SIXTY-NINTH DAY

St. Paul, Minnesota, Tuesday, March 15, 1988 The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Donald A. Storm.

The roll was called, and the following Senators answered to their names:

Adkins Anderson Beckman Belanger Benson Berg Berglin Bernhagen Bertram Brandl Chmielewski Cohen	Davis Decker DeCramer Dicklich Diessner Frank Frederick Frederickson, D.J. Frederickson, D.R. Freeman Hughes Johnson, D.E.	Moe, D.M. Moe, R. D. Morse Novak Olson Pehler Peterson, D.C. Peterson, R.W. Piper Pogemiller Purfeerst Ramstad	Renneke Samuelson Schmitz Solon Spear Storm Stumpf Vickerman Waldorf Wegscheid
L'uni		 Renengon	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Gustafson was excused from the Session of today.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1594: A bill for an act relating to human services; providing for definitions, exclusions, access to records, and period of receivership under the human services licensing act; liability of the state for municipal inspection functions; amending Minnesota Statutes 1986, section 466.132; and Minnesota Statutes 1987 Supplement, sections 245A.02, subdivision 13;

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245A.03, subdivision 2; 245A.04, subdivisions 3 and 5; 245A.095, subdivision 1; 245A.11, subdivision 5; 245A.13, subdivision 5; 256D.01, subdivision 1d; and 256D.37, subdivision 5; repealing Minnesota Statutes 1987 Supplement, sections 256D.01, subdivision 1c; and 256D.37, subdivision 4.

Senate File No. 1594 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 14, 1988

CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 1594 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1594 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Moe, R.D.	Samuelson
Anderson	Decker	Kroening	Morse	Schmitz
Beckman	DeCramer	Laidig	Olson	Spear
Belanger	Dicklich	Langseth	Pehler	Storm
Benson	Diessner	Lantry	Peterson, D.C.	Stumpf
Berg	Frank	Luther	Peterson, R.W.	Vickerman
Berglin	Frederick	Marty	Piper	Waldorf
Bernhagen	Freeman	McQuaid	Pogemiller	Wegscheid
Bertram	Hughes	Mehrkens	Purfeerst	
Brandl	Johnson, D.E.	Merriam	Ramstad	
Chmielewski	Johnson, D.J.	Metzen	Reichgott	1 A A A
Cohen	Jude	Moe, D.M.	Renneke	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1731, 1732, 1767, 1831, 1904, 2022, 2254, 2358, 1681, 1774, 2509, 2529, 2402, 2449, 2463, 2469, 1748, 1961, 2508, 2637, 322, 1589, 1804, 1838, 1844, 1855, 1913, 1923, 2117, 1864, 1922, 2434, 2630 and 2735.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 14, 1988

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1731: A bill for an act relating to the city of Proctor; authorizing the continuance of a municipal liquor store.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2033, now on General Orders.

H.F. No. 1732: A bill for an act relating to intoxicating liquor; authorizing extended off-sale hours on the day preceding Thanksgiving day; amending Minnesota Statutes 1986, section 340A.504, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1692, now on General Orders.

H.F. No. 1767: A bill for an act relating to commerce; real property; requiring notice of foreclosure by advertisement to separately list record owners with no legally protected interest in the real estate; proposing coding for new law in Minnesota Statutes, chapter 580.

Referred to the Committee on Judiciary.

H.F. No. 1831: A bill for an act relating to intoxicating liquor; authorizing issuance of one on-sale liquor license on an excursion and dinner boat on Detroit Lake, Becker county; authorizing issuance of an on-sale liquor license to Fort Snelling.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1667, now on General Orders.

H.F. No. 1904: A bill for an act relating to liquor; defining the term "restaurant" for purposes of county liquor licenses; amending Minnesota Statutes 1986, section 340A.101, subdivision 25.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1793, now on General Orders.

H.F No. 2022: A bill for an act relating to agriculture; adding members to the state agricultural society; amending Minnesota Statutes 1986, section 37.03, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1936, now on General Orders.

H.F. No. 2254: A bill for an act relating to liquor; authorizing the city of Blaine to issue an on-sale intoxicating liquor license to the Pheasant Ridge Music Center.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2357, now on General Orders.

H.F. No. 2358: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in East Grand Forks, Polk county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2213, now on General Orders.

H.F. No. 1681: A bill for an act relating to civil actions; modifying the statute of limitations for damages based on services or construction to improve real property; amending Minnesota Statutes 1986, section 541.051, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1532, now on General Orders.

H.F. No. 1774: A bill for an act relating to alcoholic beverages; making certain illegal gifts of alcoholic beverages subject to civil liability; providing for notice of claims; amending Minnesota Statutes 1986, sections 340A.801, subdivision 4; and 340A.802; Minnesota Statutes 1987 Supplement, section 340A.801, subdivision 1.

Referred to the Committee on Commerce.

H.F. No. 2509: A bill for an act relating to state lands; authorizing private sale of tax-forfeited land in St. Louis county.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 2529: A bill for an act relating to alcoholic beverages; defining importers as brewers in the beer wholesaling act; amending Minnesota Statutes 1986, section 325B.01, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2352, now on General Orders.

H.F. No. 2402: A bill for an act relating to economic development; permitting certain development authorities to hold certain licenses; amending Minnesota Statutes 1987 Supplement, section 469.155, subdivision 13.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2192, now on General Orders.

H.F. No. 2449: A bill for an act relating to agriculture; directing the commissioner of agriculture to study ownership of Minnesota farmland by limited partnerships.

Referred to the Committee on Agriculture.

H.F. No. 2463: A bill for an act relating to state agencies; authorizing the iron range resources and rehabilitation board to purchase fire insurance for facilities operated by the board; amending Minnesota Statutes 1986, section 15.38, by adding a subdivision.

Referred to the Committee on Economic Development and Housing.

H.F. No. 2469: A bill for an act relating to agriculture; regulating sales of anhydrous ammonia; proposing coding for new law in Minnesota Statutes, chapter 239.

Referred to the Committee on Agriculture.

H.F. No. 1748: A bill for an act relating to the handicapped; permitting equal access to public accomodations for persons using a service dog; amending Minnesota Statutes 1986, section 256C.025, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1972.

H.F. No. 1961: A bill for an act relating to property interests; setting the effective date of the uniform statutory rule against perpetuities; amending Minnesota Statutes 1987 Supplement, section 501A.05; and Laws 1987, chapter 60, section 10.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2394, now on the Consent Calendar.

H.F. No. 2508: A bill for an act relating to statute of limitations; providing relief for certain individuals denied a remedy due to the unconstitutionality of a statute of limitation relating to real property improvement.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2257, now on General Orders.

H.F. No. 2637: A bill for an act relating to the city of Farmington; permitting the sale of certain tax-forfeited land.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2410, now on General Orders.

