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; and
- ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A;
- (2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (4) the State Patrol retirement plan, established by chapter 352B;
- (5) the elective state officers retirement plan, established by chapter 352C;
- (6) the unclassified state employees retirement program, established by chapter 352D;
- (7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;
- (8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;
- (10) the Teachers Retirement Association, established by chapter 354;
- (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A; and
- ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~
- ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is amended to read:

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

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

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

(3) the State Patrol retirement plan, established under chapter 352B;

(4) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(6) the Teachers Retirement Association, established under chapter 354;

~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

~~(8) (7) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and~~

~~(9) (8) the St. Paul Teachers Retirement Fund Association, established under chapter 354A.~~

Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is amended to read:

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

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

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

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

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

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

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

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

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

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

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

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

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

~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;

~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter 423C; and

~~(20)~~ (19) the judges retirement fund, established by chapter 490.

Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

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

(1) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(2) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;

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

(4) the legislators retirement plan established under chapter 3A;

(5) the elective state officers retirement plan established under chapter 352C; and

(6) the Teachers Retirement Association established under chapter 354; and

~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is amended to read:

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

(1) the legislators retirement plan established under chapter 3A;

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

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

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

(5) the elective state officers retirement plan established under chapter 352C;

(6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association established under chapter 353;

(8) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(9) the teachers retirement plan established under chapter 354; and

(10) the judges retirement plan established under chapter 490.

Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid after December 31, 2001, to eligible persons under ~~sections section 356.42 and 356.43~~, the amount of the most recent lump-sum benefit payable to an eligible recipient under ~~sections section 356.42 and 356.43~~ must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

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

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

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

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

(4) the legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

- (9) the Duluth Teachers Retirement Fund Association established under chapter 354A;
- (10) the St. Paul Teachers Retirement Fund Association established under chapter 354A;
- ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
- ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter 423C;
- ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter 423B; and
- ~~(14)~~ (13) the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.

Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

356.64 REAL ESTATE INVESTMENTS.

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the State Board of Investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

~~(b) Except to the extent authorized in the case of the Minneapolis Employees Retirement Fund under section 422A.05, subdivision 2e, paragraph (a),~~ An investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension fund amounts existing in any public pension fund are presumed to be abandoned, but are not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of the public pension fund specifically provides for a different disposition of unclaimed or abandoned funds or amounts, any unclaimed public pension fund amounts cancel and must be credited to the public pension fund. If the unclaimed public pension fund amount exceeds \$25 and the inactive or former member again becomes a member of the applicable public pension plan or applies for a retirement annuity under section 3A.12, 352.72, 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8~~, whichever applies, the canceled amount must be restored to the credit of the person.

Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.

(a) Upon written authorization of a person receiving an annuity from a public pension fund administered by the Minnesota State Retirement System, or the Public Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund~~, the executive director of the public pension fund may deduct from the retirement annuity an amount requested by the annuitant to be paid as dues to any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees of which the annuitant is a member and shall pay the amount to the organization so designated by the annuitant.

(b) A pension fund and the plan fiduciaries which authorize or administer deductions of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

(c) The deductions under paragraph (a) may occur no more frequently than two times per year and may not be used for political purposes.

(d) Any labor organization specified in paragraph (a) shall reimburse the public pension fund for the administrative expense of withholding premium amounts.

Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), ~~(4)~~ (9), and ~~(13)~~ (12) to ~~(16)~~ (15), but does not mean the deferred compensation plan administered under sections 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" includes an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or a state agency or other governmental unit that employs active participants in a covered pension plan.

Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1, 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North Suburban Sanitary Sewer District, and any joint board created by agreement among local government units pursuant to under section 471.59, to provide interceptors and treatment works for such local government units, ~~shall~~ terminate. All persons regularly employed by such sanitary districts and joint boards on that date or on any earlier date on which the former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and control of any interceptors or treatment works owned or operated by such sanitary districts and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are employees of the council, ~~and may at their option become members of the Minnesota State Retirement System or may continue as members of a public retirement association under chapter 422A or any other law, to which they belonged before such date, and shall retain all pension rights which they may have under such latter laws, and all other rights to which they are entitled by contract or law.~~ Members of trades who are employed by the former Metropolitan Waste Control Commission, who have trade union pension coverage pursuant to under a collective bargaining agreement, and who elected exclusion from coverage pursuant to under section 473.512, or who are first employed after July 1, 1977, ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall make the employer's contributions to pension funds of its employees. Such employees shall perform such duties as may be prescribed by the council. All funds of such sanitary districts and joint boards then on hand, and all subsequent collections of taxes, special assessments or service charges levied or imposed by or for such sanitary districts or joint boards ~~shall~~ must be transferred to the council. The local government units otherwise entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by them to the council as provided in section 473.517. The former Metropolitan Waste Control Commission, and on July 1, 1994, the council shall succeed to and become vested by action of law with all right, title and interest in and to any property, real or personal, owned or operated by such sanitary districts and joint boards. Prior to that date the proper officers of such sanitary districts and joint boards, or

the former Metropolitan Waste Control Commission, shall execute and deliver to the council all deeds, conveyances, bills of sale, and other documents or instruments required to vest in the council good and marketable title to all such real or personal property; provided that vesting of the title ~~shall~~ must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does not affect the vesting of title in the former Metropolitan Waste Control Commission or the council on the dates indicated in this subdivision. The council shall become obligated to pay or assume all bonded or other debt and contract obligations incurred by the former Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or incurred by local government units for the acquisition or betterment of any interceptors or treatment works owned or operated by such sanitary districts or joint boards.

Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation shall have the power to appoint engineers and other consultants, attorneys, and such other officers, agents, and employees as it may see fit, who shall perform such duties and receive such compensation as the corporation may determine, and be removable at the pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan, which shall be submitted to the appropriate agency or office of the state for review and approval. The plan ~~shall~~ must include a yearly progress report to the agency or office. ~~Officers and employees of the corporation who cannot qualify and participate in the municipal employees retirement fund under chapter 422A, shall be separated from service at the retirement age applicable to officers or employees of the state of Minnesota in the classified service of the state civil service as provided in section 43A.34, or as the same may from time to time be amended, regardless of the provisions of the Veteran's Preference Act.~~ Whenever the corporation performs any work within the limits of a city of the first class, or establishes a minimum wage for skilled or unskilled labor in the specifications or any contract for work within one of the cities, the rate of pay to such skilled and unskilled labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; for funding actuarial liabilities to pay postemployment benefits to employees or officers after their termination of service; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed ~~pursuant to~~ under sections 356.215 and 356.216. The board of trustees or directors of a ~~pension fund or relief association referred to in section 69.77 or chapter 422A~~ must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members. For purposes of this section, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board.

Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is amended to read:

Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a person is transferred to state employment under this section, the person may elect to do either or both of the following:

(1) keep life insurance; hospital, medical, and dental insurance; and vacation and sick leave benefits and accumulated time provided by the county instead of receiving benefits from the state under the judicial branch personnel rules; or

(2) remain a member of the general employees retirement plan of the Public Employees Retirement Association or the Minneapolis employees retirement fund MERF division of the Public Employees Retirement Association instead of joining the Minnesota State Retirement System.

Employees who make an election under clause (1) remain on the county payroll, but the state shall reimburse the county on a quarterly basis for the salary and cost of the benefits provided by the county. The state shall make the employer contribution to the general employees retirement plan of the Public Employees Retirement Association or the employer contribution under section ~~422A.101~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c) and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees Retirement Association on behalf of employees who make an election under clause (2).

(b) An employee who makes an election under paragraph (a), clause (1), may revoke the election, once, at any time, but if the employee revokes the election, the employee cannot make another election. An employee who makes an election under paragraph (a), clause (2), may revoke the election at any time within six months after the person becomes a state employee. Once an employee revokes this election, the employee cannot make another election.

(c) The Supreme Court, after consultation with the Judicial Council, the commissioner of management and budget, and the executive directors of the Public Employees Retirement Association and the Minnesota State Retirement Association, shall adopt procedures for making elections under this section.

(d) The Supreme Court shall notify all affected employees of the options available under this section. The executive directors of the Public Employees Retirement Association and the Minnesota State Retirement System shall provide counseling to affected employees on the effect of making an election to remain a member of the Public Employees Retirement Association.

Sec. 43. **EFFECTIVE DATE.**

Sections 1 to 42 are effective June 30, 2010.

ARTICLE 14

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS

Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding ~~pursuant to under~~ subdivision 3, clause (2), subclause (e), ~~or and~~ if the municipality is required to provide financial support to the special fund of the relief association ~~pursuant to under~~ this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding ~~pursuant to under~~ subdivision 3, clause (2), subclause (e), and if the municipality is not required to provide financial support to the special fund of the relief association ~~pursuant to under~~ this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability

of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification ~~pursuant to under~~ this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association ~~pursuant to under~~ this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding ~~pursuant to under~~ subdivision 4, ~~or and~~ if the municipality is required to provide financial support to the special fund of the relief association ~~pursuant to under~~ this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located. If the special fund of the relief association has a surplus over full funding ~~pursuant to under~~ subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association ~~pursuant to under~~ this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association ~~pursuant to under~~ this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by subdivision 6, ~~paragraph (a) or 7,~~ in order to pay benefits as they come due, shall invest a portion of its assets in authorized short-term debt obligations that can be immediately liquidated without accrual of a substantial determinable penalty or loss and that have an average maturity of no more than 90 days. The chief administrative officer of the plan shall determine the minimum liquidity requirement of the plan and shall retain appropriate documentation of that determination for three years from the date of determination.

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

Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is amended to read:

Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated with a municipality or an independent nonprofit firefighting corporation may include as a relief association member a minor serving as a firefighter, except for members of a youth, civic, or educational organization or program who participate with uninterrupted adult supervision, as allowed by federal law and by section 181A.04. Such organizations or programs include, but are not limited to, Boy Scout Explorer programs or firefighting degree programs.~~

~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an independent nonprofit firefighting corporation may include as a relief association member a minor serving as a volunteer firefighter.

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

Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** (a) The requirements of this section apply to all breaks in service, except breaks in service mandated by federal or state law.

(b)(1) If a former active firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the person firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

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

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

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

~~(b)~~ (c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (a) (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets a minimum period of resumption service specified in the relief association bylaws the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the minimum period of resumption service specified in the relief association bylaws and the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2.

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

the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. No firefighter may be paid a service pension twice for the same period of service. If a lump-sum service pension had not been paid to the firefighter upon the firefighter's previous cessation of duties and the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the firefighter's previous years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties.

~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. ~~The A~~ suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's previous years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties.

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

Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding a subdivision to read:

Subd. 5. Minnesota deferred compensation plan transfers. A relief association may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension amount to the requesting member's account in the Minnesota deferred compensation plan, if:

- (1) the governing articles of incorporation or bylaws so provide;
- (2) the volunteer firefighter participates in the Minnesota deferred compensation plan at the time of retirement; and
- (3) the applicable retiring firefighter requests in writing that the relief association do so.

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

Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and has not returned to active service with the fire department for a period no shorter than five years; or

(ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account. Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section 69.051.

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is amended to read:

Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief association may only pay an ancillary benefit which would constitute an authorized disbursement as specified in section 424A.05. The ancillary benefit for active members must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

(b) For deferred members, the ancillary benefit must equal the vested amount of the individual account of the member. For the recipient of installment payments of a service pension, the ancillary benefit must equal the remaining balance in the individual account of the recipient.

(c)(1) If a survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

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

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

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

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

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

(d) For purposes of this section, for a defined contribution volunteer fire relief association, a trust created under chapter 501B may be a designated beneficiary. If a trust payable to the surviving children organized under chapter 501B has been established as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding the requirements of this section.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a defined benefit relief association in which governing bylaws provide for a lump-sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any defined benefit relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of

service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) For purposes of this section, for a monthly benefit volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501B may be a designated

beneficiary. If a trust is payable to the surviving children organized under chapter 501B as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10, is amended to read:

Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined benefit relief association to which this section applies must file a revised copy of its governing bylaws with the state auditor upon the adoption of any amendment to its governing bylaws by the relief association or upon the approval of any amendment to its governing bylaws granted by the governing body of each municipality served by the fire department to which the relief association is directly associated. Failure of the relief association to file a copy of the bylaws or any bylaw amendments with the state auditor disqualifies the municipality from the distribution of any future fire state aid until this filing requirement has been completed.

(b) If the special fund of the relief association does not have a surplus over full funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773, subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under section 69.772 or 69.773, no bylaw amendment which would affect the amount of, the manner of payment of, or the conditions for qualification for service pensions or ancillary benefits or disbursements other than administrative expenses authorized under section 69.80 payable from the special fund of the relief association is effective until it has been ratified ~~by the governing body or bodies of the appropriate municipalities as required under section 69.772, subdivision 6, or 69.773, subdivision 6.~~ If the special fund of the relief association has a surplus over full funding under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is not required to provide financial support to the special fund under this section, the relief association may adopt or amend without municipal ratification its articles of incorporation or bylaws which increase or otherwise affect the service pensions or ancillary benefits payable from the special fund so long as the changes do not cause the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and the changes do not result in the financial requirements of the special fund exceeding the expected amount of the subsequent calendar year's fire state aid to be received by the relief association if authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

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

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

Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements from the special fund may not 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 under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

~~(3)~~ (4) 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 no survivors and if no designated beneficiary, or~~ for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized by and paid under law and specified in amount in the bylaws governing the relief association;

~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota Area Relief Association Coalition in order to entitle relief association members to membership in and the benefits of these associations or organizations;

~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; and

~~(6)~~ (7) for the payment of administrative expenses of the relief association as authorized under section 69.80.

