

1.1 A bill for an act

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

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

1.4 for the Public Employees Retirement Association phased retirement program;

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

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

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

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

1.9 increasing member contributions for the higher education individual retirement

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

1.11 universities early retirement incentive and making nonsubstantive style and form

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

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

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

1.15 firefighter relief association working group; extending the alternative allocation

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

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

1.18 certain Minnesota State employee; making miscellaneous technical corrections to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 **ARTICLE 1**

2.3 **MINNESOTA STATE RETIREMENT SYSTEM**
2.4 **ADMINISTRATIVE PROVISIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2 (1) documents sufficient to verify birth;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 14. **REPEALER.**

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

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

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PROVISIONS

Section 1. Minnesota Statutes 2018, 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, subdivisions 12 and 12a, 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 during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

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

(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 applicable rate or rates specified in section 356.59, subdivision 3, 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 interest at the applicable rate or rates specified in section 356.59, subdivision 3, 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 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 during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide~~

~~uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period 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 the applicable rate or rates specified in section 356.59, subdivision 3, 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 of uniformed services leave purchased under section 353.014;~~

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

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

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

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

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

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

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

Subdivision 1. Service credit purchase authorized. (a) Unless prohibited under paragraph (b), a member is eligible to purchase allowable service credit for one or more periods of service 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 services within the time frames required under United States Code, title 38, section 4312(e).

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

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

(b) A member eligible under subdivision 1 electing to purchase allowable service credit shall pay into the fund within the time period described in subdivision 4 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 as defined in subdivision 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 13. **REPEALER.**

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

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

ARTICLE 3

STATEWIDE VOLUNTEER FIREFIGHTER PLAN PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.13 (c) The executive director shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22.25 Sec. 3. **REPEALER.**

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

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

ARTICLE 4**VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION
RETIREMENT CHANGES**

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

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

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

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

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

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

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

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

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

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

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

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

24.8 (1) performing fire suppression duties;

24.9 (2) performing fire prevention duties;

24.10 (3) supervising fire suppression duties; and

24.11 (4) supervising fire prevention duties.

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

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

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

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

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

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

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

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

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

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

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

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

upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying 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.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying 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. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (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 (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. 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 by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

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

who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying 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. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (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 service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or meets the resumption minimum service requirements specified in the relief association's bylaws, as applicable, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

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

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

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

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

28.1 special law, relief association articles of incorporation, ~~and~~ or relief association bylaw

28.2 provisions applicable on the earlier of the following dates:

28.3 (1) the date on which the member ~~separated~~ separates from active service with the fire

28.4 department and active membership in the relief association-; or

28.5 (2) the date on which the member begins a break in service with the fire department that

28.6 continues until the member separates from active service with the fire department and active

28.7 membership in the relief association.

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

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

28.10 Subd. 3. ~~Reduced Vesting schedule.~~ If the articles of incorporation or bylaws of a

28.11 defined contribution relief association ~~so provide, a relief association may pay a reduced~~

28.12 ~~service pension not to exceed the nonforfeitable percentage of the account balance to a~~

28.13 ~~retiring member who has completed fewer than 20 years of service. The reduced service~~

28.14 ~~pension may be paid when the retiring member meets the minimum age and service~~

28.15 ~~requirements of subdivision 2. The nonforfeitable percentage of pension amounts are as~~

28.16 ~~follows:~~ a vesting schedule that satisfies the requirements of this subdivision, the relief

28.17 association may pay a reduced service pension to a retiring member. For purposes of this

28.18 section, "vests," "vesting," or "vested" means a nonforfeitable, unconditional, or legally

28.19 enforceable right. A member vests in the member's account in accordance with the vesting

28.20 schedule set forth in the relief association's articles of incorporation or bylaws. Provided a

28.21 member meets the minimum age and service requirements of subdivision 2, the member is

28.22 entitled to a service pension equal to the member's account, but only to the extent vested as

28.23 provided in the vesting schedule set forth in the articles of incorporation or bylaws. In no

28.24 event may the articles of incorporation or bylaws:

28.25 (1) require that a member have more than 20 years of active service to become 100