H.F. No. 322: A bill for an act relating to retirement; highway patrol formula; amending Minnesota Statutes 1987 Supplement, section 352B.08, subdivision 2.

Referred to the Committee on Governmental Operations.

H.F. No. 1589: A bill for an act relating to real property; providing a restriction on the duration of conditions affecting certain real property; providing an exemption for the city of North Oaks; amending Minnesota Statutes 1986, section 500.20, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1615, now on General Orders.

H.F. No. 1804: A bill for an act relating to retirement; authorizing a defined contribution plan for the Fridley volunteer firefighter's relief association.

Referred to the Committee on Governmental Operations.

H.F. No. 1838: A bill for an act relating to intermediate school districts; permitting certain school districts to become a participating school district of intermediate school district number 917; amending Minnesota Statutes 1986, section 136D.81.

Referred to the Committee on Education.

H.F. No. 1844: A bill for an act relating to courts; prescribing when a referee's orders become effective; amending Minnesota Statutes 1986, section 484.70, subdivision 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2279.

H.F. No. 1855: A bill for an act relating to state employees; authorizing the purchase of certain insurance coverage by retired legislative employees; amending Minnesota Statutes 1986, section 43A.27, subdivision 4.

Referred to the Committee on Governmental Operations.

H.F. No. 1913: A bill for an act relating to employment; prohibiting employer reprisals against employees who decline to participate in charitable fund drives; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Employment.

H.F. No. 1923: A bill for an act relating to civil actions; imposing civil liability for the theft of merchandise and shopping carts; proposing coding for new law in Minnesota Statutes, chapter 332.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1668.

H.F. No. 2117: A bill for an act relating to public finance; providing

conditions of local and state government debt financing; allocating bonding authority subject to a volume cap under federal tax law; amending Minnesota Statutes 1987 Supplement, sections 474A.04, subdivision 1a; 474A.061, subdivisions 2 and 4; and 474A.091; repealing Minnesota Statutes 1987 Supplement, section 474A.061, subdivision 5.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1864: A bill for an act relating to the city of Jordan; enabling the city to issue tax anticipation certificates.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1922: A bill for an act relating to crimes; prohibiting the sale or distribution of contraceptives on elementary and secondary school grounds; repealing the prohibition against the sale of articles relating to prevention of conception or disease; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1986, section 617.251.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2400.

H.F. No. 2434: A bill for an act relating to the city of Duluth; authorizing the expenditure of previously appropriated funds for acquisition or construction of Duluth's Western Waterfront Trail.

Referred to the Committee on Finance.

H.F. No. 2630: A bill for an act relating to the city of Minnetonka; excluding volunteer firefighters from membership in the public employees police and fire fund.

Referred to the Committee on Governmental Operations.

H.F. No. 2735: A resolution memorializing the President to immediately direct the Secretary of Agriculture to halt the forced movement of Farmer-Owned Reserve grains to commercial warehouses.

Referred to the Committee on Agriculture.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 489: A bill for an act relating to retirement; certain public retirement systems; setting age 62 as the normal retirement age; providing for actuarial reduction of benefits for early retirement; changing the retirement annuity formula; amending Minnesota Statutes 1986, sections 352.01, subdivisions 2B and 19; 352.113, subdivisions 1, 3, 4, 10, and 12; 352.115, subdivisions 2 and 3; 352.116, subdivisions 1 and 2; 352.72, subdivision 5; 352.91, subdivision 3; 352.95, subdivision 5; 353.29, subdivisions 1 and 3; 353.30, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 3, and 11; 353.34, subdivisions 3 and 3b; 353.71, subdivision 5; 354.44, subdivisions 6 and 7; 354.46, subdivision 1; 354.48, subdivisions 3 and 10; 354.49, subdivision 3; 354.55, subdivision 11; 354A.31, subdivisions 4, 5, and 6; 354A.36, subdivisions 3 and 10; 354A.37, subdivision 4; and

356.32, subdivision 1; repealing Minnesota Statutes 1986, section 353.30, subdivisions 1a, 1b, and 1c.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1987 Supplement, section 352.115, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] The employee's average salary, as defined in subdivision 2, multiplied by one percent per year of allowable service for the first ten years and 1.5 percent for each later year of allowable service and pro rata for completed months less than a full year shall determine determines the amount of the retirement annuity to which the employee is entitled.

Sec. 2. Minnesota Statutes 1987 Supplement, section 352.116, subdivision 2, is amended to read:

Subd. 2. [NORMAL ANNUITY AT AGE 65 62.] Any An employee who retires after age 65 shall be paid 62 is entitled to the annuity provided in section 352.115.

Sec. 3. Minnesota Statutes 1987 Supplement, section 353.29, subdivision 1, is amended to read:

Subdivision 1. [AGE AND ALLOWABLE SERVICE REQUIRE-MENTS.] Upon separation from public service any, *a* person who has attained the *at least* age of at least 65 years 62 and who received credit for not less than five years of allowable service is entitled upon application to a "normal" retirement annuity. Such retirement annuity is known as the "normal" retirement annuity.

Sec. 4. Minnesota Statutes 1986, section 353.29, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] The average salary, as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and thereafter, after ten years, by 2.5 percent per for each year of allowable service and completed months less than a full year for the "basic member,", and one percent for each year of allowable service for the first ten years and thereafter by 1.5 percent per for each year of allowable service and completed months less than a full year of allowable service and completed months less than a full year for the "coordinated member," shall determine determines the amount of the "normal" retirement annuity.

Sec. 5. Minnesota Statutes 1986, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) (a) The formula retirement annuity hereunder shall must be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof paragraph (b) on the basis of each member's average salary for the period of the member's formula service credit. For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will must be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511, for the highest five successive years of formula service credit provided however that such. "Average salary" shall may not include any more than the equivalent of 60 monthly salary payments.

(2) (b) The average salary as defined in elause (1) paragraph (a), multiplied by the following percentages per year of formula service credit shall determine, determines the amount of the annuity to which the member qualifying therefor for an annuity is entitled:

Coordinated Member	Basic Member	
1.0 1.5 percent	2.0 percent	
per year	per year	
1.5 percent	2.5 percent	
per year	per year	
	1.0 1.5 percent per year	1.0 1.5 percent per year2.0 percent per year1.5 percent2.5 percent

(3) Where any (c) When a member retires prior to before age $65\ 62$ under a formula annuity, the member shall be paid is entitled to a retirement annuity in an amount equal to the normal annuity provided in this subdivision and subdivision 7, reduced by one half of one percent for each month that the member is under age $65\ to$ and including age $60\ and$ reduced by one fourth of one percent for each month under age $60\ at$ the time of retirement except that for any member who has $30\ or$ more years of allowable service credit, the reduction shall be applied only for each month which the member is under so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to accrue to age 62.