~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association or for a combination lump sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this chapter, for a defined contribution volunteer fire relief association, for a lump sum volunteer fire relief association, or for a combination lump sum and monthly benefit volunteer fire relief association where a lump sum service pension has been elected by or a lump sum benefit is payable with respect to a firefighter, a designated beneficiary may be a trust created under chapter 501B.~~

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding a subdivision to read:

Subd. 3a. **Corrections of erroneous special fund deposits.** Upon notification of funds deposited in error in the special fund and after presentation of evidence that the error occurred in good faith, the state auditor may require the relief association to provide a written legal opinion concluding that the transfer of funds from the special fund is consistent with federal and state law. Taking into consideration the evidence of good faith presented and the legal opinion, if any, provided, the state auditor may order the transfer from the special fund to the appropriate fund or account an amount equal to the funds deposited in error.

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

Sec. 13. **REPEALER.**

(a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is repealed.

(b) Laws 2009, chapter 169, article 10, section 32, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective retroactively from July 1, 2009.

ARTICLE 15

ONE PERSON/SMALL GROUP PENSION ISSUES

Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member deductions described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on April 17, 1948;

(2) is a current employee of Independent School District No. 199, Inver Grove Heights;

(3) is a current member of the general employees retirement plan of the Public Employees Retirement Association;

(4) was employed by Independent School District No. 199, Inver Grove Heights, on August 26, 1985; and

(5) was not reported by Independent School District No. 199, Inver Grove Heights, for retirement coverage by and membership in the general employees retirement plan of the Public Employees Retirement Association until September 1, 1986.

(c) The period of uncredited service authorized for purchase is the period of August 26, 1985, until August 31, 1986, during which no member contributions for the general employees retirement plan of the Public Employees Retirement Association were deducted from the eligible person's salary by Independent School District No. 199, Inver Grove Heights.

(d) The purchase payment amount payable by the eligible person is four percent of the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision 10, from Independent School District No. 199, Inver Grove Heights, during the period of August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to the Public Employees Retirement Association. The purchase payment amount payable by Independent School District No. 199, Inver Grove Heights, is the balance of the full actuarial value prior service credit purchase payment amount determined under Minnesota Statutes, section 356.551, as of the first day of the month next following the receipt of the eligible person's payment that is remaining after deducting the purchase payment amount payable by the eligible person.

(e) The school district purchase payment amount payable under paragraph (d) must be made on or before the 15th of the month next following the receipt of the eligible person's payment under paragraph (d). If the school district purchase payment amount is not paid in a timely fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per month from the first day of the month next following the receipt of the eligible

person's payment until the school district purchase payment amount is received by the Public Employees Retirement Association. If the school district purchase payment amount is not paid to the Public Employees Retirement Association 90 days after the receipt of the eligible person's payment, the executive director shall notify the commissioner of management and budget, the commissioner of education, and the commissioner of revenue of that unpaid obligation and the unpaid obligation must be deducted from any state aid otherwise payable to the school district, plus interest.

(f) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to this service credit purchase.

(g) Authority to make a service credit purchase under this section expires on June 30, 2011, or upon the termination from public employment under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

Sec. 2. TEACHERS RETIREMENT ASSOCIATION; SECOND CHANCE RETIREMENT COVERAGE AUTHORITY FOR IRAP MEMBER.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 352, 353, or 354B or section 356.551 to the contrary, an eligible person described in paragraph (b) is entitled to elect retirement coverage for Minnesota State Colleges and Universities System employment by the Teachers Retirement Association under Minnesota Statutes, section 354B.21, subdivisions 2 and 3, despite the time limitation on the election.

(b) An eligible person is a person who:

(1) was born on July 19, 1948;

(2) was employed by Mankato State University in 1969, with retirement coverage in the general state employees retirement plan of the Minnesota State Retirement System, for which a refund of member contributions and interest was taken before 2007;

(3) was employed by the city of Austin in the early 1980s, with retirement coverage in the general employees retirement plan of the Public Employees Retirement Association, for which a refund of member contributions and interest was taken before 2007;

(4) is employed by the Minnesota State Colleges and Universities System at Riverland Community College; and

(5) had the person's employment position upgraded by the Minnesota State Colleges and Universities System on September 9, 2007, and had retirement coverage transferred by operation of law to the higher education individual retirement account plan.

(c) An election to change retirement coverage from the Minnesota State Colleges and Universities System individual retirement account plan to the Teachers Retirement Association must be made by July 1, 2010, and is retroactive to September 9, 2007. If the election is made, Minnesota Statutes, section 356.551, applies to the purchase of past service except for subdivision 1, paragraph (c), of that provision, which requires all refunds to be paid before the service credit purchase. The eligible person's account in the individual retirement account plan must be liquidated by transfer to the Teachers Retirement Association fund by August 1, 2010, and used to cover part of the service credit purchase payment amount. Any remaining payment amount must be paid in a lump sum to the executive director of the Teachers Retirement Association for deposit in the Teachers Retirement Association fund by September 1, 2010. Retroactive service credit in the Teachers Retirement Association must be granted to the eligible person once the transfers and payments required under this paragraph have been made.

(d) If an eligible person under paragraph (b) elects Teachers Retirement Association coverage but fails to make the full payment required under paragraph (c), the election of Teachers Retirement Association coverage is voided and the individual retains coverage by the Minnesota State Colleges and Universities System individual retirement account plan. If amounts were transferred under paragraph (c) from the individual retirement account plan, those amounts must be returned to the individual's account or accounts under that plan.

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

ARTICLE 16

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2008, 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, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

- (i) to the state of Minnesota deferred compensation plan under section 352.965;

(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; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(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 laborers national industrial pension fund or to a laborers 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 \$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 \$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 \$5,000 per year per employee;

(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;

(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; ~~or~~

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a; or

(14) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5.

(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.

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

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; increasing certain contribution rates; suspending certain post-retirement adjustments; reducing certain postretirement adjustment increase rates; reducing interest rates on refunds; reducing deferred annuity augmentation rates; eliminating interest on reemployed annuitant earnings limitation deferred accounts; increasing certain vesting requirements; increasing certain early retirement reduction rates; reducing certain benefit accrual rates; extending certain amortization periods; making changes of an administrative nature for retirement plans administered by the Minnesota State Retirement Association; revising insurance withholding for certain retired public employees; authorizing state patrol plan service credit for leave procedures; addressing plan coverage errors and omitted contributions; revising unlawful discharge annuity repayment requirements; requiring employment unit accommodation of daily valuation of investment accounts;

eliminating administrative fee maximum for the unclassified state employees retirement program; making changes of an administrative nature in the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, and the defined contribution retirement plan; making various administrative modifications in the voluntary statewide lump-sum volunteer firefighter retirement plan of the Public Employees Retirement Association; revising purchase of salary credit procedures in certain partial salary situations; adding new partial salary credit purchase authority for partial paid medical leaves and budgetary leaves; redefining TRA allowable service credit; defining annual base salary; requiring base salary reporting by TRA-covered employing units; making changes of an administrative nature in the Minnesota State Colleges and Universities System individual retirement account plan; setting deadline dates for actuarial reporting; extending and revising an early retirement incentive program; permitting the court-ordered revocation of an optional annuity election in certain marriage dissolutions; transfer of the administrative functions of the Minneapolis Employees Retirement Fund to the Public Employees Retirement Association; creation of MERF consolidation account within the Public Employees Retirement Association; making various technical corrections relating to volunteer fire relief associations; revising break-in-service return to firefighting authorizations; authorizing Minnesota deferred compensation plan service pension transfers; revising payout defaults in survivor benefits; authorizing corrections of certain special fund deposits; requiring a retirement fund investment authority study; authorizing certain bylaw amendments; making technical changes; appropriating money; amending Minnesota Statutes 2008, sections 3A.02, subdivision 4; 3A.07; 11A.04; 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision 9; 43A.316, subdivision 8; 69.021, subdivision 10; 69.051, subdivision 3; 126C.41, subdivision 3; 256D.21; 352.01, subdivision 2a; 352.03, subdivision 4; 352.04, subdivision 9; 352.113, subdivision 1; 352.115, subdivisions 1, 10; 352.12, subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.91, by adding a subdivision; 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1; 352.965, subdivisions 1, 2, 6; 352B.02, as amended; 352B.08, subdivisions 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2; 352D.015, subdivisions 4, 9, by adding a subdivision; 352D.02, subdivisions 1, 1c, 2, 3; 352D.03; 352D.04, subdivisions 1, 2; 352D.05, subdivisions 3, 4; 352D.06, subdivision 3; 352D.065, subdivision 3; 352D.09, subdivisions 3, 7; 352F.07; 353.01, subdivisions 2b, 2d, by adding subdivisions; 353.0161, subdivision 2; 353.03, subdivision 1; 353.05; 353.27, as amended; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivisions 1, 1a; 353.34, subdivisions 1, 2, 3, 6; 353.37, subdivisions 1, 2, 3, 3a, 4, 5; 353.46, subdivisions 2, 6; 353.64, subdivision 7; 353.651, subdivisions 1, 4; 353.657, subdivisions 1, 2a; 353.71, subdivisions 1, 2, 4; 353.86, subdivisions 1, 2; 353.87, subdivisions 1, 2; 353.88; 353D.01, subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1, 2; 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1, 2; 353F.025, subdivisions 1, 2; 353F.03; 354.05, by adding a subdivision; 354.07, subdivision 5; 354.091; 354.42, subdivisions 3, 7, by adding subdivisions; 354.52, subdivision 6, by adding a subdivision; 354.66, subdivision 3; 354.71; 354A.011, subdivision 27; 354A.12, subdivisions 1, 3c, by adding a subdivision; 354A.27, subdivisions 5, 6, by adding a subdivision; 354A.31, subdivision 1; 354A.35, subdivision 1; 354A.37, subdivisions 2, 3, 4; 354A.39; 354B.25, subdivisions 1, 3; 354C.14; 355.095, subdivision 1; 356.214, subdivision 1; 356.215, subdivisions 3, 8; 356.24, subdivision 1; 356.30, subdivisions 1, 3; 356.302, subdivisions 1, 3, 4, 5, 7; 356.303, subdivisions 2, 4; 356.315, subdivision 5; 356.351, subdivision 1; 356.407, subdivision 2; 356.431, subdivision 1; 356.465, subdivision 3; 356.47, subdivision 3; 356.50, subdivision 4; 356.64; 356.65, subdivision 2; 356.91; 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8; 422A.101, subdivision 3; 422A.26; 473.511, subdivision 3; 473.606, subdivision 5; 475.52, subdivision 6; 490.123, by adding a subdivision; 518.58, subdivisions 3, 4; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision 1; 69.031, subdivision 5; 69.772, subdivision 6; 69.773, subdivision 6; 352.01, subdivision 2b; 352.75, subdivision 4; 352.95, subdivision 2; 352B.011, subdivision 3; 353.01, subdivisions 2, 2a, 16; 353.06; 353.27, subdivisions 2, 3, 7; 353.33, subdivision 1; 353.371, subdivision 4; 353.65, subdivisions 2, 3; 353F.02, subdivision 4; 353G.05, subdivision 2; 353G.06, subdivision 1; 353G.08; 353G.09, subdivision 3; 353G.11, subdivision 1, by adding a subdivision; 354.42, subdivision 2; 354.47, subdivision 1; 354.49, subdivision 2; 354.52, subdivision 4b; 354.55, subdivision 11; 354A.12, subdivision 2a; 356.20, subdivision 2; 356.215, subdivision 11; 356.32, subdivision 2; 356.351, subdivision 2; 356.401, subdivision 3; 356.415, subdivisions 1, 2, by adding subdivisions; 356.96, subdivisions 1, 5; 423A.02, subdivision 3; 424A.01, subdivisions 1, 6; 424A.015, by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.02, subdivisions 9, 10; 424A.05, subdivision 3, by adding a subdivision; 424A.08; 480.181, subdivision 2; Laws 2009, chapter 169, article 4, section 49; article 5, section 2; proposing coding for new law in Minnesota Statutes, chapters 352B; 353; 353G;

356; repealing Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a; 352.91, subdivision 5; 353.01, subdivision 40; 353.46, subdivision 1a; 353.88; 353D.03, subdivision 2; 353D.12; 354A.27, subdivision 1; 354C.15; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6, 7; 422A.08, subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12; 422A.231; 422A.24; 422A.25; Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision 6; Laws 2009, chapter 169, article 10, section 32."