28.26 percent vested in the member's account; or

28.27 (2) provide for a larger vesting percentage than is provided in the following schedule

28.28 with respect to the completed number of years of active service indicated in the schedule:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2018, 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 Laws 2013, chapter 111, article 5, sections 31 to 42, 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 solely for a lump-sum service pension to a retiring member, or provide a retiring member the choice of either a lump-sum service pension or a monthly service pension and the lump-sum service pension was chosen, 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. For deferred members, the amount of a permanent disability benefit or a survivor benefit must be calculated using the service pension amount in effect on the date specified in section 424A.015, subdivision 6, unless the bylaws of the relief association specify a different service pension amount to be used for the calculation.

(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;

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

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

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

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

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

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

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

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

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

(b) If the special fund of the relief association does not have a surplus over full funding under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under section 424A.092 or 424A.093, 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 as required under section 424A.092, subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, 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 if authorized under section 424A.092, subdivision 6, or 424A.093, 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 January 1, 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5**MINNESOTA STATE COLLEGES AND UNIVERSITIES
RETIREMENT PROVISIONS**

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

136F.47 PENSION PLAN.

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

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

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

136F.481 EARLY SEPARATION INCENTIVE PROGRAM.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes 2018, 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:~~

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

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

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

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

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

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

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

(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 under chapter 354;

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

~~(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 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;~~

~~(6) an employee who is a part-time teacher in a technical college in the city of St. Paul and who has elected coverage by the 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; or~~

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

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

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

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

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

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

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

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

(1) a classification included in the:

(i) state university instructional unit;

(ii) state university administrative faculty unit; or

(iii) state college instructional unit under section 179A.10, subdivision 2; or

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

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

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

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

(1) the board;

(2) the Minnesota Office of Higher Education; and

(3) the Higher Education Facilities Authority.

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

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

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

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

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

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

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

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

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

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

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

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

45.17 (2) the eligible employee:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

49.8 Sec. 13. Minnesota Statutes 2018, section 354B.23, subdivision 5, is amended to read:

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

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

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

49.22 Sec. 14. Minnesota Statutes 2018, section 354C.12, subdivision 2, is amended to read:

49.23 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the supplemental
 49.24 retirement plan as provided in section 354C.11 fails to deduct the member basic contribution
 49.25 from the covered employee's salary and a period of less than 60 days from the date on which
 49.26 the deduction should have been made has elapsed, the employer must obtain the omitted
 49.27 member deduction by an additional payroll deduction during the pay period next following
 49.28 the discovery of the omission. If the employer fails to deduct the member basic contribution
 49.29 from the covered employee's salary and that omission continues for at least 60 days from
 49.30 the date on which the member basic contribution deduction should have been made, the
 49.31 employer must pay the amount representing the omitted member basic contribution, and
 49.32 the full required omitted employer basic contribution, plus compound interest at ~~an annual~~
 49.33 ~~rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision

50.1 2. The contributions must be made within one year of the date on which the omission was
50.2 discovered.

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

50.4 Sec. 15. Minnesota Statutes 2018, section 355.01, subdivision 3c, is amended to read:

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

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

50.11 Sec. 16. Minnesota Statutes 2018, section 355.091, is amended to read:

50.12 **355.091 DIVISION OF RETIREMENT PLANS.**

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

50.18 (b) The applicable public retirement plans are:

50.19 (1) the elective state officers retirement plan;

50.20 (2) the judges retirement plan;

50.21 (3) the legislators retirement plan;

50.22 (4) the Minneapolis Teachers Retirement Fund Association;

50.23 (5) the general employees retirement plan of the Public Employees Retirement
50.24 Association;

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

50.26 (7) the Teachers Retirement Association.

50.27 (c) Plan participants and persons electing participation under section ~~354B.21~~ 354B.211
50.28 remain members of the Teachers Retirement Association for purposes of Social Security
50.29 coverage only, and remain covered by the applicable agreement entered into under section

51.1 355.01, but are not members of the Teachers Retirement Association for any other purpose
51.2 while employed in covered employment.

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

51.4 Sec. 17. **REPEALER.**

51.5 Minnesota Statutes 2018, sections 354B.20, subdivision 8; and 354B.21, subdivisions
51.6 1, 1a, 2, 3, 3a, 3b, 4, 5, 6, and 7, are repealed.