Sec. 6. Minnesota Statutes 1986, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY.] The normal coordinated retirement annuity shall be is an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section shall mean means an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but which shall may not in any event include any more than the equivalent of 60 monthly salary payments. The retirement annuity formula percentage for purposes of this section shall mean one percent per year for each year of coordinated service for the first ten years and means 1-1/2 percent for each year of coordinated service thereafter.

Sec. 7. Minnesota Statutes 1987 Supplement, section 354A.31, subdivision 5, is amended to read:

Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.] Upon retirement at age 65 62 with at least five years of service credit or at age 62 with at least 30 years of service credit, a coordinated member shall be

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is entitled to a normal retirement annuity calculated pursuant to under subdivision 4.

Sec. 8. [356.72] [BENEFIT AND CONTRIBUTION PHASE-IN.]

Subdivision 1. [BENEFIT PHASE-IN.] (a) Notwithstanding sections 352.115, subdivision 3; 353.29, subdivision 3; 354.44, subdivision 6; and 354A.31, subdivision 4, the average salary of a person retiring in the following years must be multiplied by the following percentages for each of the first ten years of the person's service: 1.1 percent in 1989, 1.2 percent in 1990, 1.3 percent in 1991, 1.4 percent in 1992, and 1.5 percent beginning in 1993.

(b) Notwithstanding section 354.44, subdivision 7, the average salary of a person retiring in the following years for formula service must be multiplied by the following percentages for each of the first ten years of the person's service: 0.55 percent in 1989, 0.60 percent in 1990, 0.65 percent in 1991, 0.70 percent in 1992, and 0.75 percent beginning in 1993.

Subd. 2. [CONTRIBUTION AMOUNT AND PHASE-IN.] (a) Notwithstanding sections 352.04, subdivisions 2 and 3; 353.27, subdivisions 2 and 3; 354.42, subdivisions 2 and 3; and 354A.12, subdivisions 1 and 2, the employee contribution rate must be increased by one-half of the net percentage of covered payroll increase in the normal cost and supplemental contribution requirement attributable to this act for the applicable benefit program, and the employer contribution rate must be increased by an identical percentage of covered payroll amount. The executive director of each pension plan shall determine these amounts from the first regular actuarial valuation of the plan after the date of enactment as prepared by the actuary retained by the legislative commission on pensions and retirement.

(b) The increased employee and employer contribution rates must be phased in beginning July 1, 1989, in three equal installments.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective July 1, 1989.

ARTICLE 2

Section 1. Minnesota Statutes 1987 Supplement, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] "State employee" does not include:

(1) elective state officers;

(2) students employed by the University of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board, or the state board for community colleges, as the case may be;

(3) employees who are eligible for membership in the state teachers retirement association except employees of the department of education who have chosen or may choose to be covered by the Minnesota state retirement system instead of the teachers retirement association;

(4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;

(5) officers and enlisted personnel in the national guard and the naval

militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(6) election officers;

(7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(8) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) court employees, referees, receivers, jurors, and notaries public, except employees of the appellate courts and referees and adjusters employed by the department of labor and industry;

(10) patient and inmate help in state charitable, penal, and correctional institutions including the Minnesota veterans home;

(11) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) employees of the Sibley House Association;

(13) employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(14) operators and drivers employed under section 16.07, subdivision 4;

(15) the members of any a state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their the compensation of the officer is \$500 or less per a year, or, if they are the officer is legally prohibited from serving more than two consecutive terms and their the officer's total service on the board or commission is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;

(16) state troopers;

(17) temporary employees of the Minnesota state fair agricultural society employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons employed at any time by the state fair administration for special events held on the fairgrounds;

(18) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be is considered a "state employee" retroactively to the beginning of the pay period;

(19) persons described in section 352B.01, subdivision 2, clauses (b) and (c), formerly defined as state police officers;

(20) temporary employees in the classified service, temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period, and seasonal help in the classified service employed by the department of revenue;

(21) trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2a, clause (10);

(22) persons whose compensation is paid on a fee basis;

(23) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and *who*, as teachers, are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(24) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(25) chaplains and nuns who have taken a vow of poverty as members of a religious order;

(26) labor service employees employed as a laborer 1 on an hourly basis;

(27) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;

(28) members of appeal tribunals, exclusive of the chair, to which reference is made in section 268.10, subdivision 4;

(29) persons appointed to serve as members of fact-finding commissions or adjustment panels, or as arbitrators, or labor referees under chapter 179;

(30) temporary employees employed for limited periods under any a state or federal program for training or rehabilitation, including persons employed for limited periods from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(31) full-time students employed by the Minnesota historical society intermittently during part of the year and full-time during the summer months;

(32) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, if or of a metropolitan agency the board members of which are appointed by the metropolitan council;

(33) persons employed in positions designated by the department of employee relations as student workers;

(34) any a person who is 65 years of age 62 or older when appointed and who does not have allowable service credit for previous employment, unless the employee gives notice to the director within 60 days after appointment that coverage is desired;

(35) members of trades employed *after June 1*, 1977, by the metropolitan waste control commission with trade union pension plan coverage under a collective bargaining agreement first employed after June 1, 1977;

(36) persons employed in subsidized on-the-job training, work experience work-experience, or public service public-service employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has persons have, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person the persons from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the person agrees persons agree in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(37) off-duty peace officers while employed by the metropolitan transit commission under section 629.40, subdivision 5; and

(38) persons who are employed as full-time firefighters by the department of military affairs and as firefighters are members of the public employees police and fire fund.

Sec. 2. Minnesota Statutes 1987 Supplement, section 352.01, subdivision 19, is amended to read:

Subd. 19. [RETIREMENT.] "Retirement" means the time after a state employee is entitled to an accrued annuity, as defined in subdivision 21, payable under an application for annuity filed in the office of the system as provided in section 352.115, subdivision 8, or, in the case of an employee who has received a disability benefit, when that employee reaches age 65 62.

Sec. 3. Minnesota Statutes 1987 Supplement, section 352.113, subdivision 1, is amended to read:

Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] Any An employee covered by the system who is less than 65 years old age 62 who becomes totally and permanently disabled after five or more years of allowable service is entitled to a disability benefit in an amount provided in subdivision 3. If the disabled employee's state service has terminated at any time, the employee must have at least three years of allowable service after last becoming a state employee covered by the system.

Sec. 4. Minnesota Statutes 1987 Supplement, section 352.113, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] The total and permanent disability benefit must be computed in the manner provided in section 352.115. The disability benefit shall be is the normal annuity without reduction for each month the employee is under age 65 62 at the time of becoming disabled. A disabled employee may choose to receive the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. This choice must be made before the start of payment of the disability benefit and is effective the date on which the disability begins to accrue as provided in under subdivision 2.