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

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3318, A bill for an act relating to judiciary; enacting the Uniform Unsworn Foreign Declarations Act proposed for adoption by the National Conference of Commissioners on Uniform State Laws; providing for penalties; amending Minnesota Statutes 2008, section 609.48, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 358.

Reported the same back with the following amendments:

Page 2, line 20, delete the second "or"

Page 2, line 21, delete the period and insert "; or"

Page 2, after line 21, insert:

"(6) a power of attorney."

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3386, A bill for an act relating to real property; requiring performance guidelines for certain residential contracts; modifying statutory warranties; requiring notice and opportunity to repair; providing for dispute resolution procedures; requiring a report; amending Minnesota Statutes 2008, sections 302A.781, subdivision 4; 326B.809; 327A.01, by adding a subdivision; 327A.02, subdivision 4, by adding subdivisions; 327A.03; proposing coding for new law in Minnesota Statutes, chapter 327A.

Reported the same back with the following amendments:

Page 7, line 11, delete "327.05" and insert "327A.05"

Page 7, line 12, delete "can"

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

The report was adopted.

Mariani from the Committee on K-12 Education Policy and Oversight to which was referred:

H. F. No. 3421, A bill for an act relating to education; establishing high school assessments to determine college and career readiness; amending Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and be administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 based on the first uniform test administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (b).

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the ~~2013-2014~~ 2014-2015 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading and mathematics:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan;

(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individual education plan; or

(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan; and

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan; or

(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan.

(d) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (b) are eligible to receive a high school diploma with a passing state notation if they:

(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;

(2) participate in district-prescribed academic remediation in mathematics; and

(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. A school, district, or charter school must place a student's highest assessment score for each of the following assessments on the student's high school transcript: the mathematics Minnesota Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing Graduation-Required Assessment for Diploma, and when applicable, the mathematics Graduation-Required Assessment for Diploma and reading Graduation-Required Assessment for Diploma.

In addition, the school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(e) The 3rd through 8th grade and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the high school test results upon receiving those results.

(f) The 3rd through 8th grade and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(g) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

Sec. 2. Minnesota Statutes 2009 Supplement, section 120B.30, is amended by adding a subdivision to read:

Subd. 1b. **High school assessments.** (a) Notwithstanding other law to the contrary, the commissioner shall establish a system of high school assessments for students entering grade 8 in the 2010-2011 school year and later that provides information on the college and career readiness of Minnesota students and fulfills federal accountability requirements, consistent with this subdivision and related rules. For purposes of this subdivision, "college and career readiness" means the knowledge and skills that a high school graduate needs to do either credit-bearing coursework at a two-year or four-year college or university or career-track employment that pays a living wage, provides employment benefits, and offers clear pathways for advancement through further education and training.

(b) The commissioner shall establish and administer a high school reading and writing exam at the end of grade 10. The reading and writing exam must conform with the following:

(1) align to the most recently revised academic content standards under section 120B.023, subdivision 2;

(2) produce independent scores for each content area;

(3) include both multiple-choice and open-ended items on the reading portion of the exam to assess skills defined in the state's academic content standards;

(4) be designed for computer administration and scoring so that, beginning the second year a computerized test is administered and as soon as practicable during the first year a computerized test is administered, the exam results of students who take computerized tests are available to the school or district within three full school days after the exam is administered, among other design characteristics;

(5) allow for remediation and frequent computer retests of the reading and writing portions of the exam;

(6) use achievement level descriptors in reading and writing that define a student's readiness for college or a career;

(7) require all general education students, as a condition of graduating, to achieve passing scores in reading and writing established through a professionally recognized methodology, consistent with this paragraph;

(8) require general education students to participate in a locally developed remediation plan if they do not achieve a passing score after two retest opportunities;

(9) provide a state-level student appeals process that accommodates alternative measures to demonstrate students' college and career readiness and is available only to those limited number of students in the second semester of their senior year who are unable to demonstrate reading or writing proficiency on the assessment but can demonstrate equivalent levels of knowledge and skill based on the alternative measures; and

(10) allow an eligible student to meet this exam requirement through an alternative method:

(i) for high school students who transfer into Minnesota from another state where the high school reading and writing course and graduation requirements are of equal or greater rigor, meet that state's federal accountability exams requirements in reading or writing, as applicable;

(ii) allow a student who has an active individualized education program to achieve a passing status at an individual level as prescribed by the commissioner;

(iii) waive the required exam for a high school student who is an English language learner under section 124D.59 and who has been enrolled for four or fewer school years in a school in which English is the primary language of instruction; or

(iv) other alternative methods recommended by the Assessment Advisory Committee, if subsequently specifically authorized by law to allow other alternative methods.

All general education students must receive a passing score in both reading and writing to graduate, consistent with paragraph (e). A score below "passing" means that there is a high likelihood that the student does not have the reading and writing skills needed to succeed in postsecondary education or the work place. The commissioner must establish the passing score based on: the recommendations of both K-12 and postsecondary educators with relevant language arts expertise and employers and other community leaders who understand the knowledge and skills that individuals need for work and citizenship; and an established statistical relationship between two consecutive years of students' exam results and other indicators of college and career readiness that the commissioner develops in consultation with the Assessment Advisory Committee under section 120B.365.

(c) The commissioner shall establish statewide end-of-course exams in subjects equivalent to high school algebra and biology. These exams must conform with the following:

(1) align with the most recently revised academic content standards under section 120B.023, subdivision 2;

(2) include both multiple-choice and open-ended items that assess the appropriate algebra and biology knowledge and skills contained in the state's academic content standards;

(3) be designed for computer administration and scoring so that, beginning the second year a computerized test is administered and as soon as practicable during the first year a computerized test is administered, the exam results of students who take computerized tests are available to the school or district within three full school days after the exam is administered, among other design characteristics;

(4) be administered at regular intervals that align with the most common high school schedules in Minnesota;

(5) generate achievement levels established through a professionally recognized methodology;

(6) use achievement level descriptors that define a student's college and career readiness;

(7) comprise 25 percent of the student's overall course grade in the corresponding course, except a school that is identified as highly misaligned under clause (11) for two consecutive school years or more shall make the exam results a component of and equivalent to 50 percent of the student's overall course grade in algebra or biology, as applicable;

(8) require a student who does not pass a high school algebra or biology course to (i) retake the course or complete a district-authorized credit recovery class, (ii) opt, at the student's election, to retake the end-of-course assessment within a regularly scheduled administration window, and (iii) have the student select the exam score on the initial test or the retest to count as the equivalent of 25 percent of the student's overall course grade, or the equivalent of 50 percent if the school has been identified as highly misaligned for two consecutive school years or more, consistent with clause (7);

(9) allow an eligible student to meet this requirement through an alternative method that demonstrates the student's college and career readiness:

(i) for high school students who transfer into Minnesota from another state where the algebra or biology course content, as applicable, is of equal or greater rigor, pass that state's high school course and graduation requirements in algebra or biology, as applicable;

(ii) allow a student who has an active individualized education program to achieve a passing status at an individual level as prescribed by the commissioner;

(iii) waive the required exam for a high school student who is an English language learner under section 124D.59 and who has been enrolled for four or fewer years in a school in which English is the primary language of instruction; or

(iv) other alternative methods recommended by the Assessment Advisory Committee, if subsequently specifically authorized by law to allow other alternative methods;

(10) use three consecutive school years of research and analysis through the 2014-2015 school year, as prescribed by the commissioner, to calculate and report an alignment index that compares students' final grades in these courses with their end-of-course exam scores;

(11) subsequent to calculating and reporting the alignment index under clause (10), require schools that are highly misaligned for two or more consecutive school years to transmit written notice of the misalignment to all parents of students enrolled in the school, as prescribed by the commissioner; and

(12) when schools are highly misaligned for two or more consecutive years under clause (11), use school district funds under section 122A.60, subdivision 1a, paragraph (a), to correct the misalignment.

A highly misaligned school that must count a student's algebra or biology exam score, as applicable, as the equivalent of 50 percent of the student's overall course grade under clause (7) or (8) may again count a student's exam score as the equivalent of 25 percent of the student's overall course grade when the school is not identified as highly misaligned in two subsequent consecutive school years.

(d) The requirements of this subdivision apply to students in public schools, including charter schools, who enter grade 8 in the 2010-2011 school year or later. The commissioner may establish a transition period where students who enter grade 8 in the 2010-2011 or 2011-2012 school year graduate either under the Graduation-Required Assessment for Diploma requirements under section 120B.30, subdivision 1, or through a staggered implementation of this subdivision. During the transition period, the proficiency of any federal or state-required interim passing score in reading or writing must be comparable in rigor to the passing scores currently required for reading and writing under the Graduation-Required Assessment for Diploma. The commissioner may seek authority from the legislature to adjust the time line under this paragraph if circumstances such as changes in federal law governing educational accountability and assessment warrant such an adjustment.

(e) To fully implement this subdivision and enable school districts to provide intervention and support to struggling students and improve instruction for all students, the commissioner must provide districts with:

(i) benchmark assessments that are aligned with the high school reading and writing assessment and algebra and biology end-of-course exams; and

(ii) an item bank available to teachers for creating formative assessments to help students prepare for the high school reading and writing assessment and algebra and biology end-of-course exams. The benchmark assessments must be available to districts for at least two full school years before students are required to achieve a passing score on the reading and writing exam to graduate from high school.

(f) The commissioner shall expand the membership and purpose of the Assessment Advisory Committee established under section 120B.365 to include assessment experts and practitioners from both secondary and postsecondary education systems and other appropriate stakeholders to monitor the implementation of and student outcomes based on the end-of-course exams and policies and the state support available to districts, including small or rural districts, under this subdivision. This committee shall report annually by February 15 to the commissioner and the legislature on the implementation of and student outcomes based on the exams and policies under this subdivision. Notwithstanding section 15.059, subdivision 3, committee members shall not receive compensation, per diem payments, or reimbursement for expenses.

(g) Using a solicitation process that includes a "request for proposal" process and multiple responses, the commissioner shall contract for at least two independent studies at two-year intervals to evaluate (1) the implementation of the requirements and (2) the availability and efficacy of resources to support and improve student outcomes based on student achievement data under this subdivision. The commissioner must submit the results of the first study to the education policy and finance committees of the legislature by February 15, 2015. The commissioner must submit the results of the second study to the legislature by February 15, 2017.

(h) The commissioner must not begin to develop additional statewide end-of-course exams in geometry, chemistry, or physics until specifically authorized in law to do so.

(i) A district or charter school must indicate on a student's transcript the student's level of college and career readiness in reading, writing, algebra, and biology under this subdivision after the levels have been established through a professionally recognized methodology.

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

Sec. 3. ASSESSMENT ADVISORY COMMITTEE; RECOMMENDATIONS.

(a) The Assessment Advisory Committee under Minnesota Statutes, section 120B.365, must develop recommendations for alternative methods by which students meet the reading and writing exam requirement under Minnesota Statutes, section 120B.30, subdivision 1b, paragraph (b), clause (10). The Assessment Advisory Committee, among other alternative methods and if consistent with federal educational accountability law, must consider allowing students to:

(1) achieve a college-credit score on a College-Level Examination Program (CLEP) for reading and writing; or

(2) achieve a college readiness score in the relevant subject area on the American College Test (ACT) or Scholastic Aptitude Test (SAT) exam.

(b) The Assessment Advisory Committee must develop recommendations for alternative methods by which students satisfy the high school algebra and biology requirements under Minnesota Statutes, section 120B.30, subdivision 1b, paragraph (c), clause (9), and demonstrate their college and career readiness. The Assessment Advisory Committee, among other alternative methods and if consistent with federal educational accountability law, must consider allowing students to:

(1) achieve the mathematics or science college readiness score on the American College Test (ACT) or Scholastic Aptitude Test (SAT) exam;

(2) achieve a college-credit score on a College-Level Examination Program (CLEP) for algebra or biology;

(3) achieve a score on an equivalent Advanced Placement or International Baccalaureate exam that would earn credit at a four-year college or university; or

(4) pass a credit-bearing course in college algebra or college biology or a more advanced course in either subject with a grade of C or better under Minnesota Statutes, section 124D.09, including Minnesota Statutes, section 124D.09, subdivision 10.

(c) The Assessment Advisory Committee, in the context of the high school assessments under Minnesota Statutes, section 120B.30, subdivision 1b, may develop recommendations on integrating universal design principles to improve access to learning and assessments for all students, more accurately understand what students know and can do, provide Minnesota with more cost-effective assessments, and provide educators with more valid inferences about students' achievement levels.

(d) The Assessment Advisory Committee, for purposes of fully implementing the high school assessment system under Minnesota Statutes, section 120B.30, subdivision 1b, also must develop recommendations for:

(1) the administrative structure, criteria, and processes for implementing the state-level student appeals process;

(2) calculating the alignment index, including how questions about validity and reliability are resolved; and

(3) defining "misaligned" and "highly misaligned" and when and under what specific circumstances misalignments occur.

(e) By February 15, 2011, the Assessment Advisory Committee must submit its recommendations under this section to the education commissioner and the education policy and finance committees of the legislature.