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

51.8 **ARTICLE 6**

51.9 **GENERALLY APPLICABLE RETIREMENT PLAN CHANGES**

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

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

51.17 (b) If, after four years of reporting under this paragraph, the total portfolio time weighted
51.18 rate of return, net of all investment related costs and fees, provided by the public pension
51.19 plan differs by no more than 0.1 percent from the comparable return for the plan calculated
51.20 by the Office of the State Auditor, and if a public pension plan has a total market value of
51.21 ~~\$25,000,000~~ \$50,000,000 or more as of the beginning of the calendar year, and if the public
51.22 pension plan's annual audit is performed by the state auditor or by the legislative auditor,
51.23 the report required by subdivision 1 must include the market value of the total portfolio and
51.24 the market value of each asset class included in the pension fund as of the beginning of the
51.25 calendar year and as of the end of the calendar year. At the discretion of the state auditor,
51.26 the public pension plan may be required to submit the market value of the total portfolio
51.27 and the market value of each investment account, investment portfolio, or asset class included
51.28 in the pension fund for each month, and the amount and date of each injection and withdrawal
51.29 to the total portfolio and to each investment account, investment portfolio, or asset class. If
51.30 the market value of a public pension plan's fund drops below ~~\$25,000,000~~ \$50,000,000 in
51.31 a subsequent year, it must continue reporting under this paragraph for any subsequent year
51.32 in which the public pension plan is not fully invested as specified in subdivision 1, paragraph

52.1 (b), except that if the public pension plan's annual audit is not performed by the state auditor
52.2 or legislative auditor, paragraph (c) applies.

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

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

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

52.23 (f) Any public pension plan reporting under paragraph (b) or (c) must include computed
52.24 time-weighted rates of return with the report, in addition to all other required information,
52.25 as applicable. The chief administrative officer of the public pension plan submitting the
52.26 returns must certify, on a form prescribed by the state auditor, that the returns have been
52.27 computed by the pension plan's investment performance consultant or custodial bank. The
52.28 chief administrative officer of the public pension plan submitting the returns also must
52.29 certify that the returns are net of all costs and fees, including investment management fees,
52.30 and that the procedures used to compute the returns are consistent with Bank Administration
52.31 Institute studies of investment performance measurement and presentation standards set by
52.32 the CFA Institute. If the certifications required under this paragraph are not provided, the
52.33 reporting requirements of paragraph (c) apply.

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

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

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

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

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

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

(2) This clause applies when the calculation is being done for purposes of section 353.0141, subdivision 3. The calculation must include continuous future service in the public pension plan until, and retirement at, any age at or after which the minimum requirements of the fund for early retirement or retirement with an annuity unreduced for

54.1 retirement at an early age, including section 356.30, are met with the additional service
54.2 credit purchased. The calculation must be determined using the retirement age that provides
54.3 the most valuable benefit to the member. The calculation must also assume a full-time
54.4 equivalent salary, or actual salary, whichever is greater, and a future salary history that
54.5 includes annual salary increases at the applicable salary increase rate for the plan specified
54.6 in section 356.215, subdivision 8.

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

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

54.19 (e) However, the current employer or the prior employer may, at its discretion, pay all
54.20 or any portion of the payment amount that exceeds an amount equal to the employee
54.21 contribution rates in effect during the period or periods of prior service applied to the actual
54.22 salary rates in effect during the period or periods of prior service, plus interest at the
54.23 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
54.24 applies, compounded annually, from the date on which the contributions would otherwise
54.25 have been made to the date on which the payment is made. If the employer agrees to
54.26 payments under this subdivision, the purchaser must make the employee payments required
54.27 under this subdivision within 90 days of the prior service credit authorization. If that
54.28 employee payment is made, the employer payment under this subdivision must be remitted
54.29 to the chief administrative officer of the public pension plan within 60 days of receipt by
54.30 the chief administrative officer of the employee payments specified under this subdivision.