Sec. 5. Minnesota Statutes 1987 Supplement, section 352.113, subdivision 4, is amended to read:

Subd. 4. [MEDICAL EXAMINATIONS; AUTHORIZATION FOR PAY-MENT OF BENEFIT.] An applicant shall provide medical evidence to support an application for total and permanent disability. The director shall have the employee examined by at least one additional licensed physician designated by the medical advisor. The physicians shall make written reports to the director concerning the employee's disability including medical opinions as to whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17. The director shall also obtain written certification from the employer stating whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer and, as a consequence, the employee is not entitled to compensation from the employer. The medical advisor shall consider the reports of the physicians and any other evidence supplied by the employee or other interested parties. If the medical advisor finds the employee totally and permanently disabled, the advisor shall make appropriate a written recommendation to the director in writing together with, including the date from which the employee has been totally disabled. The director shall then determine the propriety of authorizing payment of a disability benefit as provided in under this section. The employee must be on approved leave of absence from the employer to be eligible to apply for a total and permanent disability benefit, but the fact that an employee is placed employee's placement on leave of absence without compensation because of disability does not bar that the employee from receiving a disability benefit. Unless payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached age 65 62 as provided in this section, the disability benefit shall cease ceases with the last payment received by the disabled employee or which that had accrued during the lifetime of the employee unless there is a surviving spouse surviving; in that event. If there is a surviving spouse, the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

Sec. 6. Minnesota Statutes 1987 Supplement, section 352.113, subdivision 10, is amended to read:

Subd. 10. [EMPLOYEE AGAIN DISABLED AFTER RESUMING EMPLOYMENT.] If a disabled employee resumes gainful employment with the state and is not entitled to continued payment of a disability benefit as provided in subdivision 7, the right to a disability benefit ends when the employee has been employed for one year thereafter. If the employee again becomes totally and permanently disabled before reaching age 65 62, the employee may again make an application for a disability benefit may again be made. If the employee is entitled to a disability benefit, it must be computed as provided in under subdivision 9.

Sec. 7. Minnesota Statutes 1987 Supplement, section 352.113, subdivision 12, is amended to read:

Subd. 12. [RETIREMENT STATUS AT AGE 65 62.] The disability benefit paid to a disabled employee under this section ends when the employee reaches age 65 62. If the disabled employee is still totally and permanently disabled when the employee reaches age 65 62, the employee shall be is considered to be a retired employee. If the employee had chosen an optional annuity under subdivision 3, the employee shall receive is entitled to an annuity in accordance with the terms of the optional annuity previously chosen. If the employee had not chosen an optional annuity pursuant to under subdivision 3, the employee may then choose to receive either a normal retirement annuity equal in amount to the disability benefit paid before the employee reached age 65 62 or an optional annuity as provided in under section 352.116, subdivision 3. The choice of an optional annuity must be made before reaching the employee reaches age 65 62. If an optional annuity is chosen, the choice is effective on the date the employee becomes 65 years old reaches age 62, and the optional annuity shall begin begins to accrue the first of the month following the month in which the employee attains 65 age 62.

Sec. 8. Minnesota Statutes 1987 Supplement, section 352.115, subdivision 2, is amended to read:

Subd. 2. [AVERAGE SALARY.] The retirement annuity hereunder under this section payable at on or after age 65 or thereafter 62 must be computed in accordance with the applicable provisions of the formula stated in subdivision 3, on the basis of the employee's average salary for the period of allowable service. This The retirement annuity is known as the "normal" retirement annuity.

For each year of allowable service, *the* "average salary" of an employee in determining a retirement annuity means the average of the highest five successive years of salary upon which the employee has made contributions to the retirement fund by payroll deductions.

"Average salary" does not include the payment of accrued unused annual leave or overtime paid at time of final separation from state service if paid in a lump sum, nor does it include the any reduced salary, if any, paid during the period while the employee is entitled to workers' compensation benefit payments for temporary disability.

Sec. 9. Minnesota Statutes 1987 Supplement, section 352.116, subdivision 1, is amended to read:

Subdivision 1. [REDUCED ANNUITY BEFORE AGE 65 62.] Any An employee who retires before age 65 62 with credit for less than 30 years of allowable service shall be paid is entitled to the normal retirement annuity provided in under section 352.115, subdivisions 2 and 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 65. Any employee who retires prior to age 62 with credit for at least 30 years of allowable service shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 62.

Sec. 10. Minnesota Statutes 1987 Supplement, section 352.72, subdivision 5, is amended to read:

Subd. 5. [EARLY RETIREMENT.] The requirements and provisions for retirement before age 65.62 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 subdivision 1.

Sec. 11. Minnesota Statutes 1987 Supplement, section 352.91, subdivision 3, is amended to read:

Subd. 3. [FARMING AND TEACHING.] (a) "Covered correctional service" includes service rendered before July 1, 1973, in a classification of farmer or farm manager by an employee employed in a covered correctional position on July 1, 1973. Services performed before July 1, 1974, in a classification defined in subdivisions 1, clauses (1) and (2), and 2 by an employee in a covered correctional position on or after July 1, 1974, are covered correctional service and apply to employees retiring after July 1, 1974.

(b) The portion of the retirement benefit payable to any a special teacher who was covered by the correctional plan under subdivision 2 and who retires after July 1, 1974, which is based on service rendered before July 1, 1974, if that service was covered by the state teachers retirement basic

formula, must be at least the benefit determined using the basic formula and must may never be less than the benefit that would have been payable on the service under the basic formula adjusted for the number of months the employee is under age 65 62 at date of retirement. The benefit must be determined under chapter 354.

Sec. 12. Minnesota Statutes 1987 Supplement, section 352.95, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT STATUS AT AGE 65 62.] The disability benefit paid to a disabled correctional employee under this section shall terminate terminates at the end of the month in which the employee reaches age 62. If the disabled correctional employee is still disabled when the employee reaches age 62, the employee shall be is deemed to be a retired employee. If the employee had elected an optional annuity under subdivision 1a, the employee shall receive is entitled to an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 1a, the employee may then either elect to receive a normal retirement annuity computed in the manner provided in under section 352.115 or elect to receive an optional annuity as provided in under section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of An employee must elect an optional annuity must be made before reaching age 62. The reduction for early retirement before age 65 as provided in section 352.116, subdivision 1, does not apply. The savings clause provision of section 352.93, subdivision 3, applies. If an optional annuity is elected, the optional annuity shall begin begins to accrue on the first of the month following the month in which the employee reaches age 62.

Sec. 13. Minnesota Statutes 1986, section 353.30, subdivision 1, is amended to read:

Subdivision 1. Upon separation from public service any, a person who has attained the at least age of at least 58 years but not more than 65 years 55 and who has received credit for not less than 20 ten years of allowable service, or a person who has received credit for not less than 30 years of allowable service, is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, reduced by one quarter of one percent for each month that the member is under age 65 at the time of retirement so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the person if the person deferred receipt of the annuity from the day the annuity begins to accrue to age 62.