(f) The commissioner must not implement any element of any recommendation under paragraphs (a) to (e) related to the high school assessment system under Minnesota Statutes, section 120B.30, subdivision 1b, without first receiving specific legislative authority to do so.

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

Delete the title and insert:

"A bill for an act relating to education; establishing high school assessments to determine college and career readiness; requiring reports; amending Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, by adding a subdivision."

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

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3423, A bill for an act relating to public safety; increasing the criminal penalty for possessing dangerous weapons on school property; amending Minnesota Statutes 2008, section 609.66, subdivision 1d.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 609.66, subdivision 1d, is amended to read:

Subd. 1d. **Possession on school property; penalty.** (a) Except as provided under paragraphs ~~(e)~~ (d) and ~~(e)~~ (f), whoever possesses, stores, or keeps a dangerous weapon ~~or uses or brandishes a replica firearm or a BB gun~~ while knowingly on school property is guilty of a felony and may be sentenced to imprisonment for not more than ~~two~~ five years or to payment of a fine of not more than ~~\$5,000~~ \$10,000, or both.

(b) Whoever uses or brandishes a replica firearm or a BB gun while knowingly on school property is guilty of a gross misdemeanor.

~~(b)~~ (c) Whoever possesses, stores, or keeps a replica firearm or a BB gun while knowingly on school property is guilty of a ~~gross~~ misdemeanor.

~~(c)~~ (d) Notwithstanding paragraph (a) ~~or~~ (b), or (c), it is a misdemeanor for a person authorized to carry a firearm under the provisions of a permit or otherwise to carry a firearm on or about the person's clothes or person in a location the person knows is school property. Notwithstanding section 609.531, a firearm carried in violation of this paragraph is not subject to forfeiture.

~~(d)~~ (e) As used in this subdivision:

(1) "BB gun" means a device that fires or ejects a shot measuring .18 of an inch or less in diameter;

(2) "dangerous weapon" has the meaning given it in section 609.02, subdivision 6;

(3) "replica firearm" has the meaning given it in section 609.713; and

(4) "school property" means:

(i) a public or private elementary, middle, or secondary school building and its improved grounds, whether leased or owned by the school;

(ii) a child care center licensed under chapter 245A during the period children are present and participating in a child care program;

(iii) the area within a school bus when that bus is being used by a school to transport one or more elementary, middle, or secondary school students to and from school-related activities, including curricular, cocurricular, noncurricular, extracurricular, and supplementary activities; and

(iv) that portion of a building or facility under the temporary, exclusive control of a public or private school, a school district, or an association of such entities where conspicuous signs are prominently posted at each entrance that give actual notice to persons of the school-related use.

~~(e)~~ (f) This subdivision does not apply to:

(1) active licensed peace officers;

(2) military personnel or students participating in military training, who are on-duty, performing official duties;

(3) persons authorized to carry a pistol under section 624.714 while in a motor vehicle or outside of a motor vehicle to directly place a firearm in, or retrieve it from, the trunk or rear area of the vehicle;

(4) persons who keep or store in a motor vehicle pistols in accordance with section 624.714 or 624.715 or other firearms in accordance with section 97B.045;

(5) firearm safety or marksmanship courses or activities conducted on school property;

(6) possession of dangerous weapons, BB guns, or replica firearms by a ceremonial color guard;

(7) a gun or knife show held on school property;

(8) possession of dangerous weapons, BB guns, or replica firearms with written permission of the principal or other person having general control and supervision of the school or the director of a child care center; or

(9) persons who are on unimproved property owned or leased by a child care center, school, or school district unless the person knows that a student is currently present on the land for a school-related activity.

~~(f)~~ (g) Notwithstanding section 471.634, a school district or other entity composed exclusively of school districts may not regulate firearms, ammunition, or their respective components, when possessed or carried by nonstudents or nonemployees, in a manner that is inconsistent with this subdivision.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; increasing criminal penalty for possessing dangerous weapons on school property while lowering criminal penalty for brandishing, using, or possessing replica firearms and BB guns on school property; amending Minnesota Statutes 2008, section 609.66, subdivision 1d."

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

The report was adopted.

Hilty from the Energy Finance and Policy Division to which was referred:

H. F. No. 3493, A bill for an act relating to utilities; regulating rates charged to low-income customers; providing for inverted block rates; amending Minnesota Statutes 2008, sections 216B.03; 216B.16, subdivisions 14, 15.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 3, after line 11, insert:

"Sec. 3. Minnesota Statutes 2008, section 216B.2401, is amended to read:

216B.2401 ENERGY CONSERVATION POLICY GOAL.

It is the energy policy of the state of Minnesota to achieve annual energy savings equal to 1.5 percent of annual retail energy sales of electricity and natural gas directly through energy conservation improvement programs and rate design, such as inverted block rates in which lower energy prices are made available to lower usage residential customers, and indirectly through energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation."

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilty from the Energy Finance and Policy Division to which was referred:

H. F. No. 3641, A bill for an act relating to energy; modifying community-based energy development program; amending Minnesota Statutes 2008, section 216B.1612, subdivisions 3, 5, 7, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 216B.1612, subdivision 2.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 216B.1612, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "C-BED tariff" or "tariff" means a community-based energy development tariff.

(c) "Qualifying ~~owner~~ beneficiary" means:

(1) a Minnesota resident;

~~(2) a limited liability company that is organized under chapter 322B and that is made up of members who are Minnesota residents;~~

~~(3)~~ (2) a Minnesota nonprofit organization organized under chapter 317A;

~~(4)~~ (3) a Minnesota cooperative association organized under chapter 308A or 308B, including a rural electric cooperative association or a generation and transmission cooperative on behalf of and at the request of a member distribution utility;

~~(5)~~ (4) a Minnesota political subdivision or local government including, but not limited to, a municipal electric utility, or a municipal power agency on behalf of and at the request of a member distribution utility; the office of the commissioner of Iron Range resources and rehabilitation; a county, statutory or home rule charter city, town, school district, or public or private higher education institution; or any other local or regional governmental organization such as a board, commission, or association; ~~or~~

~~(6)~~ (5) a tribal council; ~~or~~

(6) a legal entity (i) formed for a purpose other than to participate in C-BED projects; (ii) whose principal place of business or principal executive office is located in Minnesota; and (iii) that provides labor, services, equipment, components, or financing to a C-BED project.

A public utility, as defined in section 216B.02, subdivision 4, is not a qualifying beneficiary.

~~(d) "Net present value rate" means a rate equal to the net present value of the nominal payments to a project divided by the total expected energy production of the project over the life of its power purchase agreement. "Qualifying revenue" includes, but is not limited to:~~

(1) royalties, distributions, dividends, and other payments flowing to individuals who are qualifying beneficiaries;

(2) fees for consulting, development, professional, construction, and operations and maintenance services paid to qualifying beneficiaries;

(3) interest and fees paid to financial institutions that are qualifying beneficiaries;

(4) the value-added portion of payments for goods manufactured in Minnesota; and

(5) production taxes.

(e) "Discount rate" means the ten-year United States Treasury Yield as quoted in the Wall Street Journal as of the date of application for determination under subdivision 10, plus five percent; except that the discount rate applicable to any qualifying revenues contingent upon an equity investor earning a specified internal rate of return is the ten-year United States Treasury Yield, plus eight percent.

(f) "Standard reliability criteria" means:

(1) can be safely integrated into and operated within the utility's grid without causing any adverse or unsafe consequences; and

(2) is consistent with the utility's resource needs as identified in its most recent resource plan submitted under section 216B.2422.

~~(f)~~ (g) "Renewable" refers to a technology listed in section 216B.1691, subdivision 1, paragraph (a).

~~(g)~~ (h) "Community-based energy development project" or "C-BED project" means a new renewable energy project that either as a stand-alone project or part of a partnership under subdivision 8:

(1) has no single qualifying ~~owner beneficiary, including any parent company or subsidiary of the qualifying beneficiary,~~ owning more than 15 percent of a C-BED wind energy project unless: (i) the C-BED wind energy project consists of only one or two turbines; or (ii) the qualifying ~~owner beneficiary~~ is a public entity listed under paragraph (c), clause ~~(5)~~ (4), that is not a municipal utility;

(2) demonstrates that at least 51 percent ~~of the net present value~~ of the gross revenues from a power purchase agreement over the life of the project ~~will flow to~~ are qualifying ~~owners and other local entities~~ revenues; and

(3) has a resolution of support adopted by the county board of each county in which the project is to be located, or in the case of a project located within the boundaries of a reservation, the tribal council for that reservation.

(i) "Value-added portion" means the difference between the total sales price and the total cost of components, materials, and services purchased from or provided outside of Minnesota."

Page 5, delete lines 1 to 12 and insert:

"Subd. 10. **C-BED eligibility determination.** A developer of a C-BED project may seek a predetermination of C-BED eligibility from the commissioner of commerce at any time, and must obtain a determination of C-BED eligibility from the commissioner of commerce, based on the project's final financing terms, before construction may begin. In seeking a determination of eligibility under this subdivision, a developer of a C-BED project must submit to the commissioner of commerce detailed financial projections demonstrating that, based on a net present value analysis, and applying the discount rate to qualifying revenues and gross revenues from a power purchase agreement, the project meets the requirements of subdivision 2, paragraph (h), clause (1)."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilty from the Energy Finance and Policy Division to which was referred:

H. F. No. 3667, A bill for an act relating to energy; modifying programs for reducing emissions at electric generating plants; amending Minnesota Statutes 2008, sections 216B.1692, subdivision 8; 216B.685, subdivision 4.

Reported the same back with the following amendments:

Page 1, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2008, section 216B.6851, subdivision 3, is amended to read:

Subd. 3. **Plan for 90 percent reduction required.** A public utility that elects to be regulated under this section must file a mercury emissions-reduction plan that is designed to achieve total mercury reduction at targeted and supplemental units owned by the utility equivalent to a goal of 90 percent reduction of mercury emissions at the utility's targeted units by December 31, ~~2014~~ 2018.

Sec. 3. Minnesota Statutes 2008, section 216B.6851, subdivision 5, is amended to read:

Subd. 5. **Early action; wet scrubbed units.** (a) The utility electing for regulation under this section shall file an initial plan for mercury emissions reduction at one of its two wet scrubbed units on or before December 31, 2007. The plan must provide for mercury emissions reduction to be implemented at that unit by December 31, 2010. If the plan is approved by the commission, and implemented by the utility, the utility may have until July 1, ~~2014~~ 2015, to file its plans for reduction at its other wet scrubbed unit at the qualifying facility, and may have until December 31, ~~2014~~ 2018, to implement mercury emissions reduction at that unit.

(b) Until the utility files its plans for the other wet scrubbed unit, the utility must submit to the commission and agency, by July 1 each year, beginning in 2011, a report containing the following information:

(1) mercury control plans for units subject to this section, including how elements of the plans may affect the performance and cost-effectiveness of emission controls for air pollutants other than mercury;

(2) an assessment of the impacts of federal laws regulating various air pollutants emitted by coal-fired power plants that can reasonably be expected to be enacted by 2018 on the utility's units subject to this section, and potential utility responses to those laws, including, but not limited, to:

(i) installing pollution control equipment;

(ii) using pollution allowances to achieve regulatory compliance; and

(iii) retiring or repowering the plant that is the subject of the filing with cleaner fuels considering the costs of complying with state and federal environmental regulations.

For each potential response, the report must include an analysis of the impacts on ratepayers, the utility's financial position, and utility operations, including the impacts on the service life of affected units.

(c) The utility shall consult with the agency, the Department of Commerce, and other interested stakeholders to determine which future federal laws to assess under paragraph (b), clause (2), and the scope of the assessment of the impact of those laws.

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

Sec. 4. Minnesota Statutes 2008, section 216B.6851, subdivision 6, is amended to read:

Subd. 6. **Agency review and commission approval.** (a) The agency shall review the utility's plans as provided in section 216B.684.

(b) The Public Utilities Commission shall review and evaluate a utility's mercury emissions-reduction plans submitted under this section. In its review, the commission shall consider the environmental and public health benefits, the agency's determination of technical feasibility, competitiveness of customer rates, and cost-effectiveness of the utility's proposed mercury-control initiatives in light of the Pollution Control Agency's review under paragraph (a). Within 180 days of receiving the agency's report, the commission shall approve a utility's mercury emissions-reduction plan that the commission reasonably expects will come closest to achieving total mercury reductions at targeted and supplemental units owned by the utility equivalent to a goal of 90 percent reduction of mercury emissions at the utility's targeted units by December 31, ~~2014~~ 2018, in a manner that provides for increased environmental and public health benefits without imposing excessive costs on the utility's customers. If the commission is unable to approve the utility's 90 percent reduction plan filed under subdivision 3, the commission, in consultation with the Pollution Control Agency, shall order the utility to implement the most stringent mercury-control alternative proposed by the utility under this section that provides for increased environmental and public health benefits without imposing excessive costs on the utility's customers.