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

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

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

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

55.6 **Sec. 4. CITY OF ST. PAUL; ST. PAUL SCHOOL DISTRICT; TEMPORARY**
55.7 **SUPPLEMENTAL PENSION PLAN CONTRIBUTION RESTRICTION**
55.8 **EXEMPTION.**

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

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

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

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

55.19 (4) the plumbers and pipefitters national pension fund or a plumbers and pipefitters local
55.20 pension fund;

55.21 (5) the sheet metal workers national defined benefit pension fund, a sheet metal workers
55.22 local defined benefit pension fund, or a sheet metal workers local defined contribution
55.23 retirement fund;

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

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

55.28 (8) the carpenters and joiners defined benefit pension fund or the carpenters and joiners
55.29 defined contribution pension fund;

55.30 (9) the sprinkler fitters national defined benefit pension fund or the sprinkler fitters
55.31 supplemental defined contribution pension fund;

56.1 (10) the painters and allied trades national pension fund or a painters and allied trades
56.2 local pension fund; or

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

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

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

56.7 Representatives of the city of St. Paul, Independent School District No. 625, St. Paul,
56.8 and the local trade unions participating in the funds listed in section 4 shall work with the
56.9 staff of the Legislative Commission on Pensions and Retirement to prepare draft legislation
56.10 for consideration during the 2020 legislative session and submit the draft legislation to the
56.11 executive director of the Legislative Commission on Pensions and Retirement no later than
56.12 November 30, 2019. The draft legislation must eliminate the need to identify in Minnesota
56.13 Statutes, section 356.24, specific multiemployer funds in which the city of St. Paul or
56.14 Independent School District No. 625, St. Paul, participate, including the funds listed in
56.15 section 4, by:

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

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

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

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

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

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

(b) An eligible person is a person who:

(1) was born on January 18, 1966;

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8**TECHNICAL CORRECTIONS**

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

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

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 2018, 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) 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~~ subdivisions 8 and 8a.

(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 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 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.

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

61.2 Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative
61.3 officer of each municipality which has an organized fire department but which does not
61.4 have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws
61.5 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or
61.6 (c) shall annually prepare a detailed financial report of the receipts and disbursements by
61.7 the municipality for fire protection service during the preceding calendar year on a form
61.8 prescribed by the state auditor. The financial report must contain any information which
61.9 the state auditor deems necessary to disclose the sources of receipts and the purpose of
61.10 disbursements for fire protection service. The financial report must be signed by the municipal
61.11 clerk or clerk-treasurer of the municipality. The financial report must be filed by the
61.12 municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The
61.13 municipality does not qualify initially to receive, and is not entitled subsequently to retain,
61.14 state aid under this chapter if the financial reporting requirement or the applicable
61.15 requirements of this chapter or any other statute or special law have not been complied with
61.16 or are not fulfilled.

61.17 (b) Each municipality that has an organized fire department and provides retirement
61.18 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
61.19 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained
61.20 in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed
61.21 financial report if the executive director of the Public Employees Retirement Association
61.22 certifies compliance by the municipality with the requirements of sections 353G.04 and
61.23 353G.08, paragraph (e), and certifies ~~conformity~~ compliance by the applicable fire chief
61.24 with the requirements of section 353G.07.

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

61.27 (1) has an organized fire department;

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

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

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

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

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

Subd. 3b. **Segmented annuity.** (a) If a person otherwise entitled to an annuity has more than one period of uninterrupted service, the person is entitled to augmentation under subdivision 3a for each period of uninterrupted service. "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. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality and investment rate of return assumptions used to compute the annuity must be those in effect when the employee files an application for annuity.

(b) 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.

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

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

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

Subd. 3c. **Adjustment for certain deferred annuities.** 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 Laws 1997, chapter 233, section 58, 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.

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

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

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

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

63.7 from July 1, 2018, through June 30, 2019 6 percent

63.8 after June 30, 2019 6.25 percent

63.9 (d) For members of the legislature, the contributions under this subdivision also must
63.10 be made on per diem payments received during a regular or special legislative session, but
63.11 may not be made on per diem payments received outside of a regular or special legislative
63.12 session, on the additional compensation attributable to a leadership position under section
63.13 3.099, subdivision 3, living expense payments under section 3.101, or special session living
63.14 expense payments under section 3.103.