Sec. 14. Minnesota Statutes 1987 Supplement, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the at least age of at least 50 years and who has credit for not less than five years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu instead of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to under section 353.31, an annuity equal to the 100 percent joint and survivor annuity which that the member could have qualified for had the member terminated service on the date of death. The surviving spouse may

apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The annuity shall must be computed as provided in under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision. No payment shall may accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the any excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any A member may specify in writing that this subdivision shall does not apply and that payment shall may be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 15. Minnesota Statutes 1987 Supplement, section 353.33, subdivision 1, is amended to read:

Subdivision 1. [AGE, SERVICE AND SALARY REQUIREMENTS.] Any A member who becomes totally and permanently disabled before age 65 62 and after five years of allowable service shall be is entitled to a disability benefit in an amount provided in subdivision 3. If such the disabled person's public service has terminated at any time, at least three of the required five years of allowable service must have been rendered after last becoming a member. Any A member whose average salary is less than $575 \text{ per } a \mod 53.34$ and no purchase of prior service or payment made in lieu instead of salary deductions otherwise authorized pursuant to by section 353.01, subdivision 16, 353.017, subdivision 4, or 353.36, subdivision 2, may be made after the occurrence of the disability for which an application pursuant to under this section is filed.

Sec. 16. Minnesota Statutes 1986, section 353.33, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] This The disability benefit is an amount equal to the normal annuity payable to a member who has reached 65 age 62 with the same number of years of allowable service and the same average salary, as provided in section 353.29, subdivisions 2 and 3. A "basic member" shall receive is entitled in addition to a supplementary monthly benefit computed in accordance with the following table:

Age when Disabled	* • • · ·		Supplementary Benefit
Under 56			\$50
56			45
57		÷.,	40
58			35
59			30
60			25
61			20

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If the disability benefits provided in this subdivision exceed the average salary as defined in section 353.29, subdivision 2, the disability benefits shall must be reduced to an amount equal to said the average salary.

Sec. 17. Minnesota Statutes 1986, section 353.33, subdivision 11, is amended to read:

Subd. 11. [RETIREMENT STATUS AT AGE 65 62.] No person shall be entitled to may receive disability benefits and a retirement annuity at the same time. The disability benefits paid to a person hereunder shall under this section terminate when the person reaches age 65 62. If the person is still totally and permanently disabled when the person attains the age of 65 years 62, the person shall be is deemed to be on retirement status and, if the person had elected an optional annuity pursuant to subdivision 3a, shall receive the person is entitled to an annuity in accordance with the terms of the optional annuity previously elected, or,. If the person had not elected an optional annuity pursuant to subdivision 3a, the person may at the option of the person either elect to receive either a normal retirement annuity as provided in under section 353.29 or a normal retirement annuity equal to the disability benefit paid before the person reached age 65 62, whichever amount is greater, or elect to receive an optional annuity as provided in under section 353.30, subdivision 3. Any For a disabled person who becomes reaches age 65 shall have 62, the annuity must be computed in accordance with the law in effect upon attainment of when the person reached age 65 62. Election of an optional annuity shall must be made prior to before the person attaining the attains age of 65 years 62. If an optional annuity is elected, the election shall be is effective on the date on which the person attains the age of 65 years 62, and the optional annuity shall begin begins to accrue on the first day of the month next following the month in which the person attains the age of 65 years 62.

Sec. 18. Minnesota Statutes 1987 Supplement, section 353.34, subdivision 3, is amended to read:

Subd. 3. [DEFERRED ANNUITY; ELIGIBILITY; COMPUTATION.] Any A person with at least five years of allowable service when termination of public service occurs shall have the option of leaving may leave the accumulated deductions in the fund and thereby be entitled to a deferred retirement annuity commencing at age 65 62 or for a deferred early retirement annuity pursuant to under section 353.30, subdivision 1, 1a, 1b or 1c. The deferred annuity shall must be computed in the manner provided in under section 353.29, subdivisions 2 and 3, on the basis of the law in effect on the date of termination of public service and shall must be augmented as provided in accordance with section 353.71, subdivision 2. Any A person qualified to apply for a deferred retirement annuity may revoke this option at any time prior to before the commencement of deferred annuity payments by making application for a refund. The person shall be is entitled to a refund of accumulated member contributions within 30 days. following the date of receipt of on which the executive director receives the application by the executive director.

Sec. 19. Minnesota Statutes 1986, section 353.34, subdivision 3b, is amended to read:

Subd. 3b. [DEFERRED ANNUITY; CERTAIN FORMER MUNICIPAL COURT JUDGES.] Any A person who qualified for membership in the association solely because of service as a municipal court judge, whose service as a municipal court judge was terminated by Laws 1971, chapter 951, section 9, and who elected to leave accumulated deductions in the fund to qualify for a deferred annuity, may receive a deferred early retirement annuity under section 353.30, subdivision 1, 1a, 1b, or 1c, notwithstanding the law in effect on the date of termination of public service.

Sec. 20. Minnesota Statutes 1986, section 353.71, subdivision 5, is amended to read:

Subd. 5. [EARLY RETIREMENT.] The requirements and provisions for retirement prior to before age 65 contained 62 in section 353.30, shall also apply to a person fulfilling such those requirements with a combination of service as provided in under subdivision 1.

Sec. 21. Minnesota Statutes 1986, section 354.44, subdivision 7, is amended to read:

Subd. 7. [COMPUTATION OF FORMULA AND VARIABLE PRO-GRAM RETIREMENT ANNUITY.] The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 6, elause (2) paragraph(b), for formula service credit prior to before the effective date of the original election of this subdivision and subsequent to June 30, 1978, unless the member elects continued participation in the variable program pursuant to under section 354.621, and

(2) The benefits for service credit subsequent to after the effective date of the formula and variable program but prior to before July 1, 1978, and the benefits for service credit subsequent to after June 30, 1978, if the member elects continued participation in the variable program pursuant to under section 354.621, shall be constitute the average salary as defined in subdivision 6, elause (1) paragraph (a), of any a member, multiplied by the following percentages per year of formula service credit.

	Coordinated Member	Basic Member
Each year of service during first ten	.5 .75 percent per year	1.0 percent per year
Each year of service thereafter after ten years		1.25 percent per year, and

(3) the benefits provided in section 354.62, subdivision 5.

