HOUSE RESEARCH
Bill Summary

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Authors: Greiling

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Analyst: Tim Strom

Overview

Many Minnesota school districts have offered a number of postemployment benefits to their employees. These benefits are in addition to the employee pension benefits provided by the teacher retirement systems and the Public Employee Retirement Association (PERA). The largest share of these benefits consists of promises to pay certain health costs of retired employees. OPEB is an acronym that stands for Other Postemployment Benefits, which are benefits that give rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board (GASB), and in Minnesota, generally refers to retiree health benefits.

The 2009 Legislature expanded the retired employee health benefits levy as a part of the package of changes to the OPEB statutes. The 2009 changes allow a school district, upon school board approval, to levy for OPEB costs that are actually incurred in the previous year as long as the district's contract has sunset the provisions that gave rise to the OPEB obligations. The statewide total amount of this levy is capped at $9.242 million for taxes payable in 2010, $29.863 million for taxes payable in 2011, and increases by $14 million for each year thereafter. The statewide cap was designed to keep the total amount of levy authority for both this levy and the OPEB bonding levy at the same amount as was estimated prior to the legislative changes.

This bill provides technical clarifications to the 2009 changes.

Section

1 **Retired employee health benefits.** Clarifies that the maximum amount of annual levy authority that a school district may claim for Other Postemployment Benefits (OPEB) for retired employees is the district's actual postemployment benefit expenses for the previous year. Allows the commissioner to adjust each district's initial pay-as-you-go OPEB levy authority in order to allocate the statewide maximum amount of authority authorized by the statewide cap (which, under current law, is set at $29.863 million for taxes payable in 2011

and increases by $14 million per year for each subsequent year).