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

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

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

63.21 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
63.22 participate as members of the association with retirement coverage by the general employees
63.23 retirement plan, the local government correctional employees retirement plan under chapter
63.24 353E, or the public employees police and fire retirement plan:

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

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

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

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

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

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

(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, or the St. Paul Teachers Retirement Fund Association, but this exclusion 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, and 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 plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are 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, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who 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 at a public or charter high school;

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

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

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

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

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

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

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

(12) 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;

(13) 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 general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, 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 general employees retirement plan or the public employees police and fire plan,

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

66.3 (15) pipefitters and associated trades personnel employed by Independent School District
66.4 No. 625, St. Paul, with coverage under a collective bargaining agreement by the Pipefitters
66.5 Local 455 pension plan who were either first employed after May 1, 1997, or, if first
66.6 employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article
66.7 2, section 12;

66.8 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
66.9 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
66.10 have retirement coverage under a collective bargaining agreement by the Electrical Workers
66.11 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
66.12 pension plan applicable to Carpenters Local 322 who were either first employed after May
66.13 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
66.14 chapter 461, article 7, section 5;

66.15 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
66.16 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
66.17 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
66.18 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
66.19 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
66.20 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
66.21 plan who were either first employed after May 1, 2001, or if first employed before May 2,
66.22 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
66.23 section 6;

66.24 (18) plumbers who are employed by the Metropolitan Airports Commission, with
66.25 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
66.26 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
66.27 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
66.28 6;

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

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

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

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

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

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

67.9 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
67.10 Transit Commission who are members of the International Brotherhood of Teamsters Local
67.11 638 and who are, by virtue of that employment, members of the International Brotherhood
67.12 of Teamsters Central States pension plan;

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

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

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

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

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

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

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

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

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

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

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

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

68.10 **353E.05 AUGMENTATION IN CERTAIN CASES.**

68.11 Unless prior service has been transferred or unless a combined service annuity under
68.12 section 356.30 has been elected, an employee who becomes a local government correctional
68.13 employee after being a member of the Public Employees Retirement Association or the
68.14 public employees police and fire fund is covered under section ~~353.71~~ 353.34, subdivision
68.15 ~~2~~ 3, with respect to that prior service. An employee who becomes a member of the Public
68.16 Employees Retirement Association or the public employees police and fire plan after being
68.17 a local government correctional employee is also covered under section ~~353.71~~ 353.34,
68.18 subdivision ~~2~~ 3, with respect to that prior service, unless calculated under section 356.30.

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

68.20 **354.105 PAYMENTS USING PRETAX TRANSFERS.**

68.21 If a current or past member is making a payment to the Teachers Retirement Association
68.22 to receive service credit under a provision of this chapter, chapter 356, or applicable special
68.23 law, and this payment is to be made by a transfer of pretax assets authorized under section
68.24 356.441, payment is authorized after the due date, but not to exceed 90 days, provided that
68.25 the authorization for the asset transfer has been received by the applicable third-party
68.26 administrator by the due date, and the payment must include interest at a the applicable
68.27 monthly rate of 0.708 percent per month or rates specified in section 356.59, subdivision
68.28 4, compounded annually, from the due date through the end of the month in which the
68.29 Teachers Retirement Association receives the payment.

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

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

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

(b) 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.

~~(e) 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.~~

~~(d)~~ (c) 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.

Sec. 12. Minnesota Statutes 2018, 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, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

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

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

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

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

70.1	from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
70.2	from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
70.3	from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
70.4	from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
70.5	after June 30, 2023	8.75 percent	12.75 percent

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

70.9 ~~(e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a,~~
70.10 ~~4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted~~
70.11 ~~accordingly.~~

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

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

70.19 (b) If salary deductions and employer contributions were erroneously transmitted to the
70.20 retirement fund and should have been transmitted to the plan covered by chapter 352D,
70.21 353D, 354B, or 354D, the executive director must transfer these salary deductions and
70.22 employer contributions to the account of the appropriate person under the applicable plan.
70.23 The transfer to the applicable defined contribution plan account must include interest at the
70.24 applicable monthly rate of 0.71 percent per month or rates specified in section 356.59,
70.25 subdivision 4, compounded annually, from the first day of the month following the month
70.26 in which coverage should have commenced in the defined contribution plan until the end
70.27 of the month in which the transfer occurs.