Sec. 22. Minnesota Statutes 1986, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6, equal to or greater than \$75 dies prior to before retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the before age of 65 years 62, the surviving dependent spouse and dependent children of the basic member or former basic member shall be are entitled to receive a monthly benefit as follows:

(a) Surviving dependent spouse

. .50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

(b) Each dependent child

ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any a dependent child under the age of 22 years shall must be made to the surviving parent, or, if there be none, to the legal guardian of the child. The maximum monthly benefit shall may not exceed \$1,000 for any one family, and the minimum benefit per family shall may not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate terminates upon remarriage, and the surviving dependent children's benefit shall must be reduced pro tanto by that child's share when any a surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to *under* this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive are entitled to the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall *must* be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to Before payment of any a survivor benefit pursuant to under this subdivision, in lieu of that benefit, the surviving dependent spouse may elect, instead of the benefit, to receive the joint and survivor annuity provided pursuant to under subdivision 2_7 or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to section 354.47, subdivision 1, or 354.62, subdivision 5, clause (3). If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 23. Minnesota Statutes 1987 Supplement, section 354.48, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] (1) (a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clauses (1) and (2), is an amount equal to double the annuity which that could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher member were age 65.62 at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received. Any A member who applies for a disability benefit after June 30, 1974, and who failed to make an election pursuant to under Minnesota Statutes 1971, section 354.145, shall have the is entitled to a disability benefit computed under this clause paragraph or elause (2) paragraph (b), whichever is larger.

The benefit granted shall be is determined by the following:

(a) (1) the amount of the accumulated deductions;

(b) (2) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;

(c) (3) interest for the years from the date the benefit begins to accrue to the date the member attains age 65 62 at the rate of three percent;

(d) (4) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in under section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

In addition, a supplementary monthly benefit shall be paid is payable to basic members only in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
6 4	5

(2) (b) The disability benefit granted to members a member covered under by section 354.44, subdivision 6 or 7 shall, must be computed in the same manner as the annuity provided in accordance with the subdivision 6 or 7 of that section, whichever is applicable covers the member. The disability benefit shall be is the formula annuity without the reduction for each month the member is under age 65 62 when the benefit begins to accrue.

(3) (c) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall may not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall must be reduced to an amount equal to the disabled member's average salary.

Sec. 24. Minnesota Statutes 1986, section 354.48, subdivision 10, is amended to read:

Subd. 10. [RETIREMENT STATUS AT AGE 65 62.] No person shall be entitled to may receive both a disability benefit and a retirement annuity provided by this chapter. The disability benefit paid to a person hereunder shall terminate terminates at the end of the month in which the person attains the age of 65 years 62. If the person is still totally and permanently disabled at the beginning of the month next following after the month in which the person attains the age of 65 years 62, the person shall be is deemed to be on retirement status and, if the person had elected an optional annuity pursuant to under subdivision 3a, shall receive is entitled to an annuity in accordance with the terms of the optional annuity previously elected, or,. If the person had not elected an optional annuity pursuant to under subdivision 3a, may at the option of the person may elect to receive either a straight life retirement annuity computed pursuant to under section 354.44 or a straight life retirement annuity equal to the disability benefit paid prior to before the date on which the person attained the age of 65 years 62, whichever amount is greater, or elect to receive an optional annuity as provided in under section 354.45, subdivision 1. Election of an optional annuity shall must be made prior to before the person attaining the attains age of 65 years 62. If an optional annuity is elected, the election shall be is effective on the date on which the person attains the age of 65 years 62, and the optional annuity shall begin begins to accrue on the first day of the month next following after the month in which the person attains the age of 65 years 62.

Sec. 25. Minnesota Statutes 1987 Supplement, section 354.49, subdivision 3, is amended to read:

Subd. 3. Any A person not covered by section 354.44, subdivision 6 or 7, who has attained the at least age of at least 65 62 with less than five years of credited allowable service shall be is entitled to receive a refund in an amount equal to the person's accumulated deductions plus interest in lieu instead of a proportionate annuity pursuant to under section 356.32 except those. A person covered under the provisions of by section 354.44, subdivision 6 or 7 in which case the, may elect a refund shall be in an amount equal to the accumulated deductions credited to the person's account as of June 30, 1957, and, after July 1, 1957, the accumulated deductions plus interest at the rate of five percent compounded annually.

Sec. 26. Minnesota Statutes 1987 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. [DEFERRED ANNUITY; AUGMENTATION.] Any A person covered under by section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be is governed pursuant to by section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be is determined by section 354.44, subdivisions 6 and 7, and augmented as provided in this subdivision. The required reserves related to that the portion of the annuity which that had accrued when the member ceased to render teaching service shall must be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall may be no augmentation if this period is less than three months or if this period commences prior to before July 1, 1971. The rates of interest used for this purpose shall must be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter afterward. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period, and the required reserves related to each period shall must be augmented by interest pursuant to under this subdivision. The sum of the 69TH DAY]

augmented required reserves so determined shall be under this subdivision is the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service shall be are those applicable to new members. The mortality table and interest assumption used to compute the annuity shall must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall do not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall may the annuity payable under this subdivision be less than the amount of annuity payable pursuant to under section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement before age 65 62 contained in section 354.44, subdivision 6, clause (2), shall paragraph (b), also apply to an employee fulfilling the requirements with a combination of service as provided in under section 354.60.

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

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

Sec. 27. Minnesota Statutes 1987 Supplement, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] Upon retirement at an age prior to age 65 with five years of service credit or prior to before age 62 with at least 30 years of service credit, a coordinated member shall be is entitled to a retirement annuity in an amount equal to the normal retirement annuity reduced by one-half of one percent for each month that the coordinated member is under the age of 65 if the coordinated member has less than 30 years of service credit or is under the age of 62 if the ecoordinated member has at least 30 years of service credit but is over the age of 59, and reduced by one-fourth of one percent for each month that the coordinated member is under the age of 60 so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to accrue to age 62.

Sec. 28. Minnesota Statutes 1986, section 354A.36, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF DISABILITY BENEFIT.] The coordinated permanent disability benefit shall be is an amount equal to the normal coordinated retirement annuity computed pursuant to under section 354A.31, subdivision 4, based on allowable service credited to the date of disability

but without any reduction for the commencement of the benefit prior to before the attainment of age 65 or age 62 with at least 30 years of service eredit as specified in section 354A.31, subdivision 6. The disabled coordinated member shall is not be entitled to elect an optional annuity form pursuant to under section 354A.32 prior to before attaining age 65 62 as provided in subdivision 10.