(c) At each targeted and supplemental unit included in a plan under this section, a utility shall propose to implement mercury emissions-control measures that will result in the greatest reduction of mercury emitted from that unit that is technically feasible without imposing excessive costs."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections reported on the following appointment which had been referred to the committee by the Speaker:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

GREG McCULLOUGH

Reported the same back with the recommendation that the appointment be confirmed.

Pelowski moved that the report of the Committee on State and Local Government Operations Reform, Technology and Elections relating to the appointment of Greg McCullough to the Campaign Finance and Public Disclosure Board be now adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Pelowski moved that the House, having advised, do now consent to and confirm the appointment of Greg McCullough, 5512 McGuire Road, Edina, Minnesota 55439, in the county of Hennepin, effective May 19, 2009, for a four-year term that expires on January 7, 2013. The motion prevailed and the appointment of Greg McCullough was confirmed by the House.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections reported on the following appointment which had been referred to the committee by the Speaker:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

JOHN J. SCANLON

Reported the same back with the recommendation that the appointment be confirmed.

Pelowski moved that the report of the Committee on State and Local Government Operations Reform, Technology and Elections relating to the appointment of John J. Scanlon to the Campaign Finance and Public Disclosure Board be now adopted. The motion prevailed and the report was adopted.

CONFIRMATION

Pelowski moved that the House, having advised, do now consent to and confirm the appointment of John J. Scanlon, 75 Upper Afton Terrace, St. Paul, Minnesota 55106, in the county of Ramsey, effective January 4, 2010, for a four-year term that expires on January 6, 2014. The motion prevailed and the appointment of John J. Scanlon was confirmed by the House.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1396, 1531, 2499, 2699, 2914, 2927, 2958, 3042, 3048, 3117, 3137, 3168, 3318, 3493, 3641 and 3667 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 460 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Doty, Juhnke, Otremba and Ward introduced:

H. F. No. 3730, A bill for an act relating to health; requiring health care providers to participate in the federal TRICARE program as a condition of participating in state and public health care programs; proposing coding for new law in Minnesota Statutes, chapter 62J.

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

Benson and Greiling introduced:

H. F. No. 3731, A bill for an act relating to education finance; lengthening the time when school district lines of credit must be repaid; allowing tax or aid anticipation of credit certificates to be issued for up to two years; amending Minnesota Statutes 2008, sections 123B.12; 126C.54.

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

Emmer introduced:

H. F. No. 3732, A bill for an act relating to retirement; eliminating the employer contribution on behalf of legislators who participate in the state unclassified employees retirement program; amending Minnesota Statutes 2008, section 352D.04, subdivision 2.

The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

Reinert; Huntley; Murphy, M., and Sertich introduced:

H. F. No. 3733, A bill for an act relating to economic development; extending the duration of JOBZ tax incentives; amending Minnesota Statutes 2009 Supplement, section 469.312, subdivision 5.

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

Kath introduced:

H. F. No. 3734, A resolution urging the federal government to provide funding so the state can reimburse medical providers for performing routine procedures and tests on certain veterans.

The bill was read for the first time and referred to the Committee on Agriculture, Rural Economies and Veterans Affairs.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 1671, A bill for an act relating to the financing and operation of state and local government; appropriating money or reducing appropriations for state government, higher education and economic development, environment and natural resources, activities or programs of Department of Commerce, agriculture, veterans affairs, transportation, public safety, judiciary, Uniform Laws Commission, Private Detective Board, human rights, corrections, Sentencing Guidelines Commission, minority boards, public facilities authority, tourism, humanities, public broadcasting, zoos, science museum, and Housing Finance Agency; modifying loan, grant, and scholarship provisions; funding certain projects for veterans; increasing bond limits; establishing a central system office and governing credit transfers for the Minnesota State Colleges and Universities; requiring bond issues for certain projects; modifying investment disposition of mineral fund; modifying mineral fund payments in lieu of taxes; providing for or modifying certain provisions relating to membership of tourism council and film and TV reimbursement amounts; modifying provisions relating to continuing education for certain licensed occupations, securities transaction exemptions, mortgages, and operation of state government; modifying certain Boards of Barber Examiners and Cosmetology provisions; establishing a new trunk highway emergency relief account; amending provisions related to trunk highway bonding, hazardous materials permits, fire safety account, uses of public safety service fee, grants for emergency shelters, and in-service training for peace officers; authorizing county sentence to service programs to charge fees; changing provisions relating to agriculture and veterans affairs; changing provisions for expenses of governor-elect, disposal of old state-owned buildings, public access to parking spaces, fleet management, and lease purchase agreements; providing for operation of a state recycling center and a state Webmaster for state Web sites; providing for Web access to appropriations information; requiring two-sided printing for state use; requiring standards to enhance public access to state electronic data; providing for zero-based budgeting; creating a commission to reengineer delivery of government services; providing for transfers to Help America Vote Act account; changing and creating funds and accounts; modifying provisions for tax return preparers; requesting proposals for enhancing the state's tax collection process and revenues; modifying calculation

of state aids and credits for local government; authorizing and adjusting fees; establishing a pilot project; making technical changes; requiring reports; providing for rulemaking; amending Minnesota Statutes 2008, sections 4.51; 16B.04, subdivision 2; 16B.24, subdivision 3; 16B.48, subdivision 2; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 18G.07; 79.34, subdivision 1; 80A.46; 80A.65, subdivision 1; 97A.061, subdivision 1; 103G.705, subdivision 2; 115A.15, subdivision 6; 116L.17, subdivision 2; 116U.25; 116U.26; 136A.121, subdivision 6; 136A.1701, subdivision 4; 136A.29, subdivision 9; 154.06; 154.065, subdivision 2; 154.07, by adding a subdivision; 154.15, by adding a subdivision; 161.04, by adding a subdivision; 273.1384, by adding a subdivision; 297I.06, subdivision 3; 326B.148, subdivision 1; 403.11, subdivision 1; 471.6175, subdivision 4; 477A.013, subdivision 9; 477A.03, subdivisions 2a, 2b; 477A.12, subdivision 1; 611A.32, subdivisions 1, 2; 626.8458, subdivision 5; 641.12, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 16A.152, subdivision 2; 16A.82; 16E.02, subdivision 1; 45.30, subdivision 6; 136A.121, subdivision 9; 136F.98, subdivision 1; 154.002; 154.003; 155A.23, by adding a subdivision; 155A.24, subdivision 2, by adding subdivisions; 155A.25; 190.19, subdivision 2a; 270C.145; 273.111, subdivision 9; 275.70, subdivision 5; 289A.08, subdivision 16; 298.294; 299A.45, subdivision 1; 357.021, subdivision 7; Laws 2007, chapter 45, article 1, section 3, subdivisions 4, as amended, 5, as amended; Laws 2009, chapter 37, article 2, section 13; Laws 2009, chapter 78, article 1, section 3, subdivision 2; article 7, section 2; Laws 2009, chapter 83, article 1, sections 10, subdivisions 4, 7; 11; 14, subdivision 2; Laws 2009, chapter 94, article 1, section 3, subdivision 5; article 3, section 2, subdivision 3; Laws 2009, chapter 95, article 1, sections 3, subdivisions 6, 21; 5, subdivision 2; Laws 2009, chapter 101, article 1, section 31; proposing coding for new law in Minnesota Statutes, chapters 10; 15B; 16A; 16B; 97A; 136A; 136F; 477A; repealing Minnesota Statutes 2008, sections 13.721, subdivision 4; 136A.127, subdivisions 1, 3, 5, 6, 7, 10, 11; 154.07, subdivision 5; 176.135, subdivision 1b; 221.0355, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18; 477A.03, subdivision 5; Minnesota Statutes 2009 Supplement, sections 135A.61; 136A.121, subdivision 9b; 136A.127, subdivisions 2, 4, 9, 9b, 10a, 14.

The Senate has appointed as such committee:

Senators: Cohen, Bakk, Higgins, Vickerman and Murphy.

Said House File is herewith returned to the House.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Madam Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 8, A Senate concurrent resolution relating to adjournment for more than three days.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Senate Concurrent Resolution No. 8 was referred to the Committee on Rules and Legislative Administration.

CALENDAR FOR THE DAY

The Speaker called Hortman to the Chair.

H. F. No. 1182 was reported to the House.

Bly moved to amend H. F. No. 1182, the second engrossment, as follows:

Page 2, delete section 3

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

Abeler	Dettmer	Haws	Lanning	Nelson	Severson
Anderson, B.	Dill	Hayden	Lenczewski	Newton	Shimanski
Anderson, P.	Dittrich	Hilstrom	Liebling	Nornes	Simon
Anderson, S.	Doepke	Hilty	Lieder	Norton	Slawik
Anzelc	Doty	Holberg	Lillie	Obermueller	Slocum
Beard	Downey	Hoppe	Loeffler	Olin	Smith
Benson	Drazkowski	Hornstein	Loon	Otremba	Solberg
Bigham	Eastlund	Hortman	Mack	Paymar	Sterner
Bly	Eken	Hosch	Magnus	Pelowski	Swails
Brod	Emmer	Howes	Mahoney	Peppin	Thao
Brown	Falk	Jackson	Mariani	Persell	Tillberry
Brynaert	Faust	Johnson	Marquart	Peterson	Torkelson
Buesgens	Fritz	Juhnke	Masin	Poppe	Urdahl
Bunn	Gardner	Kahn	McFarlane	Reinert	Wagenius
Carlson	Gottwalt	Kalin	McNamara	Rosenthal	Ward
Champion	Greiling	Kath	Morgan	Ruud	Welti
Clark	Gunther	Kelly	Morrow	Sailer	Westrom
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Winkler
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Seifert	Spk. Kelliher
Demmer	Hausman	Laine	Murphy, M.	Sertich	

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

The question recurred on the Bly amendment and the roll was called. There were 57 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anzelc	Bunn	Davnie	Fritz	Hayden	Johnson
Benson	Carlson	Dill	Gardner	Hilstrom	Juhnke
Bly	Champion	Dittrich	Greiling	Hilty	Kahn
Brynaert	Clark	Eken	Hausman	Hornstein	Kalin

Knuth	Loeffler	Murphy, M.	Rosenthal	Simon	Tillberry
Laine	Mariani	Nelson	Rukavina	Slawik	Wagenius
Lenczewski	Marquart	Norton	Ruud	Slocum	Winkler
Liebling	Masin	Obermueller	Sailer	Solberg	
Lieder	Mullery	Persell	Scalze	Sterner	
Lillie	Murphy, E.	Peterson	Sertich	Thao	

Those who voted in the negative were:

Abeler	Dettmer	Hackbarth	Kelly	Murdock	Severson
Anderson, B.	Doepke	Hamilton	Kiffmeyer	Newton	Shimanski
Anderson, P.	Doty	Hansen	Koenen	Nornes	Smith
Anderson, S.	Downey	Haws	Lanning	Olin	Swails
Beard	Drazkowski	Holberg	Loon	Otremba	Torkelson
Bigham	Eastlund	Hoppe	Mack	Paymar	Urdahl
Brod	Emmer	Hortman	Magnus	Pelowski	Ward
Brown	Falk	Hosch	Mahoney	Peppin	Welti
Buesgens	Faust	Howes	McFarlane	Poppe	Westrom
Davids	Garofalo	Huntley	McNamara	Reinert	Zellers
Dean	Gottwalt	Jackson	Morgan	Sanders	Spk. Kelliher
Demmer	Gunther	Kath	Morrow	Seifert	

The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE LIFTED

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

H. F. No. 1182, A bill for an act relating to eminent domain; clarifying use of eminent domain authority by public service corporations; amending Minnesota Statutes 2008, sections 117.225; 216E.03, subdivision 7; Minnesota Statutes 2009 Supplement, section 117.189.

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 123 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abeler	Bunn	Downey	Gunther	Hosch	Koenen
Anderson, B.	Carlson	Drazkowski	Hackbarth	Howes	Laine
Anderson, P.	Champion	Eastlund	Hamilton	Huntley	Lenczewski
Anderson, S.	Clark	Eken	Hausman	Jackson	Liebling
Anzelc	Davids	Emmer	Haws	Johnson	Lieder
Benson	Davnie	Falk	Hayden	Juhnke	Lillie
Bigham	Dean	Faust	Hilstrom	Kahn	Loeffler
Bly	Demmer	Fritz	Hilty	Kalin	Loon
Brod	Dettmer	Gardner	Holberg	Kath	Mack
Brown	Dill	Garofalo	Hoppe	Kelly	Magnus
Brynaert	Dittrich	Gottwalt	Hornstein	Kiffmeyer	Mariani
Buesgens	Doty	Greiling	Hortman	Knuth	Marquart

Masin	Nelson	Peppin	Sanders	Smith	Ward
McFarlane	Newton	Persell	Scalze	Solberg	Welti
McNamara	Nornes	Peterson	Seifert	Sterner	Westrom
Morgan	Norton	Poppe	Sertich	Swails	Winkler
Morrow	Obermueller	Reinert	Severson	Thao	Zellers
Mullery	Olin	Rosenthal	Shimanski	Tillberry	Spk. Kelliher
Murdock	Otremba	Rukavina	Simon	Torkelson	
Murphy, E.	Paymar	Ruud	Slawik	Urdahl	
Murphy, M.	Pelowski	Sailer	Slocum	Wagenius	

Those who voted in the negative were:

Beard	Doepke	Hansen	Lanning	Mahoney
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The bill was passed and its title agreed to.

H. F. No. 3174 was reported to the House.

Emmer moved to amend H. F. No. 3174, the first engrossment, as follows:

Page 3, after line 26, insert:

"Sec. 3. Minnesota Statutes 2008, section 609.1351, is amended to read:

609.1351 ~~PETITION~~ LIFE SENTENCES FOR SEX OFFENDERS ELIGIBLE FOR CIVIL COMMITMENT.

When a court sentences a person under section 609.342, 609.343, 609.344, 609.345, 609.3453, or 609.3455, subdivision 3a, the court shall ~~make a preliminary determination~~ determine whether the person meets the criteria for civil commitment as a sexual psychopathic personality or a sexually dangerous person in the court's opinion a petition under section 253B.185 ~~may be appropriate and include the determination as part of the sentencing order.~~ Notwithstanding any law to the contrary, if the court determines that the offender meets the criteria for civil commitment under section 253B.185, the court shall sentence the person to life in prison a petition may be appropriate, the court shall forward its preliminary determination along with supporting documentation to the county attorney.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 4. **INSTRUCTION TO COMMISSIONERS; FACILITIES.**

The commissioners of corrections and human services shall prepare the facilities needed to reflect the sentencing changes made in section 609.1351."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Bigham moved that H. F. No. 3174 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 2915, A bill for an act relating to bridges; providing for ongoing prioritization of bridge projects; amending Minnesota Statutes 2008, section 165.14, subdivision 4, by adding a subdivision.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzelc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Tillberry
Brod	Falk	Huntley	Mariani	Peterson	Torkelson
Brown	Faust	Jackson	Marquart	Poppe	Urdahl
Brynaert	Fritz	Johnson	Masin	Reinert	Wagenius
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Ward
Bunn	Garofalo	Kahn	McNamara	Rukavina	Welti
Carlson	Gottwalt	Kalin	Morgan	Ruud	Westrom
Champion	Greiling	Kath	Morrow	Sailer	Winkler
Clark	Gunther	Kelly	Mullery	Sanders	Zellers
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Spk. Kelliher
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

The bill was passed and its title agreed to.

H. F. No. 3460, A bill for an act relating to motor vehicles; changing definition to conform to International Registration Plan for commercial motor vehicles; amending Minnesota Statutes 2008, section 168.187, subdivision 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 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, S.	Benson	Brod	Bunn	Clark
Anderson, B.	Anzelc	Bigham	Brown	Carlson	Davids
Anderson, P.	Beard	Bly	Brynaert	Champion	Davnie

Dean	Gunther	Kahn	Marquart	Peppin	Solberg
Demmer	Hackbarth	Kalin	Masin	Persell	Sterner
Dettmer	Hamilton	Kath	McFarlane	Peterson	Swails
Dill	Hansen	Kelly	McNamara	Poppe	Thao
Dittrich	Hausman	Kiffmeyer	Morgan	Reinert	Thissen
Doepke	Haws	Knuth	Morrow	Rosenthal	Tillberry
Doty	Hayden	Koenen	Mullery	Rukavina	Torkelson
Downey	Hilstrom	Laine	Murdock	Ruud	Urdahl
Drazkowski	Hilty	Lanning	Murphy, E.	Sailer	Wagenius
Eastlund	Holberg	Lenczewski	Murphy, M.	Sanders	Ward
Eken	Hoppe	Liebling	Nelson	Scalze	Welti
Emmer	Hornstein	Lieder	Newton	Seifert	Winkler
Falk	Hortman	Lillie	Nornes	Sertich	Zellers
Faust	Hosch	Loeffler	Norton	Severson	Spk. Kelliher
Fritz	Howes	Loon	Obermueller	Shimanski	
Gardner	Huntley	Mack	Olin	Simon	
Garofalo	Jackson	Magnus	Otremba	Slawik	
Gottwalt	Johnson	Mahoney	Paymar	Slocum	
Greiling	Juhnke	Mariani	Pelowski	Smith	

Those who voted in the negative were:

Buesgens Westrom

The bill was passed and its title agreed to.

H. F. No. 2851, A bill for an act relating to highways; amending description of trunk highway route; removing route from trunk highway system; amending Minnesota Statutes 2008, section 161.115, subdivision 263.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gardner	Hosch	Lieder	Murphy, M.
Anderson, B.	Davnie	Garofalo	Howes	Lillie	Nelson
Anderson, P.	Dean	Gottwalt	Huntley	Loeffler	Newton
Anderson, S.	Demmer	Greiling	Jackson	Loon	Nornes
Anzelc	Dettmer	Gunther	Johnson	Mack	Norton
Beard	Dill	Hackbarth	Juhnke	Magnus	Obermueller
Benson	Dittrich	Hamilton	Kahn	Mahoney	Olin
Bigham	Doepke	Hansen	Kalin	Mariani	Otremba
Bly	Doty	Hausman	Kath	Marquart	Paymar
Brod	Downey	Haws	Kelly	Masin	Pelowski
Brown	Drazkowski	Hayden	Kiffmeyer	McFarlane	Peppin
Brynaert	Eastlund	Hilstrom	Knuth	McNamara	Persell
Buesgens	Eken	Hilty	Koenen	Morgan	Peterson
Bunn	Emmer	Holberg	Laine	Morrow	Poppe
Carlson	Falk	Hoppe	Lanning	Mullery	Reinert
Champion	Faust	Hornstein	Lenczewski	Murdock	Rosenthal
Clark	Fritz	Hortman	Liebling	Murphy, E.	Rukavina

Ruud	Sertich	Slocum	Thao	Wagenius	Zellers
Sailer	Severson	Smith	Thissen	Ward	Spk. Kelliher
Sanders	Shimanski	Solberg	Tillberry	Welti	
Scalze	Simon	Sterner	Torkelson	Westrom	
Seifert	Slawik	Swails	Urdahl	Winkler	

The bill was passed and its title agreed to.

H. F. No. 2881 was reported to the House.

Gottwalt and Kiffmeyer moved to amend H. F. No. 2881, the first engrossment, as follows:

Page 2, line 7, after "means" insert "licensed or certified"

The motion prevailed and the amendment was adopted.

H. F. No. 2881, A bill for an act relating to public safety; authorizing certain qualified persons with medical training or supervision to take blood samples from DWI offenders; providing legal immunity; amending Minnesota Statutes 2008, section 169A.51, subdivision 7.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzalc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Thissen
Brod	Falk	Huntley	Mariani	Peterson	Tillberry
Brown	Faust	Jackson	Marquart	Poppe	Torkelson
Brynaert	Fritz	Johnson	Masin	Reinert	Urdahl
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Wagenius
Bunn	Garofalo	Kahn	McNamara	Rukavina	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Welti
Champion	Greiling	Kath	Morrow	Sailer	Westrom
Clark	Gunther	Kelly	Mullery	Sanders	Winkler
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Zellers
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	Spk. Kelliher
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

The bill was passed, as amended, and its title agreed to.

S. F. No. 2596, A bill for an act relating to health occupations; modifying a mental health substance abuse review provision; modifying licensure requirements for psychologists; amending Minnesota Statutes 2008, sections 148.90, subdivision 1; 148.909; 148.915; 148.916, subdivision 1, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 62M.09, subdivision 3a.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzelc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Thissen
Brod	Falk	Huntley	Mariani	Peterson	Tillberry
Brown	Faust	Jackson	Marquart	Poppe	Torkelson
Brynaert	Fritz	Johnson	Masin	Reinert	Urdahl
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Wagenius
Bunn	Garofalo	Kahn	McNamara	Rukavina	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Welti
Champion	Greiling	Kath	Morrow	Sailer	Westrom
Clark	Gunther	Kelly	Mullery	Sanders	Winkler
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Zellers
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	Spk. Kelliher
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

The bill was passed and its title agreed to.

H. F. No. 2360 was reported to the House.

Brod offered an amendment to H. F. No. 2360, the second engrossment.

POINT OF ORDER

Davnie raised a point of order pursuant to rule 3.21 that the Brod amendment was not in order. Speaker pro tempore Hortman ruled the point of order well taken and the Brod amendment out of order.

H. F. No. 2360, A bill for an act relating to Special School District No. 1, Minneapolis; providing for two members appointed by Special School District No. 1, Minneapolis, on the Minneapolis redistricting commission; establishing standards.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzelc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Thissen
Brod	Falk	Huntley	Mariani	Peterson	Tillberry
Brown	Faust	Jackson	Marquart	Poppe	Torkelson
Brynaert	Fritz	Johnson	Masin	Reinert	Urdahl
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Wagenius
Bunn	Garofalo	Kahn	McNamara	Rukavina	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Welti
Champion	Greiling	Kath	Morrow	Sailer	Westrom
Clark	Gunther	Kelly	Mullery	Sanders	Winkler
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Zellers
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	Spk. Kelliher
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

The bill was passed and its title agreed to.

H. F. No. 2786 was reported to the House.

Buesgens moved to amend H. F. No. 2786, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. **SPIRIT MOUNTAIN RECREATION AREA PROPERTY SOLD.**

The Spirit Mountain Recreation Area Authority and the city of Duluth must sell off all real and personal property constituting the Spirit Mountain Recreation Area by December 31, 2010. Proceeds of the sale of the property, after payment of all debts and obligations related to the recreation area or the authority, must be deposited in the general fund for the city of Duluth.

Sec. 2. **SPIRIT MOUNTAIN RECREATION AREA AUTHORITY ABOLISHED.**

The Spirit Mountain Recreation Area Authority is abolished, effective December 31, 2010.

Sec. 3. **REPEALER.**

Laws 1973, chapter 327, as amended by Laws 1974, chapter 345, section 1, Laws 1974, chapter 345, section 2, Laws 1974, chapter 345, section 3, Laws 1979, chapter 87, section 1, Laws 1979, chapter 87, section 2, Laws 1979, chapter 87, section 3, Laws 1979, chapter 87, section 4, Laws 1979, chapter 270, section 1, Laws 1979, chapter 270, section 2, Laws 1984, chapter 390, section 1, Laws 1992, chapter 476, section 13, Laws 2008, chapter 198, section 1, are repealed.

Sec. 4. **EFFECTIVE DATE; LOCAL APPROVAL.**

This act is effective the day after the governing body of the city of Duluth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

H. F. No. 2786, A bill for an act relating to the city of Duluth; providing for membership of the Spirit Mountain Recreation Area Authority; amending Laws 1973, chapter 327, section 2, subdivision 2, as amended.

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 119 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hoppe	Lieder	Nornes	Shimanski
Anderson, B.	Doepke	Hornstein	Lillie	Norton	Simon
Anderson, P.	Doty	Hortman	Loeffler	Obermueller	Slawik
Anderson, S.	Eastlund	Hosch	Loon	Olin	Slocum
Anzelc	Eken	Howes	Mack	Otremba	Smith
Beard	Falk	Huntley	Magnus	Paymar	Solberg
Benson	Faust	Jackson	Mahoney	Pelowski	Sterner
Bigham	Fritz	Johnson	Mariani	Persell	Swails
Bly	Gardner	Juhnke	Marquart	Peterson	Thao
Brown	Garofalo	Kahn	Masin	Poppe	Thissen
Brynaert	Gottwalt	Kalin	McFarlane	Reinert	Tillberry
Bunn	Greiling	Kath	McNamara	Rosenthal	Torkelson
Carlson	Gunther	Kelly	Morgan	Rukavina	Urdahl
Champion	Hamilton	Kiffmeyer	Morrow	Ruud	Wagenius
Clark	Hansen	Knuth	Mullery	Sailer	Ward
Davids	Hausman	Koenen	Murdock	Sanders	Welti
Davnie	Haws	Laine	Murphy, E.	Scalze	Winkler
Dean	Hayden	Lanning	Murphy, M.	Seifert	Zellers
Dettmer	Hilstrom	Lenczewski	Nelson	Sertich	Spk. Kelliher
Dill	Hilty	Liebling	Newton	Severson	

Those who voted in the negative were:

Brod	Demmer	Drzkowski	Hackbarth	Peppin
Buesgens	Downey	Emmer	Holberg	Westrom

The bill was passed and its title agreed to.

H. F. No. 3096, A bill for an act relating to state procurement; modifying provisions governing the provision of services by rehabilitation facilities, extended employment providers, and day training and habilitation service programs; amending Minnesota Statutes 2008, section 16C.155.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lenczewski	Nornes	Simon
Anderson, B.	Dittrich	Hilstrom	Liebling	Norton	Slawik
Anderson, P.	Doepke	Hilty	Lieder	Obermueller	Slocum
Anderson, S.	Doty	Holberg	Lillie	Olin	Smith
Anzelc	Downey	Hoppe	Loeffler	Otremba	Solberg
Beard	Drazkowski	Hornstein	Loon	Paymar	Sterner
Benson	Eastlund	Hortman	Mack	Pelowski	Swails
Bigham	Eken	Hosch	Magnus	Peppin	Thao
Bly	Emmer	Howes	Mahoney	Persell	Thissen
Brod	Falk	Huntley	Mariani	Peterson	Tillberry
Brown	Faust	Jackson	Marquart	Poppe	Torkelson
Brynaert	Fritz	Johnson	Masin	Reinert	Urdahl
Buesgens	Gardner	Juhnke	McFarlane	Rosenthal	Wagenius
Bunn	Garofalo	Kahn	McNamara	Rukavina	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Welti
Champion	Greiling	Kath	Morrow	Sailer	Westrom
Clark	Gunther	Kelly	Mullery	Sanders	Winkler
Davids	Hackbarth	Kiffmeyer	Murdock	Scalze	Zellers
Davnie	Hamilton	Knuth	Murphy, E.	Seifert	Spk. Kelliher
Dean	Hansen	Koenen	Murphy, M.	Sertich	
Demmer	Hausman	Laine	Nelson	Severson	
Dettmer	Haws	Lanning	Newton	Shimanski	

The bill was passed and its title agreed to.

S. F. No. 3167, A bill for an act relating to local government; providing for town meeting minutes; amending Minnesota Statutes 2008, section 365.55.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Brown	Champion	Demmer	Doty
Anderson, B.	Benson	Brynaert	Clark	Dettmer	Downey
Anderson, P.	Bigham	Buesgens	Davids	Dill	Drazkowski
Anderson, S.	Bly	Bunn	Davnie	Dittrich	Eastlund
Anzelc	Brod	Carlson	Dean	Doepke	Eken

Emmer	Holberg	Kohls	Morgan	Peterson	Solberg
Falk	Hoppe	Laine	Morrow	Poppe	Sterner
Faust	Hornstein	Lanning	Mullery	Reinert	Swails
Fritz	Hortman	Lenczewski	Murdock	Rosenthal	Thao
Gardner	Hosch	Liebling	Murphy, E.	Rukavina	Thissen
Garofalo	Howes	Lieder	Murphy, M.	Ruud	Tillberry
Gottwalt	Huntley	Lillie	Nelson	Sailer	Torkelson
Greiling	Jackson	Loeffler	Newton	Sanders	Urdahl
Gunther	Johnson	Loon	Nornes	Scalze	Wagenius
Hackbarth	Juhnke	Mack	Norton	Seifert	Ward
Hamilton	Kahn	Magnus	Obermueller	Sertich	Welti
Hansen	Kalin	Mahoney	Olin	Severson	Westrom
Hausman	Kath	Mariani	Otremba	Shimanski	Winkler
Haws	Kelly	Marquart	Paymar	Simon	Zellers
Hayden	Kiffmeyer	Masin	Pelowski	Slawik	Spk. Kelliher
Hilstrom	Knuth	McFarlane	Peppin	Slocum	
Hilty	Koenen	McNamara	Persell	Smith	

The bill was passed and its title agreed to.

H. F. No. 212, A bill for an act relating to courts; eliminating the prerequisite of pretrial filing of a transcript for admission into evidence of law enforcement vehicle recordings; proposing coding for new law in Minnesota Statutes, chapter 634.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lanning	Newton	Shimanski
Anderson, B.	Dittrich	Hilstrom	Lenczewski	Nornes	Simon
Anderson, P.	Doepke	Hilty	Liebling	Norton	Slawik
Anderson, S.	Doty	Holberg	Lieder	Obermueller	Slocum
Anzelc	Downey	Hoppe	Lillie	Olin	Smith
Beard	Drazkowski	Hornstein	Loeffler	Otremba	Solberg
Benson	Eastlund	Hortman	Loon	Paymar	Sterner
Bigham	Eken	Hosch	Mack	Pelowski	Swails
Bly	Emmer	Howes	Magnus	Peppin	Thao
Brod	Falk	Huntley	Mahoney	Persell	Thissen
Brown	Faust	Jackson	Mariani	Peterson	Tillberry
Brynaert	Fritz	Johnson	Marquart	Poppe	Torkelson
Buesgens	Gardner	Juhnke	Masin	Reinert	Urdahl
Bunn	Garofalo	Kahn	McFarlane	Rosenthal	Wagenius
Carlson	Gottwalt	Kalin	McNamara	Rukavina	Ward
Champion	Greiling	Kath	Morgan	Ruud	Welti
Clark	Gunther	Kelly	Morrow	Sailer	Westrom
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Winkler
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Seifert	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Sertich	
Dettmer	Haws	Laine	Nelson	Severson	

The bill was passed and its title agreed to.

H. F. No. 3143, A bill for an act relating to tourism; amending council membership requirements; amending Minnesota Statutes 2008, section 116U.25.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lanning	Newton	Shimanski
Anderson, B.	Dittrich	Hilstrom	Lenczewski	Nornes	Simon
Anderson, P.	Doepke	Hilty	Liebling	Norton	Slawik
Anderson, S.	Doty	Holberg	Lieder	Obermueller	Slocum
Anzelc	Downey	Hoppe	Lillie	Olin	Smith
Beard	Drazkowski	Hornstein	Loeffler	Otremba	Solberg
Benson	Eastlund	Hortman	Loon	Paymar	Sterner
Bigham	Eken	Hosch	Mack	Pelowski	Swails
Bly	Emmer	Howes	Magnus	Peppin	Thao
Brod	Falk	Huntley	Mahoney	Persell	Thissen
Brown	Faust	Jackson	Mariani	Peterson	Tillberry
Brynaert	Fritz	Johnson	Marquart	Poppe	Torkelson
Buesgens	Gardner	Juhnke	Masin	Reinert	Urdahl
Bunn	Garofalo	Kahn	McFarlane	Rosenthal	Wagenius
Carlson	Gottwalt	Kalin	McNamara	Rukavina	Ward
Champion	Greiling	Kath	Morgan	Ruud	Welti
Clark	Gunther	Kelly	Morrow	Sailer	Westrom
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Winkler
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Seifert	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Sertich	
Dettmer	Haws	Laine	Nelson	Severson	

The bill was passed and its title agreed to.

Speaker pro tempore Hortman called Liebling to the Chair.

H. F. No. 3263 was reported to the House.

Urdahl moved to amend H. F. No. 3263, the first engrossment, as follows:

Page 2, after line 14, insert:

"Sec. 2. Minnesota Statutes 2008, section 171.12, subdivision 6, is amended to read:

Subd. 6. **Certain convictions not recorded.** (a) Except as provided in paragraph (b), the department shall not keep on the record of a driver any conviction for a violation of a speed limit of 55 or 60 miles per hour unless the violation consisted of a speed greater than ten miles per hour in excess of ~~a 55 miles per hour~~ the speed limit, ~~or more than five miles per hour in excess of a 60 miles per hour speed limit.~~

(b) This subdivision does not apply to (1) a violation that occurs in a commercial motor vehicle, or (2) a violation committed by a holder of a class A, B, or C commercial driver's license, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Hortman raised a point of order pursuant to rule 3.21 that the Urdahl amendment was not in order. Speaker pro tempore Liebling ruled the point of order not well taken and the Urdahl amendment in order.

The question recurred on the Urdahl amendment and the roll was called. There were 112 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Laine	Nornes	Simon
Anderson, B.	Dill	Hausman	Lanning	Obermueller	Slawik
Anderson, P.	Dittrich	Haws	Lenczewski	Olin	Slocum
Anderson, S.	Doepke	Hayden	Lieder	Otremba	Smith
Anzelc	Doty	Hilstrom	Lillie	Pelowski	Solberg
Beard	Downey	Hilty	Loon	Peppin	Swails
Benson	Drazkowski	Holberg	Mack	Peterson	Thao
Bigham	Eastlund	Hoppe	Magnus	Poppe	Thissen
Bly	Eken	Hosch	Mahoney	Reinert	Tillberry
Brod	Emmer	Howes	Mariani	Rosenthal	Torkelson
Brown	Falk	Huntley	Marquart	Rukavina	Urdahl
Buesgens	Faust	Jackson	Masin	Ruud	Wagenius
Bunn	Fritz	Johnson	McFarlane	Sailer	Ward
Champion	Gardner	Juhnke	McNamara	Sanders	Westrom
Clark	Gottwalt	Kath	Morgan	Scalze	Winkler
Davids	Greiling	Kelly	Morrow	Seifert	Zellers
Davnie	Gunther	Kiffmeyer	Mullery	Sertich	Spk. Kelliher
Dean	Hackbarth	Koenen	Murdock	Severson	
Demmer	Hamilton	Kohls	Murphy, M.	Shimanski	

Those who voted in the negative were:

Hornstein	Kalin	Loeffler	Norton	Welti
Hortman	Knuth	Nelson	Persell	
Kahn	Liebling	Newton	Sternor	

The motion prevailed and the amendment was adopted.

Garofalo moved to amend H. F. No. 3263, the first engrossment, as amended, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2008, section 169.14, is amended by adding a subdivision to read:

Subd. 4b. **Speed limit enforcement on Interstate Highway 35E.** On marked Interstate Highway 35E from West Seventh Street to marked Interstate Highway 94 in St. Paul, no enforcement officer may issue a speeding ticket unless the speed of a driver is in excess of 55 miles per hour."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Garofalo amendment and the roll was called. There were 52 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dill	Hackbarth	Lanning	Nornes	Severson
Anderson, P.	Drazkowski	Hamilton	Lillie	Obermueller	Shimanski
Anderson, S.	Eastlund	Holberg	Loon	Olin	Smith
Beard	Emmer	Howes	Mack	Peppin	Torkelson
Brod	Falk	Huntley	Magnus	Poppe	Urdahl
Buesgens	Faust	Kelly	McFarlane	Reinert	Westrom
Davids	Garofalo	Kiffmeyer	McNamara	Rukavina	Zellers
Dean	Gottwalt	Koenen	Morgan	Sanders	
Dettmer	Gunther	Kohls	Murdock	Seifert	

Those who voted in the negative were:

Abeler	Dittrich	Hilty	Lenczewski	Newton	Slawik
Anzelc	Doepke	Hoppe	Liebling	Norton	Slocum
Benson	Doty	Hornstein	Lieder	Otremba	Solberg
Bigham	Downey	Hortman	Loeffler	Paymar	Sterner
Bly	Eken	Hosch	Mahoney	Pelowski	Swails
Brown	Fritz	Jackson	Mariani	Persell	Thao
Brynaert	Gardner	Johnson	Marquart	Peterson	Thissen
Bunn	Greiling	Juhnke	Masin	Rosenthal	Tillberry
Carlson	Hansen	Kahn	Morrow	Ruud	Wagenius
Champion	Hausman	Kalin	Mullery	Sailer	Ward
Clark	Haws	Kath	Murphy, E.	Scalze	Walti
Davnie	Hayden	Knuth	Murphy, M.	Sertich	Winkler
Demmer	Hilstrom	Laine	Nelson	Simon	Spk. Kelliher

The motion did not prevail and the amendment was not adopted.

Hoppe moved to amend H. F. No. 3263, the first engrossment, as amended, as follows:

Page 2, after line 14, insert:

"Sec. 2. Minnesota Statutes 2008, section 169.18, subdivision 7, is amended to read:

Subd. 7. **Laned highway.** When any roadway has been divided into two or more clearly marked lanes for traffic, the following rules, in addition to all others consistent herewith, shall apply:

(a) A vehicle shall be driven as nearly as practicable entirely within a single lane and shall not be moved from such lane until the driver has first ascertained that such movement can be made with safety.

(b) Upon a roadway which is not a one-way roadway and which is divided into three lanes, a vehicle shall not be driven in the center lane except when overtaking and passing another vehicle where the roadway is clearly visible and such center lane is clear of traffic within a safe distance, or in preparation for a left turn or where such center lane is at the time allocated exclusively to traffic moving in the direction the vehicle is proceeding, and is signposted to give notice of such allocation. The left lane of a three-lane roadway which is not a one-way roadway shall not be used for overtaking and passing another vehicle.

(c) Official signs may be erected by a road authority directing slow-moving traffic to use a designated lane or allocating specified lanes to traffic moving in the same direction, and must be erected as appropriate to instruct motorists of the requirements under subdivision 10. Drivers of vehicles shall obey the directions of every such sign.

(d) Whenever a bicycle lane has been established on a roadway, any person operating a motor vehicle on such roadway shall not drive in the bicycle lane except to park where parking is permitted, to enter or leave the highway, or to prepare for a turn as provided in section 169.19, subdivision 1.

(e) A vehicle must be driven in the right-hand lane according to subdivision 10.

Sec. 3. Minnesota Statutes 2008, section 169.18, subdivision 10, is amended to read:

Subd. 10. **Slow-moving Vehicle operation in right-hand lane.** ~~(a) Upon all roadways any, including freeways and expressways as defined in section 160.02, a vehicle proceeding at less than the normal speed of traffic at the time and place and under the conditions then existing shall~~ must be driven in the right-hand lane then available for traffic, or as close as practicable to the right-hand curb or edge of the roadway, if safe and practicable to do so, except:

(1) when overtaking and passing another vehicle proceeding in the same direction;~~or;~~

(2) when preparing for a left turn at an intersection or into a private road or driveway;~~or;~~

(3) when a specific lane is designated and posted for a specific type of traffic;

(4) when necessary to enter or exit an expressway, freeway, interstate highway, or other controlled-access highway;

(5) when otherwise directed (i) by an official traffic-control device, (ii) by a peace officer, or (iii) in a highway work zone, as defined in section 169.14, subdivision 5d; or

(6) when expressly allowed or required by other law.

(b) A person who violates paragraph (a) is subject to a fine of \$50.

Sec. 4. Minnesota Statutes 2008, section 169.18, is amended by adding a subdivision to read:

Subd. 13. **Traffic safety education account; appropriation.** (a) A traffic safety education account is established in the general fund. Notwithstanding sections 299D.03, subdivision 5; 484.841, subdivision 1; 484.85; and 484.90, subdivision 6, the account consists of any fines collected under subdivision 10, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of public safety, for the State Patrol to conduct traffic safety educational programs, including but not limited to review of traffic regulations and instruction on safe driving behavior.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 5. Minnesota Statutes 2008, section 171.13, is amended by adding a subdivision to read:

Subd. 1k. **Driver's manual; restricted driving in left lane.** The commissioner shall include in each edition of the driver's manual published by the department after August 1, 2010, instructions relating to the requirement to drive a motor vehicle in the right-hand lane, and the circumstances under which a driver is allowed to drive in the left-most lane of a highway that is divided into more than one lane in the same direction of travel, as provided under section 169.18, subdivision 10.

Sec. 6. Minnesota Statutes 2009 Supplement, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this paragraph, the court shall impose and the court administrator shall collect a \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking, for which there shall be a \$12 surcharge. When a defendant is convicted of more than one offense in a case, the surcharge shall be imposed only once in that case. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) If the court fails to impose a surcharge as required by this subdivision, the court administrator shall show the imposition of the surcharge, collect the surcharge, and correct the record.

(c) The court may not waive payment of the surcharge required under this subdivision. Upon a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family, the sentencing court may authorize payment of the surcharge in installments.

(d) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of management and budget.

(e) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the court administrator or other entity collecting the surcharge imposed by the court.

(f) A person who successfully completes a diversion or similar program for a violation of chapter 169 must pay the surcharge described in this subdivision.

(g) The surcharge does not apply to (1) administrative citations issued pursuant to section 169.999, and (2) citations under section 169.18, subdivision 10.

Sec. 7. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 171.13, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, 1i, 1j, and 1k, as Minnesota Statutes, section 171.125."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Westrom, Nornes and Rukavina moved to amend H. F. No. 3263, the first engrossment, as amended, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 169.14, subdivision 2, is amended to read:

Subd. 2. **Speed limits.** (a) Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful:

(1) 30 miles per hour in an urban district;

(2) 65 miles per hour on noninterstate expressways, as defined in section 160.02, subdivision 18b, and noninterstate freeways, as defined in section 160.02, subdivision 19;

(3) 55 miles per hour in locations other than those specified in this section;

(4) 70 miles per hour on interstate highways outside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;

(5) 65 miles per hour on interstate highways inside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;

(6) 65 miles per hour on noninterstate highways that are outside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner, and that are not specified in clause (2), except that the speed limit for such highways is 55 miles per hour during nighttime;

~~(6)~~ (7) ten miles per hour in alleys;

~~(7)~~ (8) 25 miles per hour in residential roadways if adopted by the road authority having jurisdiction over the residential roadway; and

~~(8)~~ (9) 35 miles per hour in a rural residential district if adopted by the road authority having jurisdiction over the rural residential district.

(b) A speed limit adopted under paragraph (a), clause ~~(7)~~ (8), is not effective unless the road authority has erected signs designating the speed limit and indicating the beginning and end of the residential roadway on which the speed limit applies.

(c) A speed limit adopted under paragraph (a), clause ~~(8)~~ (9), is not effective unless the road authority has erected signs designating the speed limit and indicating the beginning and end of the rural residential district for the roadway on which the speed limit applies.

(d) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established in this subdivision, or a speed limit designated on an appropriate sign under subdivision 4, 5, 5b, 5c, or 5e, by driving 20 miles per hour or more in excess of the applicable speed limit, is assessed an additional surcharge equal to the amount of the fine imposed for the speed violation, but not less than \$25.

(e) The commissioner may reduce the speed limit under paragraph (a), clause (6), as provided under subdivision 4 or 5, if the commissioner identifies specific traffic safety factors on that segment of road that have a substantive negative impact directly due to the speed limit.

(f) If the provisions of paragraph (a), clause (6), or paragraph (e), require any additional money to implement, the commissioner may delay implementation of those provisions until funding is available."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Torkelson, Magnus, Brod and Anderson, B., offered an amendment to H. F. No. 3263, the first engrossment, as amended.

POINT OF ORDER

Hortman raised a point of order pursuant to rule 3.21 that the Torkelson et al amendment was not in order. Speaker pro tempore Liebling ruled the point of order well taken and the Torkelson et al amendment out of order.

Torkelson appealed the decision of Speaker pro tempore Liebling.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of Speaker pro tempore Liebling stand as the judgment of the House?" and the roll was called. There were 81 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anzelc	Bly	Bunn	Clark	Dittrich	Faust
Benson	Brown	Carlson	Davnie	Doty	Fritz
Bigham	Brynaert	Champion	Dill	Eken	Gardner

Greiling	Jackson	Loeffler	Newton	Rukavina	Thao
Hansen	Johnson	Mahoney	Norton	Ruud	Thissen
Hausman	Juhnke	Mariani	Obermueller	Sailer	Tillberry
Haws	Kahn	Marquart	Otremba	Scalze	Wagenius
Hayden	Kalin	Masin	Paymar	Sertich	Ward
Hilstrom	Knuth	Morgan	Pelowski	Simon	Welti
Hilty	Laine	Morrow	Persell	Slawik	Winkler
Hornstein	Lenczewski	Mullery	Peterson	Slocum	Spk. Kelliher
Hortman	Liebling	Murphy, E.	Poppe	Solberg	
Hosch	Lieder	Murphy, M.	Reinert	Sterner	
Huntley	Lillie	Nelson	Rosenthal	Swails	

Those who voted in the negative were:

Abeler	Demmer	Gottwalt	Kiffmeyer	Murdock	Torkelson
Anderson, B.	Dettmer	Gunther	Koenen	Nornes	Urdahl
Anderson, P.	Doepke	Hackbarth	Kohls	Olin	Westrom
Anderson, S.	Downey	Hamilton	Lanning	Peppin	Zellers
Beard	Drazkowski	Holberg	Loon	Sanders	
Brod	Eastlund	Hoppe	Mack	Seifert	
Buesgens	Emmer	Howes	Magnus	Severson	
Davids	Falk	Kath	McFarlane	Shimanski	
Dean	Garofalo	Kelly	McNamara	Smith	

So it was the judgment of the House that the decision of Speaker pro tempore Liebling should stand.

H. F. No. 3263, A bill for an act relating to traffic regulations; modifying provisions governing speed limits in highway work zones, operating vehicles on multilane roads, and surcharges on traffic citations; creating traffic safety education account; amending Minnesota Statutes 2008, sections 169.14, subdivision 5d; 169.18, subdivisions 7, 10, by adding a subdivision; 171.12, subdivision 6; 171.13, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 357.021, subdivision 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gardner	Hosch	Liebling	Murphy, E.
Anderson, B.	Davnie	Garofalo	Howes	Lieder	Murphy, M.
Anderson, P.	Dean	Gottwalt	Huntley	Lillie	Nelson
Anderson, S.	Demmer	Greiling	Jackson	Loeffler	Newton
Anzelc	Dettmer	Gunther	Johnson	Loon	Nornes
Beard	Dill	Hackbarth	Juhnke	Mack	Norton
Benson	Dittrich	Hamilton	Kahn	Magnus	Obermueller
Bigham	Doepke	Hansen	Kalin	Mahoney	Olin
Bly	Doty	Hausman	Kath	Mariani	Otremba
Brod	Downey	Haws	Kelly	Marquart	Paymar
Brown	Drazkowski	Hayden	Kiffmeyer	Masin	Pelowski
Brynaert	Eastlund	Hilstrom	Knuth	McFarlane	Peppin
Buesgens	Eken	Hilty	Koenen	McNamara	Persell
Bunn	Emmer	Holberg	Kohls	Morgan	Peterson
Carlson	Falk	Hoppe	Laine	Morrow	Poppe
Champion	Faust	Hornstein	Lanning	Mullery	Reinert
Clark	Fritz	Hortman	Lenczewski	Murdock	Rosenthal

Rukavina	Seifert	Slawik	Swails	Urdahl	Winkler
Ruud	Sertich	Slocum	Thao	Wagenius	Zellers
Sailer	Severson	Smith	Thissen	Ward	Spk. Kelliher
Sanders	Shimanski	Solberg	Tillberry	Welti	
Scalze	Simon	Sterner	Torkelson	Westrom	

The bill was passed, as amended, and its title agreed to.

There being no objection, H. F. No. 3174, which was continued earlier today on the Calendar for the Day, was again reported to the House.

The pending Emmer amendment to H. F. No. 3174, the first engrossment, offered earlier today, was withdrawn.

H. F. No. 3174, A bill for an act relating to public safety; amending the predatory offender registration law to address registrants living in homeless shelters and to clarify that the registration requirement for offenders who move out of state are suspended not terminated; amending Minnesota Statutes 2008, section 243.166, subdivisions 1a, 3.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Lanning	Newton	Shimanski
Anderson, B.	Dittrich	Hilstrom	Lenczewski	Nornes	Simon
Anderson, P.	Doepke	Hilty	Liebling	Norton	Slawik
Anderson, S.	Doty	Holberg	Lieder	Obermueller	Slocum
Anzelc	Downey	Hoppe	Lillie	Olin	Smith
Beard	Drazkowski	Hornstein	Loeffler	Otremba	Solberg
Benson	Eastlund	Hortman	Loon	Paymar	Sterner
Bigham	Eken	Hosch	Mack	Pelowski	Swails
Bly	Emmer	Howes	Magnus	Peppin	Thao
Brod	Falk	Huntley	Mahoney	Persell	Thissen
Brown	Faust	Jackson	Mariani	Peterson	Tillberry
Brynaert	Fritz	Johnson	Marquart	Poppe	Torkelson
Buesgens	Gardner	Juhnke	Masin	Reinert	Urdahl
Bunn	Garofalo	Kahn	McFarlane	Rosenthal	Wagenius
Carlson	Gottwalt	Kalin	McNamara	Rukavina	Ward
Champion	Greiling	Kath	Morgan	Ruud	Welti
Clark	Gunther	Kelly	Morrow	Sailer	Westrom
Davids	Hackbarth	Kiffmeyer	Mullery	Sanders	Winkler
Davnie	Hamilton	Knuth	Murdock	Scalze	Zellers
Dean	Hansen	Koenen	Murphy, E.	Seifert	Spk. Kelliher
Demmer	Hausman	Kohls	Murphy, M.	Sertich	
Dettmer	Haws	Laine	Nelson	Severson	

The bill was passed and its title agreed to.

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

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Faust announced his intention to place S. F. No. 460 on the Fiscal Calendar for Wednesday, March 24, 2010.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Wednesday, March 24, 2010:

H. F. No. 655; S. F. Nos. 80 and 2743; and H. F. Nos. 1692, 2561, 2907, 2634, 2231, 776, 2639, 3065, 3080, 3085, 3128, 3277, 3327, 3393, 3591, 2616, 3186, 3335, 3350, 3172 and 2422.

MOTIONS AND RESOLUTIONS

Davnie moved that the names of Wagenius, Champion, Hayden, Hornstein, Thissen, Kelliher, Mullery, Kahn and Clark be added as authors on H. F. No. 2360. The motion prevailed.

Hornstein moved that the name of Knuth be added as an author on H. F. No. 2834. The motion prevailed.

Mariani moved that his name be stricken as an author on H. F. No. 2867. The motion prevailed.

Davnie moved that the name of Murphy, E., be added as an author on H. F. No. 3170. The motion prevailed.

Holberg moved that the name of Downey be added as an author on H. F. No. 3307. The motion prevailed.

Urdahl moved that the names of Nornes and Murdock be added as authors on H. F. No. 3474. The motion prevailed.

Drazkowski moved that the name of Pelowski be added as an author on H. F. No. 3555. The motion prevailed.

Loon moved that the name of Swails be added as an author on H. F. No. 3638. The motion prevailed.

Welti moved that the name of Gunther be added as an author on H. F. No. 3641. The motion prevailed.

Brown moved that the name of Poppe be added as an author on H. F. No. 3664. The motion prevailed.

Hosch moved that the name of Gottwalt be added as an author on H. F. No. 3686. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 12:30 p.m., Wednesday, March 24, 2010. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and Speaker pro tempore Lieblich declared the House stands adjourned until 12:30 p.m., Wednesday, March 24, 2010.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