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

71.1 erroneous salary deductions and employer contributions against future contributions from
71.2 the employer.

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

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

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

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

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

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

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

72.2 Subd. 4. **Termination of membership.** Membership in the retirement association of
72.3 any person shall terminate under the following conditions: (1) If a person takes a ~~refundment~~
72.4 refund pursuant to this section; (2) When a person's retirement annuity first begins to accrue
72.5 as provided in section 354.44, subdivisions 1 and 4; (3) Upon the person's ceasing to be a
72.6 "teacher" whether by resignation, dismissal, or termination of temporary or provisional
72.7 employment for the purpose of determining eligibility for disability or survivorship benefits
72.8 as provided in sections 354.48, subdivision 1 and 354.46, subdivision 1, respectively.

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

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

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

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

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

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

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

73.4 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
73.5 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
73.6 reporting purposes indicating the additional annual contribution sufficient to amortize the
73.7 unfunded actuarial accrued liability and must contain an exhibit ~~for contribution~~
73.8 ~~determination purposes~~ indicating the additional contribution sufficient to amortize the
73.9 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph
73.10 ~~(e)~~ (a), but excluding the legislators retirement plan, the Bloomington Fire Department
73.11 Relief Association, and the local monthly benefit volunteer firefighter relief associations,
73.12 the additional contribution must be calculated on a level percentage of covered payroll basis
73.13 by the established date for full funding in effect when the valuation is prepared, assuming
73.14 annual payroll growth at the applicable percentage rate set forth in the appendix described
73.15 in subdivision 8, paragraph (d) (c). For ~~all other retirement plans and for the legislators~~
73.16 retirement plan, the additional annual contribution must be calculated on a level annual
73.17 dollar amount basis.

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

73.27 (c) For any retirement plan, if there has been a change in any or all of the actuarial
73.28 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
73.29 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
73.30 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
73.31 or a combination of the three, and the change or changes, by itself or by themselves and
73.32 without inclusion of any other items of increase or decrease, produce a net increase in the
73.33 unfunded actuarial accrued liability in the fund, the established date for full funding must
73.34 be determined using the following procedure:

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

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

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

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

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

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

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

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

75.3 (e) For the Teachers Retirement Association, the established date for full funding is June
75.4 30, 2048.

75.5 (f) For the correctional state employees retirement plan and the State Patrol retirement
75.6 plan of the Minnesota State Retirement System, the established date for full funding is June
75.7 30, 2048.

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

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

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

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

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

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

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

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

75.27 (c) The amortization state aid amounts are:

75.28	City	Aid Amount
75.29	Fairmont	\$24,172
75.30	Minneapolis	\$2,728,547

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

78.7 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid and
78.8 additional amortization aid under this section payable to a municipality to which section
78.9 353.665, subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a, applies, may not exceed
78.10 the amount of the additional municipal contribution payable by an individual municipality
78.11 under section 353.665, subdivision 8, paragraph ~~(b)~~, (c), or (d), or subdivision 8a.

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

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

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

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

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

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

79.1 subdivision 3a; 352B.08, subdivision 3; 353.01, subdivision 14; 353.30, subdivision 3;
79.2 353.34, subdivision 3; 354.05, subdivision 7; 354.44, subdivision 2; 354.45, subdivision 2;
79.3 354.55, subdivision 11; 490.121, subdivision 2a; and 490.124, subdivision 5.

79.4 (d) In the applicable provisions of Minnesota Statutes 2018 and subsequent editions of
79.5 Minnesota Statutes, the revisor of statutes shall replace references to "preretirement interest
79.6 rate" with references to "investment return". The applicable provisions of Minnesota Statutes
79.7 are sections 353.665, subdivision 8; 356.215, subdivision 1; 356.551, subdivision 2; and
79.8 353F.025, subdivision 2.

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

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

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

79.21 **Sec. 24. EFFECTIVE DATE.**

79.22 Sections 1 to 17 are effective the day following final enactment.