Sec. 29. Minnesota Statutes 1986, section 354A.36, subdivision 10, is amended to read:

Subd. 10. [RETIREMENT STATUS UPON ATTAINING AGE 65 62.] No person shall be is entitled to receive both a disability benefit under this section and a retirement annuity under section 354A.31. If a disability benefit recipient remains totally and permanently disabled upon attaining age 65 62, the disability benefit shall terminate terminates and the former disability benefit recipient shall be is deemed to be on retirement status. If the former disability benefit recipient had elected an optional annuity pursuant to under subdivision 3a, the recipient shall receive is entitled to an annuity in accordance with the terms of the optional annuity previously elected, or, if the recipient had not elected an optional annuity pursuant to under subdivision 3a, the recipient shall be is entitled either to receive a retirement annuity in an amount equal to the greater of either a single life retirement annuity calculated pursuant to under section 354A.31 or the disability benefit paid to the recipient immediately prior to before the recipient's attaining age 65 62 or to elect either a single life retirement annuity as provided in this section or an actuarial equivalent optional form retirement annuity as provided in section 354A.32. Election of an optional annuity shall must be made prior to before the person attaining the attains age of 65 years 62. If an optional annuity is elected, the election shall be is effective on the date on which the person attains the age of 65 years 62, and the optional annuity shall begin begins to accrue on the first day of the month next following after the month in which the person attains the age of 65 years 62.

Sec. 30. Minnesota Statutes 1986, section 354A.37, subdivision 4, is amended to read:

Subd. 4. [CERTAIN REFUNDS AT AGE 65 62.] Any A coordinated member who has attained the *at least* age of at least 65 62 with less than ten years of allowable service credit and has terminated active teaching service shall be is entitled to a refund in lieu instead of a proportionate annuity pursuant to under section 356.32. The refund shall must be equal to the coordinated member's accumulated employee contributions plus interest at the rate of five percent compounded annually.

Sec. 31. Minnesota Statutes 1986, section 356.32, subdivision 1, is amended to read:

Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to in subdivision 2, any a person who is an active member of any applicable a fund covered by this chapter, who has credit for at least one year but less than ten years of allowable service in one or more of the applicable funds, and who terminates active service pursuant to under a mandatory retirement law or policy or at age 65 62 or older for any reason shall be is entitled upon making written application on the form prescribed by executive director or executive secretary of the fund to a proportionate retirement annuity from each applicable fund in which the person has allowable service credit. The proportionate annuity shall must be calculated under the applicable laws governing annuities in each fund, based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years. Nothing in this section shall prevent prevents the imposition of the appropriate early retirement reduction of an annuity which that commences prior to before normal retirement age.

Sec. 32. [REPEALER.]

Minnesota Statutes 1986, section 353.30, subdivisions 1a and 1b, are repealed. Minnesota Statutes 1987 Supplement, section 353.30, subdivision 1c, is repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 32 are effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to retirement; certain public retirement systems; setting age 62 as the normal retirement age; providing for actuarial reduction of benefits for early retirement; changing the retirement annuity formula; amending Minnesota Statutes 1986, sections 353.29, subdivision 3; 353.30, subdivision 1; 353.33, subdivisions 3 and 11; 353.34, subdivision 3b; 353.71, subdivision 5; 354.44, subdivisions 6 and 7; 354.46, subdivision 1; 354.48, subdivision 10; 354A.31, subdivision 4; 354A.36, subdivisions 3 and 10; 354A.37, subdivision 4; and 356.32, subdivision 1; Minnesota Statutes 1987 Supplement, sections 352.01, subdivisions 2b and 19; 352.113, subdivisions 1, 3, 4, 10, and 12; 352.115, subdivisions 2 and 3; 352.116, subdivisions 1 and 2; 352.72, subdivision 5; 352.91, subdivision 3; 352.95, subdivision 5; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivision 1; 353.34, subdivision 3; 354.48, subdivision 3; 354.49, subdivision 3; 354.55, subdivision 11; and 354A.31, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapter 356; repealing Minnesota Statutes 1986, section 353.30, subdivisions 1a and 1b; and Minnesota Statutes 1987 Supplement, section 353.30, subdivision 1c."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2279: A bill for an act relating to courts; prescribing when a referee's orders become effective; amending Minnesota Statutes 1986, section 484.70, subdivision 7.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2400: A bill for an act relating to crimes; repealing the prohibition against the sale of articles relating to prevention of conception or disease; repealing Minnesota Statutes 1986, section 617.251.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted. Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2245: A bill for an act relating to health; limiting reporting requirements for epidemiologic studies; providing grants for AIDS evaluation and counseling; providing fines for rule violations; creating an environmental health fee account; increasing fees for restaurant, hotel, and resort licenses; appropriating money; amending Minnesota Statutes 1986, section 144.053, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 145 and 157.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 15, delete "Notwithstanding any rule to the contrary,"

Pages 2 and 3, delete sections 4 to 7

Page 3, line 29, delete the first comma and insert "and" and delete ", 4, 5, and 6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, delete lines 5 and 6

Page 1, line 7, delete everything before "amending"

Page 1, line 10, delete "chapters" and insert "chapter" and delete "and 157"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1658: A bill for an act relating to hospitals; requiring prompt payment; establishing rates for small hospitals; requiring interim payments to hospitals; amending Minnesota Statutes 1986, sections 16A.124, subdivision 4, and by adding a subdivision; and 256.969, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 256.969, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 256.969, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CONSIDERATIONS.] (a) In determining the rate the commissioner of human services will take into consideration whether the following circumstances exist:

(1) minimal medical assistance and general assistance medical care utilization;

(2) unusual length of stay experience; and

(3) disproportionate numbers of low-income patients served.

(b) To the extent of available appropriations, the commissioner shall provide supplemental grants directly to a hospital described in section 256B.031, subdivision 10, paragraph (a), that receives medical assistance payments through a county-managed health plan that serves only residents of the county. The payments must be designed to compensate for actuarially demonstrated higher health care costs within the county, for the population served by the plan, that are not reflected in the plan's rates under section 256B.031, subdivision 4.

(c) The commissioner shall establish procedures to analyze and correct problems associated with hospital inpatient and outpatient claims preparation and processing. At a minimum, the commissioner shall:

(1) designate a full-time equivalent position as a liaison between the department of human services and hospitals;

(2) analyze impediments to timely processing of claims, provide information and consultation to hospitals, and develop methods to resolve or reduce problems;

(3) provide to each hospital a quarterly listing of claims received and identify those claims that have been suspended and the reason the claims were suspended;

(4) provide education and information on reasons for rejecting and suspending claims and identify methods that would avoid multiple submissions of claims; and

(5) identify and prioritize claims that are in jeopardy of exceeding time factors that eliminate payment.

(d) For inpatient hospital originally paid admissions, excluding Medicare cross-overs, provided from July 1, 1988, through June 30, 1989, hospitals with 100 or fewer medical assistance annualized paid admissions, excluding Medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30, 1987, shall have medical assistance inpatient payments increased percent. Hospitals with more than 100 but fewer than 250 medical assistance annualized paid admissions, excluding Medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30, 1987, shall have medical assistance inpatient payments increased

percent for inpatient hospital originally paid admissions, excluding Medicare cross-overs, provided from July 1, 1988, through June 30, 1989. This provision applies only to hospitals that have 100 or fewer licensed beds on July 1, 1988.

Sec. 2. [REVIEW OF SMALL HOSPITAL RATES.]

The commissioner shall, in conjunction with hospitals, review the adequacy of reimbursement for catastrophic cases for hospitals described in section 1, paragraph (d), in light of changes in case mix from the base year.

Sec. 3. [STUDY OF RURAL HOSPITALS.]

The commissioner of health shall study the rural hospital system in the state and report to the legislature by February 1, 1989, with a description of the financial condition of rural hospitals, including the identification of regions in the state where the closing of a financially distressed hospital

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will result in access problems for rural residents.

Sec. 4. [APPROPRIATION.]

\$..... is appropriated from the general fund to the commissioner of human services to implement the provisions of section 1."

Delete the title and insert:

"A bill for an act relating to hospitals; requiring commissioner to analyze claims; increasing payment rates for small hospitals; requiring a study of rural hospitals; appropriating money; amending Minnesota Statutes 1987 Supplement, section 256.969, subdivision 3."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 335: A bill for an act relating to occupations and professions; authorizing physical therapy treatment without referral by a physician; prohibiting certain business relationships in the practice of physical therapy; amending Minnesota Statutes 1986, sections 148.75 and 148.76, subdivision 2.

Reports the same back with the recommendation that the report from the Committee on Health and Human Services, shown in the Journal for March 7, 1988, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1783: A bill for an act relating to motor vehicles; requiring mandatory annual inspection of motor vehicle emission control equipment on vehicles registered in the metropolitan area; prescribing powers and duties of the pollution control agency and the department of public safety; imposing fees for inspection; prescribing penalties; requiring that gasoline sold in the metropolitan area for use in motor vehicles must contain oxy-genated fuel; requiring the commissioners of agriculture, transportation, pollution control agency, and public service to recommend an oxygenated fuel to the legislature; appropriating money; amending Minnesota Statutes 1986, section 296.16, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for March 9, 1988, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be rereferred to the Committee on Agriculture". Amendments adopted. Report adopted. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1940 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1940	1801		-		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1806 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	5.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1806	1784		1. A.		

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1806 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1806 and insert the language after the enacting clause of S.F. No. 1784, the first engrossment; further, delete the title of H.F. No. 1806 and insert the title of S.F. No. 1784, the first engrossment.

And when so amended H.F. No. 1806 will be identical to S.F. No. 1784, and further recommends that H.F. No. 1806 be given its second reading and substituted for S.F. No. 1784, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1817 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS				CALENDAR	
H.F. No.	S.F. No.	H.F. No.	. S.F. No.	H.F.No.	S.F. No.
1817	1698	:	•		-

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1817 be amended as follows: Delete all the language after the enacting clause of H.F. No. 1817 and insert the language after the enacting clause of S.F. No. 1698, the first engrossment; further, delete the title of H.F. No. 1817 and insert the title of S.F. No. 1698, the first engrossment.

And when so amended H.F. No. 1817 will be identical to S.F. No. 1698, and further recommends that H.F. No. 1817 be given its second reading and substituted for S.F. No. 1698, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1912 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT	CALENDAR	CALENDAR	
H.F. No.	S.F. No.	H.F.No.	S.F. No.	H.F. No.	S.F. No.
1912	2216				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1912 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1912 and insert the language after the enacting clause of S.F. No. 2216, the first engrossment; further, delete the title of H.F. No. 1912 and insert the title of S.F. No. 2216, the first engrossment.

And when so amended H.F No. 1912 will be identical to S.F. No. 2216, and further recommends that H.F. No. 1912 be given its second reading and substituted for S.F. No. 2216, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 2279, 2400, 2245 and 335 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1940, 1806, 1817 and 1912 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Davis moved that the name of Mr. Morse be added as a co-author to S.F. No. 655. The motion prevailed.

Mr. Stumpf moved that the name of Mrs. McQuaid be added as a coauthor to S.F. No. 2234. The motion prevailed.

Mr. Beckman moved that the name of Ms. Piper be added as a co-author to S.F. No. 2496. The motion prevailed.

Mr. Solon moved that the name of Mr. Lessard be added as a co-author to S.F. No. 2498. The motion prevailed.

Mr. Frederickson, D.J. moved that the names of Mr. Vickerman and Mrs. Adkins be added as co-authors to S.F. No. 2505. The motion prevailed.

Mr. Bertram introduced-

Senate Resolution No. 123: A Senate resolution commending the Assumption Nursing Home, Cold Spring, Minnesota, for 25 years as a skilled care facility.

Referred to the Committee on Rules and Administration.

Mr. Marty moved that the name of Ms. Piper be added as a co-author to S.F. No. 2054. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Ms. Berglin introduced—

S.F. No. 2525: A resolution memorializing the President and Congress of the United States to enact a program of national health insurance.

Referred to the Committee on Health and Human Services.

Messrs. Merriam and Dahl introduced-

S.F. No. 2526: A bill for an act relating to taxation; designating a medical enterprise park opportunity zone in the city of Coon Rapids; providing tax benefits for the zone; appropriating money.

Referred to the Committee on Economic Development and Housing.

Mr. Moe, D.M. introduced—

S.F. No. 2527: A bill for an act relating to retirement; St. Paul teachers retirement fund association; approving a bylaw amendment implementing five-year vesting for certain benefits.

Referred to the Committee on Governmental Operations.

Messrs. Vickerman; Frederickson, D.J.; Davis and Beckman introduced—

S.F. No. 2528: A resolution memorializing the President to immediately direct the Secretary of Agriculture to halt the forced movement of Farmer-Owned Reserve grains to commercial warehouses.

Referred to the Committee on Agriculture.

Mr. Cohen introduced-

S.F. No. 2529: A bill for an act relating to crime; imposing criminal penalties on persons who sign certain documents with a false or fictitious name; amending Minnesota Statutes 1986, section 171.22.

Referred to the Committee on Judiciary.

Messrs. Peterson, R.W. and Dicklich introduced-

S.F. No. 2530: A bill for an act relating to capital improvements; authorizing spending to better public land and buildings and other public improvements of a capital nature; authorizing issuance of state bonds; appropriating money.

Referred to the Committee on Finance.

Mr. Renneke introduced-

S.F. No. 2531: A bill for an act relating to state lands; permitting the sale of certain tax-forfeited lands that border public waters in McLeod county.

Referred to the Committee on Environment and Natural Resources.

Messrs. Kroening, Waldorf, Belanger, Samuelson and Frank introduced-

S.F. No. 2532: A bill for an act relating to taxation; income; providing a pension exclusion; repealing the credit for elderly and disabled persons; amending Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19b; proposing coding for new law in Minnesota Statutes, chapter 290; repealing Minnesota Statutes 1987 Supplement, section 290.06, subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, March 17, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate