



TO: Members of the Legislative Commission on Pensions and Retirement
 FROM: Lawrence A. Martin, Executive Director *LAM*
 RE: 2005 Omnibus Retirement Bill Compilation as of April 7, 2005
 DATE: April 7, 2005

Introduction

Attached is the compilation of the 2005 Omnibus Retirement Bill as assembled by the Legislative Commission on Pensions and Retirement through April 7, 2005, in the form of Delete Everything Amendment LCPR05-231.

Pension Bills Incorporated into the 2005 Omnibus Retirement Bill

The 2005 Omnibus Retirement Bill, as compiled by the Legislative Commission on Pensions and Retirement through April 7, 2005, contains all or a portion of the contents of the following 28 bills:

- S.F. 157 (Tomassoni); H.F. 94 (Rukavina): Eveleth P&F; Eveleth Police & Fire Trust Fund Ad Hoc Post-Retirement Adjustment
- S.F. 259 (Betzold); H.F. 1706 (Smith): VFRA's; Implementing the Volunteer Firefighter Relief Association Working Group Recommendations Relating to Firefighter Retirement Financing And Benefits
- S.F. 427 (Betzold); H.F. 2092 (Smith): Elective State Officers Retirement Plan; Application and Administrative Clarification
- S.F. 428 (Betzold); H.F. 2091 (Smith): Legislators Retirement Plan; Modification, Clarification and Recodification
- S.F. 429 (Betzold); H.F. 2090 (Smith): PERA; Collection Procedures for Unpaid Charter School Employer Contributions
- S.F. 430 (Betzold); H.F. 2089 (Smith): Various Plans; Public Pension Plan Administrative Expense Itemization in Financial Reports
- S.F. 433 (Betzold); H.F. 2112 (Smith): Judges Retirement Plan; Clarification and Recodification
- S.F. 434 (Betzold); H.F. 2113 (Smith): Various Plans; Actuarial Equivalence Determination
- S.F. 436 (Betzold); H.F. 2115 (Smith): Various Plans; Repositioning of Average Salary Definition
- S.F. 437 (Betzold); H.F. 2095 (Smith): First Class City Teacher Plans; Articles of Incorporation and Bylaws Periodic Update Requirement
- S.F. 438 (Betzold); H.F. 2093 (Smith): Various Plans; Retirement Plans Process and Taxation Exemptions Clarification
- S.F. 439 (Betzold); H.F. 2094 (Smith): Various Plans; Retirement Provisions Update, Clarification and Correction
- S.F. 623 (Tomassoni); H.F. 240 (Rukavina): VFRA's; Aurora, Biwabik, Hoyt Lakes and Palo Volunteer Firefighter Relief Associations Service Pension Calculation after Consolidation
- S.F. 888 (Kubly); H.F. 704 (Koenen): PERA; RenVilla Nursing Home Privatization
- S.F. 996 (Betzold); H.F. 1636 (Hornstein): MSRS; Allowable Service Credit Purchase for Strike Periods
- S.F. 1091 (Dille); H.F. 1100 (Newman): PERA; Hutchinson Area Health Care Privatization
- S.F. 1149 (Skoe); H.F. 1808 (Eken): PERA; Ada Bridges Medical Services Privatization
- S.F. 1165 (Betzold); H.F. 1255 (Smith): Judges Retirement Plan; Authorized Leaves of Absence Allowable Service Credit Purchase
- S.F. 1352 (Neuville); H.F. 920 (Cox): PERA; Northfield Hospital Privatization
- S.F. 1431 (Wiger); H.F. 1603 (Slawik): Maplewood and Oakdale Volunteer Firefighter Relief Associations; Liability and Asset Transfer for Six Firefighters
- S.F. 1556 (Betzold, by request); HF 2101 (Murphy): MnSCU; Individual Retirement Account Plan Investment Option Modification

- S.F. 1682 (Pogemiller); H.F. xxx: PERA; Defining Covered Salary to Include Certain Employer Contributions to Supplemental Retirement
- S.F. 1741 (Betzold); H.F. 1934 (Wardlow): Supplemental Pension Plans; Public Funds Contribution Restriction Exemption Clarification
- S.F. 1763 (Pogemiller); H.F. 2031 (Thissen): PERA-P&F; University of Minnesota Police Officers Exclusion
- S.F. 1834 (Michel); H.F. 2080 (Smith): State Patrol Retirement Plan; Member Definition Expanded to Include Commerce Department Division of Insurance Fraud Prevention Employees
- S.F. 1927 (Betzold); H.F. 1799 (Wardlow): VFRA's; Statewide Volunteer Firefighter Retirement Plan Study
- S.F. 2038 (Michel); H.F. 2173 (Larson): Bloomington Fire; Funding Deadline Extended and Interest Rate Assumption Increased
- S.F. 2139 (Pogemiller); H.F. xxx: MSRS-Correctional; Process for Recommending Additional Membership Inclusions

Section-By-Section Summary of Amendment LCPR05-231

<u>Sec.</u>	<u>Page, Lines</u>	<u>Retirement Plan</u>	<u>Source Bill(s)</u>	<u>Stat. Provision</u>	<u>Summary</u>
<u>Article 1: Clarification/Recodification of Statewide Specialty Retirement Plans</u>					
1	Page 1, Lines 8-12	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 1	Updates the grammatical style of the definitions purpose subdivision.
2	Page 1, Lines 13-23	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1a	Adds actuarial equivalent definition.
3	Page 1, Lines 24-34	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1b	Moves "average monthly salary" definition from former Subdivision 7.
4	Page 1, Lines 35-36 Page 2, Lines 1-5	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 1c	Adds definition of "constitutional officer."
5	Page 2, Lines 6-21	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 2	Eliminates obsolete date and updates style and language usage of definition of "dependent child."
6	Page 2, Lines 22-26	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 6	Clarifies reference in "director" definition.
7	Page 2, Lines 27-33	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 6b	Defines "former legislator."
8	Page 2, Lines 34-36 Page 3, Lines 1-6	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 6c	Defines "member of the legislature."
9	Page 3, Lines 7-14	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 8	Eliminates obsolete pre-1982 provision from "normal retirement age" definition.
10	Page 3, Lines 15-19	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, New Subdivision 9	Adds definition of "retirement."
11	Page 3, Lines 20-33	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.01, Subdivision 10	Adds definition of "salary."
12	Page 3, Lines 34-36 Page 4, Lines 1-4	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.011	Clarifies plan administration duties.
13	Page 4, Lines 5-36 Page 5, Lines 1-35	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 1	Eliminates various obsolete date references in retirement annuity calculation provision.
14	Page 5, Line 36 Page 6, Lines 1-30	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 1b	Clarifies references and upgrades the style and usage of the provision.
15	Page 6, Lines 31-36 Page 7, Lines 1-3	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 3	Upgrades the language style and us the appropriation provision.
16	Page 7, Lines 4-36 Page 8, Lines 1-9	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 4	Eliminates obsolete dates and clarifies language style of the deferred annui augmentation provision.
17	Page 8, Lines 10-35	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.02, Subdivision 5	Clarifies the language style and usage of the optional annuities provision.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
18	Page 8, Line 36 Page 9, Lines 1-9	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.03, Subdivision 1	Clarifies the language style and usage of the member contribution provision.
19	Page 9, Lines 10-33	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.03, Subdivision 2	Clarifies the status of a former legislator returning to legislative service after taking a refund.
20	Page 9, Lines 34-36 Page 10, Lines 1-21	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 1	Clarifies the language style and usage of the surviving spouse provision.
21	Page 10, Lines 22-36 Page 11, Lines 1-30	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 2	Clarifies the language style and usage of the surviving child provision.
22	Page 11, Lines 31-36 Page 12, Line 1	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 3	Clarifies the language style and usage of the survivor benefit payment provision.
23	Page 12, Lines 2-14	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.04, Subdivision 4	Clarifies the language style and usage of the death refund provision.
24	Page 12, Lines 15-19	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.04, New Subdivision 5	Adds current disbursements survivor benefit appropriation provision.
25	Page 12, Lines 20-36	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.05	Clarifies the language and style of the survivor benefit application provision.
26	Page 13, Lines 1-17	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.07	Clarifies that the second chance Social Security referendum election in 2002 was irrevocable.
27	Page 13, Lines 18-31	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.10, Subdivision 1	Clarifies the language usage and style of the special legislative service credit provision.
28	Page 13, Lines 32-36 Page 14, Lines 1-36 Page 15, Lines 1-12	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.12	Clarifies the language style and usage of the service in more than one retirement plan provision.
29	Page 15, Lines 13-24	Legislators	SF 428 (Betzold); HF 2091 (Smith)	3A.13	Divides the legal process exemption provision into paragraphs.
30	Page 15, Lines 25-35	Elective State Officers	SF 427 (Betzold); HF 2092 (Smith)	New 352C.001	Applicability of the Elective State Officers Retirement Plan is specified.
31	Page 15, Line 36 Page 16, Lines 1-9	Elective State Officers	SF 427 (Betzold); HF 2092 (Smith)	352C.091, Subdivision 1	Plan administration is clarified.
32	Page 16, Lines 10-16	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 1	Updates the language and style of the definition introduction section.
33	Page 16, Lines 17-27	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 2a	Adds a definition of actuarial equivalency, relating to optional annuity forms.
34	Page 16, Lines 28-36 Page 17, Lines 1-3	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 4	Clarifies that "allowable service" means compensated service as a judge and that service as a retired judge is excluded.
35	Page 17, Lines 4-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 6	Clarifies the language and style of the definition of "annuity."
36	Page 17, Lines 9-14	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 7	Clarifies the definition of "annuitant" as meaning a former judge who receives a retirement annuity.
37	Page 17, Lines 15-19	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 7a	Adds a definition of "approved actuary."
38	Page 17, Lines 20-23	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 7b	Moves the definition of "court" to its appropriate alphabetic placement.
39	Page 17, Lines 24-34	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 7c	Moves the definition of "dependent surviving child" to its appropriate alphabetic placement.
40	Page 17, Lines 35-36 Page 18, Lines 1-4	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 13	Clarifies that the definition of "disability" means a medically determinable impairment of function.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
41	Page 18, Lines 5-11	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 14	Augments the definition of "disability retirement date" by including a refer to a certification of the disability by governor to the relevant individuals.
42	Page 18, Lines 12-17	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 15	Clarifies the language of the definition of "disability retirement annuity."
43	Page 18, Lines 18-22	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 15a	Moves the definition of "early retirement date" to a more appropriate place.
44	Page 18, Lines 23-28	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 15b	Moves the definition of "early retirement annuity" to a more appropriate place.
45	Page 18, Lines 29-36 Page 19, Lines 1-6	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 21	Clarifies the definition of "final average compensation" as it relates the computation of the average with less than ten years of service.
46	Page 19, Lines 7-10	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21a	Moves the definition of "judge" to a more appropriate position.
47	Page 19, Lines 11-15	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21b	Moves the definition of "judges retirement fund" to a more appropriate place.
48	Page 19, Lines 16-20	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21c	Moves the definition of "mandatory retirement date" to a more appropriate place.
49	Page 19, Lines 21-27	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21d	Moves the definition of "normal retirement annuity" to its appropriate alphabetic placement.
50	Page 19, Lines 28-32	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, New Subdivision 21e	Moves the definition of "normal retirement date" to a more appropriate place.
51	Page 19, Lines 33-36 Page 20, Lines 1-5	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 22	Clarifies the language usage in the definition of "service credit limit."
52	Page 20, Lines 6-9	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 23	Transfers the definition "survivor annuity" to its appropriate alphabetical placement.
53	Page 20, Lines 10-14	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.121, Subdivision 24	Transfers the definition of "surviving spouse" to a more appropriate place.
54	Page 20, Lines 15-32	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.122	Updates the language and style of the judges retirement plan administration provision and divides the provision into subdivisions.
55	Page 20, Lines 33-36 Page 21, Lines 1-11	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 1	Clarifies the language and style of the provision and replicates the fund creation language of other public pension funds.
56	Page 21, Lines 12-26	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 1a	Clarifies the language and style of the member contribution provision and adds a payroll deduction requirement.
57	Page 21, Lines 27-36 Page 22, Lines 1-4	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 1b	Clarifies the language and style of the employer contribution provision.
58	Page 22, Lines 5-15	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 1c	Extends the pre-1993 backup additional employer contribution provision to any future funding deficiency.
59	Page 22, Lines 16-31	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 2	Clarifies the language and style of the fund treasurer provision.
60	Page 22, Lines 32-36 Page 23, Lines 1-11	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.123, Subdivision 3	Divides the investment provision into paragraphs and clarifies references to MSRS.
61	Page 23, Lines 12-35	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 1	Clarifies the language and style of the retirement annuity provision and divides it into paragraphs.
62	Page 23, Line 36 Page 24, Lines 1-24	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 2	Clarifies the language and style of the vesting and term extension provision.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
63	Page 24, Lines 25-31	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 3	Clarifies the language and style of the early reduced retirement provision.
64	Page 24, Lines 32-36 Page 25, Lines 1-21	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 4	Clarifies the disability provision by providing the disability benefit at the conclusion of the one year of salary continuation or upon mandatory retirement, whichever is earlier.
65	Page 25, Lines 22-36 Page 26, Lines 1-2	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 5	Clarifies the deferred retirement annuity provision by indicating that entitlement for a deferred annuity continues after the normal retirement date.
66	Page 26, Lines 3-20	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 8	Separates the normal retirement benefit savings clause into specific paragraphs.
67	Page 26, Lines 21-36 Page 27, Lines 1-8	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 9	Clarifies the language and style of the survivor benefit provision, divides the provision into paragraphs, and eliminates an obsolete pre-1974 provision.
68	Page 27, Lines 9-28	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 10	Clarifies statute cross-references and divides the prior survivor benefit provision into paragraphs.
69	Page 27, Lines 29-36 Page 28, Lines 1-17	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 11	Clarifies the language and style of the optional survivors benefit provision.
70	Page 28, Lines 18-36	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 12	Extends the eligibility for a member contribution refund, plus interest, to judges who are entitled to an annuity.
71	Page 29, Lines 1-9	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.124, Subdivision 13	Clarifies the death refund provision by requiring the filing of a benefit application.
72	Page 29, Lines 10-15	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.125, Subdivision 1	Clarifies the language and style of the judges' mandatory retirement age provision.
73	Page 29, Lines 16-36 Page 30, Lines 1-15	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.126	Clarifies the language and style of the mandatory judicial retirement age provision.
74	Page 30, Lines 16-36	Uniform Judges Plan	SF 433 (Betzold); HF 2112 (Smith)	490.133	Clarifies the style and language of the Court of Appeals transition provision.
75	Page 31, Lines 1-26	Board of Judicial Standards	SF 433 (Betzold); HF 2112 (Smith)	New 490A.01	Moves the Board of Judicial Standards establishment provision to new Minnesota Statutes, Chapter 490A.
76	Page 31, Lines 27-36 Page 32, Lines 1-36 Page 33, Lines 1-2	Board of Judicial Standards	SF 433 (Betzold); HF 2112 (Smith)	New 490A.02	Moves the Board of Judicial Standards powers provision to Minnesota Statutes, Chapter 490A.
77	Page 33, Lines 3-36 Page 34, Lines 1-6	--	--	Repealer	Repeals various Legislators Retirement Plan obsolete provisions. Repeals most Elective State Officers Retirement Plan provisions as obsolete. Repeals various provisions of the old judges' retirement plans and the uniform retirement and survivors annuities for judges plan as obsolete or for recodification. Repeals the Board of Judicial Standards provisions for reenactment in new Minnesota Statutes, Chapter 490A.
78	Page 34, Lines 7-8	--	--	Effective Date	The article is effective on July 1, 2005.
Article 2: Covered Salary; Average Salary					
1	Page 34, Lines 11-32	MSRS-General; MSRS-Correctional	SF 436 (Betzold); HF 2115 (Smith)	352.01, New Subdivision 14a	Moves the "average salary" definition from Minnesota Statutes, Sections 352.115, Subdivision 2, and 352.93, Subdivision 1, to the definitions section.
2	Page 34, Lines 33-36 Page 35, Lines 1-17	MSRS-General	SF 436 (Betzold); HF 2115 (Smith)	352.115, Subdivision 2	Eliminates the transferred definition of "average salary."
3	Page 35, Lines 18-36 Page 36, Lines 1-10	MSRS-General	SF 436 (Betzold); HF 2115 (Smith)	352.115, Subdivision 3	Revises cross-references to the transferred "average salary" definition.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
4	Page 36, Lines 11-22	MSRS-Fire Marshal Plan	SF 436 (Betzold); HF 2115 (Smith)	352.87, Subdivision 3	Revises cross-references to the transferred "average salary" definiti
5	Page 36, Lines 23-36 Page 37, Lines 1-4	MSRS-Correctional	SF 436 (Betzold); HF 2115 (Smith)	352.93, Subdivision 1	Eliminates the transferred definition "average salary" and clarifies the language relating to combinations of MSRS-General and MSRS-Correctional service.
6	Page 37, Lines 5-11	Elective State Officers	SF 436 (Betzold); HF 2115 (Smith)	352C.021, New Subdivision 1a	Moves the "average salary" definition from Minnesota Statutes, Section 352C.031, Subdivision 3, to the definition section.
7	Page 37, Lines 12-36 Page 38, Lines 1-36 Page 39, Lines 1-7	PERA-General	SF 1682 (Pogemiller)	353.01, Subdivision 10	Adds supplemental retirement plan employer-paid contributions to trade union pension plans as covered salary if the contribution is a mandatory withholding.
8	Page 39, Lines 8-23	PERA-General; PERA-P&F	SF 436 (Betzold); HF 2115 (Smith)	353.01, New Subdivision 17a	Moves the "average salary" definition from Minnesota Statutes, Section 353.29, Subdivision 2.
9	Page 39, Lines 24-36 Page 40, Lines 1-22	PERA-General	SF 436 (Betzold); HF 2115 (Smith)	353.29, Subdivision 3	Revises cross-references to the transferred "average salary" definition.
10	Page 40, Lines 23-36 Page 41, Line 1	PERA-General	SF 436 (Betzold); HF 2115 (Smith)	353.33, Subdivision 3	Revises cross-references to the transferred "average salary" definition.
11	Page 41, Lines 2-11	PERA-P&F	SF 436 (Betzold); HF 2115 (Smith)	353.651, Subdivision 3	Revises cross-references to the transferred "average salary" definition.
12	Page 41, Lines 12-34	PERA-P&F	SF 436 (Betzold); HF 2115 (Smith)	353.656, Subdivision 1	Revises cross-references to the transferred "average salary" definition.
13	Page 41, Lines 35-36 Page 42, Lines 1-9	TRA	SF 436 (Betzold); HF 2115 (Smith)	354.05, New Subdivision 13a	Moves the "average salary" definition from Minnesota Statutes, Section 354.44, Subdivision 6.
14	Page 42, Lines 10-36 Page 43, Lines 1-36 Page 44, Lines 1-30	TRA	SF 436 (Betzold); HF 2115 (Smith)	354.44, Subdivision 6	Revises cross-references to the transferred "average salary" definition.
15	Page 44, Lines 31-36 Page 45, Lines 1-5	First Class City Teacher Plans	SF 436 (Betzold); HF 2115 (Smith)	354A.011, New Subdivision 7a	Moves the "average salary" definition from Minnesota Statutes, Section 354A.31, Subdivision 4
16	Page 45, Lines 6-36 Page 46, Lines 1-8	MTRFA and SPTRFA Coordinated Programs	SF 436 (Betzold); HF 2115 (Smith)	354A.31, Subdivision 4	Revises cross-references to the transferred "average salary" definition.
17	Page 46, Lines 9-36 Page 47, Lines 1-8	DTRFA New Law Coordinated Program	SF 436 (Betzold); HF 2115 (Smith)	354A.31, Subdivision 4a	Revises cross-references to the transferred "average salary" definition.
18	Page 47, Lines 9-21	MERF	SF 436 (Betzold); HF 2115 (Smith)	422A.01, New Subdivision 4a	Moves the "average salary" definition from Minnesota Statutes, Section 422A.15, Subdivision 1.
19	Page 47, Lines 22-36 Page 48, Lines 1-19	MERF	SF 436 (Betzold); HF 2115 (Smith)	422A.15, Subdivision 1	Revises cross-references to the transferred "average salary" definition.
20	Page 48, Lines 20-36 Page 49, Lines 1-23	MERF	SF 436 (Betzold); HF 2115 (Smith)	422A.16, Subdivision 9	Revises cross-references to the transferred "average salary" definition.
21	Page 49, Lines 24-35	Uniform Judges Retirement Plan	SF 436 (Betzold); HF 2115 (Smith)	490.121, Subdivision 21	Revises the language, style, and structure of the provision.
22	Page 49, Line 36 Page 50, Lines 1-2	--	--	Repealer	Repeals the Elected State Officers Retirement Plan, PERA-General, and PERA-P&F "average salary" definitions.
23	Page 50, Lines 3-4	--	--	Effective Date	Effective on July 1, 2005.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
<u>Article 3: Allowable Service Credit</u>					
1	Page 50, Lines 7-36	Various Plans	SF 996 (Betzold); HF 1636 (Hornstein)	New Section 356.095	Permits the acquisition of service credit for strike periods, with the payment of equivalent contribution amounts plus interest if paid in one year or the full actuarial value payment amount during second to fifth year. The employing unit is permitted to pay employer equivalent contributions.
2	Page 51, Lines 1-22	Judges Retirement Plan	SF 1165 (Betzold); HF 1255 (Smith)	490.121, Subdivision 4	Permits the acquisition of service credit for authorized leaves of absence with the payment of the equivalent member and employer contributions, plus interest, payable within one year.
3	Page 51, Lines 23-30	MSRS-General	SF 996 (Betzold); HF 1636 (Hornstein)	Uncoded	Allows strike period service credit acquisition for the Metro Transit strike, with May 2006 deadline.
4	Page 51, Lines 31-36 Page 52, Line 1	--	--	Effective Date	Final enactment, with the judges provision retroactive to January 1, 2005.
<u>Article 4: Actuarial and Financial Reporting Changes</u>					
1	Page 52, Lines 5-17	MSRS-General	SF 434 (Betzold); HF 2113 (Smith)	352.01, Subdivision 12	Clarifies the consulting actuary reference.
2	Page 52, Lines 18-30	PERA-General	SF 434 (Betzold); HF 2113 (Smith)	353.01, Subdivision 14	Clarifies the consulting actuary reference.
3	Page 52, Lines 31-36 Page 53, Lines 1-7	TRA	SF 434 (Betzold); HF 2113 (Smith)	354.05, Subdivision 7	Clarifies the consulting actuary reference.
4	Page 53, Lines 8-21	First Class City Teacher Plans	SF 434 (Betzold); HF 2113 (Smith)	354A.011, Subdivision 3a	Clarifies the consulting actuary reference.
5	Page 53, Lines 22-36 Page 54, Lines 1-36 Page 55, Lines 1-36 Page 56, Lines 1-23	Various Plans	SF 430 (Betzold); HF 2089 (Smith)	356.20, Subdivision 4	Requires itemization of pension plan administrative and investment expenses.
6	Page 56, Lines 24-36	MERF	SF 434 (Betzold); HF 2113 (Smith)	422A.01, Subdivision 6	Clarifies the consulting actuary reference.
7	Page 57, Lines 1-13	Judges Retirement Plan	SF 434 (Betzold); HF 2113 (Smith)	490.121, Subdivision 20	Clarifies the consulting actuary reference.
8	Page 57, Lines 14-18	--	--	Effective Date	Effective on July 1, 2005.
<u>Article 5: Membership Inclusions and Exclusions</u>					
1	Page 57, Lines 22-28	Police State Aid	Commission Amendment to SF 1763 (Pogemiller); HF 2031 (Thissen)	69.011, New Subdivision 2C	Clarifies that police state aid certification by the University of Minnesota may not include police officers required to be covered by the University Faculty Retirement Plan.
2	Page 57, Lines 29-36 Page 58, Lines 1-36 Page 59, Lines 1-22	MSRS-General	Amendment to SF 1834 (Michel); HF 2080 (Smith)	352.01, Subdivision 2a	Provides future retirement coverage for Department of Commerce Insurance Fraud Prevention Division officers who attain the mandatory retirement age applicable to the State Patrol Retirement Plan.
3	Page 59, Lines 23-36 Page 60, Lines 1-30	MSRS-Correctional	SF 2139 (Pogemiller) HF xxx (_____)	352.91, New Subdivision 4a	Mandates that the Department of Corrections and the Department of Human Services establish a procedure for recommending inclusions and exclusions to the retirement plan.
4	Page 60, Lines 31-36 Page 61, Lines 1-34	State Patrol	SF 1834 (Michel); HF 2080 (Smith)	352B.01, Subdivision 2	Includes Department of Commerce Insurance Fraud Prevention Division officers under the applicable mandatory retirement age in the State Patrol Retirement Plan.
5	Page 61, Lines 35-36 Page 62, Lines 1-32	PERA-P&F	Commission Amendment to SF 1763 (Pogemiller); HF 2031 (Thissen)	353.01, Subdivision 6	Adds the University of Minnesota to the definition of "governmental subdivision" with respect to University police officers.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
6	Page 62, Lines 33-36 Page 63, Lines 1-11	PERA-P&F	SF 1763 (Pogemiller); HF 2031 (Thissen)	353.64, New Subdivision 6a	Includes most University police officers in PERA-P&F coverage; excludes from PERA-P&F coverage University police officers required to be members of the University Faculty Retirement Plan.
7	Page 63, Lines 12-15	--	--	Effective Date	Effective on July 1, 2005.
<u>Article 6: Retirement Contributions</u>					
1	Page 63, Lines 18-27	PERA-General	SF 429 (Betzold); HF 2090 (Smith)	353.28, Subdivision 5	Clarifies the language style and usage of interest charges on amounts due.
2	Page 63, Lines 28-36 Page 64, Lines 1-20	PERA-General	SF 429 (Betzold); HF 2090 (Smith)	353.28, Subdivision 6	Allows assessment against state aid for unpaid contributions for governmental entity without property tax power.
3	Page 64, Lines 21-22	--	--	Effective Date	July 1, 2005, effective date.
<u>Article 7: Pension Benefits Upon Privatization</u>					
1	Page 64, Lines 25-36 Page 65, Lines 1-2	PERA Privatization Chapter	SF 1091 (Dille); HF 1100 (Newman) SF 1149 (Skoe); HF 1808 (Eken) SF 1352 (Neuville); HF 920 (Cox)	353F.02, Subdivision 4	Adds the Hutchinson Area Health Care facility, the Ada Bridges Medical Services facility, and the Northfield Hospital to the privatization law.
2	Page 65, Lines 3-36 Page 66, Lines 1-26	RenVilla Nursing Home Privatization	SF 888 (Kubly); HF 704 (Koenen)	Laws 2004, Chapter 267, Article 12, Section 4	Extends authority to approve the addition of the RenVilla Nursing Home to the privatization chapter to January 1, 2006.
3	Page 66, Lines 27-36 Page 67, Lines 1-36 Page 68, Lines 1-7	--	--	Effective Date	Generally local approval.
<u>Article 8: First Class City Teacher Retirement Fund Associations</u>					
1	Page 68, Lines 11-36 Page 69, Lines 1-8	First Class City Teacher Plans	SF 437 (Betzold); HF 2095 (Smith)	354A.021, New Subdivision 9	Requires updated bylaws and articles of incorporation publication on July 1, 2006, and six months after each change.
2	Page 69, Lines 9-10	--	--	Effective Date	July 1, 2006, effective date.
<u>Article 9: MnSCU IRAP Changes</u>					
1	Page 69, Lines 13-36 Page 70, Lines 1-10	MnSCU IRAP	SF 1556 (Betzold); HF 2101 (Murphy)	354B.25, Subdivision 2	Revised the Minnesota State Colleges and Universities System (MnSCU) Individual Retirement Account Plan investment provision to allow MnSCU to not offer all State Board of Investment Supplemental Fund investment products.
2	Page 70, Lines 11-12	--	--	Effective Date	Immediate effective date.
<u>Article 10: Supplemental Retirement Plans</u>					
1	Page 70, Lines 15-36 Page 71, Lines 1-36 Page 72, Lines 1-18	Limit on Supplemental Plans	SF 1682 (Pogemiller)	356.24, Subdivision 1	Extends supplemental retirement plan status to local laborers pension fund, and increases the maximum employer contribution to trade union supplemental retirement plans to \$5,000 annually.
2	Page 72, Lines 19-20	--	--	Effective Date	Immediate effective date.
<u>Article 11: Volunteer Firefighter Relief Association Changes</u>					
1	Page 72, Lines 24-36 Page 73, Lines 1-28	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.051, Subdivision 1	Resets the trigger for the requirement for a volunteer firefighter relief association to file a financial report rather than a financial statement, requiring a financial report in the calendar year after a relief association has liabilities or assets in excess of \$200,000 and in every subsequent calendar year.
2	Page 73, Lines 29-36 Page 74, Lines 1-36 Page 75, Lines 1-2	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.051, Subdivision 1a	Makes a conforming change as a result of Section 1, making the financial statement requirement applicable to volunteer firefighter relief associations which are not required to file a financial report.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
3	Page 75, Lines 3-36 Page 76, Lines 1-36 Page 77, Lines 1-36 Page 78, Lines 1-21	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.771	Augments the generic specification of the responsibility for the Office of the State Auditor to determine compliance by volunteer firefighter relief associations for qualification for fire state aid receipt with a specific enumeration of the reporting, funding, and investment requirements on which a compliance determination will be based, including filing a financial report or statement, meeting treasurer bonding requirements, filing an actuarial valuation that meets minimum contents requirements, failure to obtain a sufficient municipal contribution, failure to obtain municipal ratification of a benefit improvement, investing in an unauthorized investment security, making an unauthorized special fund administrative expense, failure to provide investment portfolio and performance reporting, failure to obtain broker acknowledgements of investment restrictions, permitting or failing to correct a prohibited transaction, or paying a service pension in excess of the applicable service pension maximum.
4	Page 78, Lines 22-36 Page 79, Lines 1-36 Page 80, Lines 1-36 Page 81, Lines 1-18	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.772, Subdivision 3	Eliminates an obsolete 1971-related amortization references and clarifies the amortization requirement to match the procedure represented for several years in the applicable State Auditor's forms, with the original benefit increase-related unfunded liabilities required to be retired by one-tenth of the amount annually. Extends the revised lump sum volunteer firefighter relief association ten-year amortization requirement to lump sum volunteer firefighter relief association investment losses which previously were not required to be amortized. Caps the amortization amount at the remaining total unfunded liability amount, so the late in the period amortization contribution requirement does not exceed the actual principal unfunded amount remaining after having been reduced by other investment or contribution gains. Limits the deduction of expected fire state aid in determining the minimum municipal contribution to a reasonable estimate and a maximum on the reasonably expected fire state aid is set at the prior year's fire state aid increased by 3.5 percent.
5	Page 81, Lines 19-36 Page 82, Lines 1-23	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.772, Subdivision 4	Requires the annual financial reporting or financial statement of a volunteer firefighter relief association to include disclosure of the most recent relief association financial requirements and minimum municipal obligation. Authorizes the State Auditor to obtain copies of the relief association financial requirements and minimum municipal obligation certification documents under Minnesota Statutes, Sections 69.771 through 69.775, from the relief association and the applicable municipality if insufficient funding of the relief association is disclosed in the relief association annual financial reporting.
6	Page 82, Lines 24-36 Page 83, Lines 1-36 Page 84, Lines 1-36 Page 85, Lines 1-36	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.773, Subdivision 4	Adds a ten-year amortization requirement for monthly benefit volunteer firefighter relief association experience (mortality, retirement age, or investment) losses, which previously were not required to be amortized.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
7	Page 86, Lines 1-36 Page 87, Lines 1-24	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.773, Subdivision 5	Limits the deduction of expected fire state aid in determining the minimum municipal contribution to a reasonable estimate and a maximum on the reasonably expected fire state aid is set at the prior year's fire state aid increased by 3.5 percent. Requires the annual financial reporting or financial statement of a volunteer firefighter relief association to include disclosure of the most recent relief association financial requirements and minimum municipal obligation. Authorizes the State Auditor to obtain copies of the relief association financial requirements and minimum municipal obligation certification documents under Minnesota Statutes, Sections 69.771 through 69.775, from the relief association and the applicable municipality if insufficient funding of the relief association is disclosed in the relief association annual financial reporting.
8	Page 87, Lines 25-36 Page 88, Lines 1-20	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	69.775	Excludes the amount of any investment of money market mutual funds from the calculation of the 75 percent market value maximum on investments in mutual funds by volunteer firefighter relief associations.
9	Page 88, Lines 21-36 Page 89, Lines 1-36 Page 90, Lines 1-36 Page 91, Lines 1-36 Page 92, Lines 1-36 Page 93, Lines 1-7	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	356A.06, Subdivision 7	Expands the authorized corporate stock investments from stocks listed on the New York Stock Exchange or the American Stock Exchange to stocks listed on any exchange regulated by the United States federal government or the Canadian national government and adds as a specific authorized investment security exchange traded funds.
10	Page 93, Lines 8-36 Page 94, Lines 1-36 Page 95, Lines 1-36 Page 96, Lines 1-36 Page 97, Lines 1-36 Page 98, Lines 1-36 Page 99, Lines 1-29	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	424A.02, Subdivision 3	Reduces the minimum three-year average amount of available financing per firefighter for monthly benefit service pensions from \$84 per firefighter to \$81 per firefighter for each \$1 of monthly benefit service pension per year of service and grandparents in the prior year's service pension maximum in the event that average financing per firefighter has fallen.
11	Page 99, Lines 30-36 Page 100, Lines 1-34	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	424A.02, Subdivision 4	Clarifies that the provision applies to active members solely and clarifies the investment return crediting period.
12	Page 100, Lines 35-36 Page 101, Lines 1-36 Page 102, Lines 1-36 Page 103, Lines 1-7	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	424A.02, Subdivision 7	Eliminates the current five percent interest option and adds an option for interest at a rate up to five percent per annum, set by the board of trustees of the relief association and if approved by the applicable municipality, and payable from the first of the month next following the separation from active service until the last day of the month preceding the application for the deferred service pension upon a former active member attaining the normal retirement age. Permits defined contribution volunteer firefighter relief associations to credit proportional amounts of investment gains or losses along with active members as of the most recent post date for determining and crediting investment return investment and largely restricts the current deferred service pension interest provision to lump sum defined benefit volunteer firefighter relief association

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
13	Page 103, Lines 8-36	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	New 424A.021	Allows a volunteer firefighter returning from a break in service to render military service up to five years of service credit if the relief association is a defined benefit plan or up to five years of contributions if the relief association is a defined contribution plan, providing that the individual provides notice to the fire department of the break in service to provide uniformed service, and promptly returns to firefighter service covered by the same relief association (or its successor) upon return from uniformed service, and the discharge from military service is not less than honorable.
14	Page 104, Lines 1-36 Page 105, Lines 1-36 Page 106, Lines 1-13	VFRAs	SF 259 (Betzold); HF 1706 (Smith)	424A.04, Subdivision 1	Makes the municipal representation on the board more flexible by replacing ex-officio members with one elected and one elected or appointed municipal officer appointed by the municipal council, to reduce the municipal representation on relief association boards of trustees associated with an independent nonprofit firefighting corporation from three board members to two board members, and to clarify the municipal representation for joint powers entities and townships.
15	Page 106, Lines 14-36 Page 107, Lines 1-5	VFRA Consolidations	Commission Amendment to SF 623 (Tomassoni); HF 240 (Rukavina)	424B.10, Subdivision 1	Provides an alternative option for crediting prior service credit upon a volunteer firefighter relief association consolidation.
16	Page 107, Lines 6-36 Page 108, Lines 1-21	VFRAs	SF 1927 (Betzold); HF 1799 (Wardlow)	Uncoded	Creates a task force to study creating a statewide volunteer firefighter retirement plan, including the possible investment vehicles, administrative structure, and financing that might be needed.
17	Page 108, Lines 22-26	VFRAs	SF 1927 (Betzold); HF 1799 (Wardlow)	Uncoded	Appropriates \$40,000 for volunteer firefighter statewide retirement plan study.
18	Page 108, Lines 27-31	--	--	Effective Date	Generally effective on July 1, 2005.
<u>Article 12: Various Corrections and Clarifications</u>					
1	Page 108, Lines 35-36 Page 109, Lines 1-10	Legislators	SF 438 (Betzold); HF 2093 (Smith)	Section 3A.13	Changes cross-reference from MSRS-General Plan provision to new general provision.
2	Page 109, Lines 11-36 Page 110, Lines 1-5	Police State Aid	SF 439 (Betzold); HF 2094 (Smith)	Section 69.011, Subdivision 2b	Eliminates dated provisions from the provision relating to the certification of peace officers employed by the Department of Public Safety or the Department of Natural Resources.
3	Page 110, Lines 6-36 Page 111, Lines 1-17	Police State Aid	SF 439 (Betzold); HF 2094 (Smith)	Section 69.021, Subdivision 5	Eliminates dated general fund transfer amounts from the general police state aid calculation provision.
4	Page 111, Lines 18-36 Page 112, Lines 1-8	Police State Aid	SF 439 (Betzold); HF 2094 (Smith)	Section 69.021, Subdivision 11	Eliminates an obsolete date reference from the provision requiring the transfer of the excess police state aid holding account amount to the additional amortization aid program.
5	Page 112, Lines 9-27	Fire State Aid	SF 439 (Betzold); HF 2094 (Smith)	Section 69.33	Eliminates references to first class city fire relief associations from insurance company fire state aid reporting form to recognize the consolidations of two first class city fire relief associations.
6	Page 112, Lines 28-36 Page 113, Lines 1-36 Page 114, Lines 1-36 Page 115, Lines 28-27	Monthly Benefit Volunteer Fire Relief Association Financing Guidelines Act	SF 439 (Betzold); HF 2094 (Smith)	Section 69.773, Subdivision 4	Eliminates obsolete amortization target dates from the monthly benefit volunteer firefighter relief association financial requirement determination and revises the language and style of the provision.
7	Page 115, Lines 28-36	MSRS-General and MSRS-Correctional	SF 439 (Betzold); HF 2094 (Smith)	Section 352.01, Subdivision 4	Replaces obsolete special law reference with the correct statutory reference in the definition of "accumulated contributions."

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
8	Page 116, Lines 1-15	MSRS-General and MSRS-Correctional	SF 439 (Betzold); HF 2094 (Smith)	Section 352.01, Subdivision 5	Adds to the "retirement fund" definition specific references to the MSRS-General fund and to the MSRS-Correctional
9	Page 116, Lines 16-32	MSRS-General, MSRS-Correctional, Legislators, Constitutional Officers, and Judges	SF 439 (Betzold); HF 2094 (Smith)	Section 352.01, Subdivision 21	Eliminates an obsolete date reference from the definition of the phrase "accrued annuities."
10	Page 116, Lines 33-36 Page 117, Lines 1-5	MSRS-General and MSRS-Correctional	SF 439 (Betzold); HF 2094 (Smith)	Section 352.01, Subdivision 23	Clarifies the language usage and style of the definition of "coverage."
11	Page 117, Lines 6-18	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.021, Subdivision 1	Clarifies the retirement plan name in the plan establishment provision.
12	Page 117, Lines 19-28	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.021, Subdivision 2	Eliminates an obsolete date and clarifies the language usage and style in the mandatory coverage provision.
13	Page 117, Lines 29-36 Page 118, Lines 1-6	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.021, Subdivision 3	Clarifies the plan cross-references and the language style and usage of the option membership exemption provision.
14	Page 118, Lines 7-16	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.021, Subdivision 4	Clarifies plan references in the reentrance into State service after taking a refund
15	Page 118, Lines 17-30	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.04, Subdivision 1	Eliminates an obsolete effective date clarifies general state employees retirement fund references in the fund creation provision.
16	Page 118, Lines 31-36 Page 119, Lines 1-14	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.04, Subdivision 12	Clarifies references to the general state employees retirement fund in the fund disbursement restriction provision.
17	Page 119, Lines 15-31	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.041, Subdivision 1	Eliminates an obsolete reference to covered salary maximums and clarifies retirement plan references in the political subdivision leave of absence service provision.
18	Page 119, Lines 32-36 Page 120, Lines 1-6	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.041, Subdivision 2	Clarifies retirement plan references and clarifies language usage and style in the political subdivision leave of absence services member contribution provision.
19	Page 120, Lines 7-18	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.041, Subdivision 3	Clarifies retirement plan references and clarifies language usage and style in the political subdivision leave of absence services employer contribution provision.
20	Page 120, Lines 19-35	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.041, Subdivision 5	Clarifies the language usage and style of the political subdivision leave of absence service local tax levy provision.
21	Page 120, Line 36 Page 121, Lines 1-9	MSRS-General	SF 438 (Betzold); HF 2093 (Smith)	Section 352.15, Subdivision 1	Replaces legal process exemption with a cross-reference to the new general provision.
22	Page 121, Lines 10-25	MSRS-General	SF 438 (Betzold); HF 2093 (Smith)	Sections 352.15, Subdivision 3	Clarifies the language and style of a health insurance deduction provision.
23	Page 121, Lines 26-33	MSRS-General	SF 438 (Betzold); HF 2093 (Smith)	Sections 352.15, Subdivision 4	Clarifies the language and style of the direct transfer of refund provision.
24	Page 121, Lines 34-36 Page 122, Lines 1-15	MSRS-General	SF 439 (Betzold); HF 2094 (Smith)	Section 352.22, Subdivision 10	Eliminates an obsolete reference to a former labor service employee provision in a refund eligibility provision.
25	Page 122, Lines 16-20	State Patrol	SF 439 (Betzold); HF 2094 (Smith)	Section 352B.01, Subdivision 1	Clarifies the language style and usage of a definitions scope provision.
26	Page 122, Lines 21-36 Page 123, Lines 1-19	State Patrol	SF 439 (Betzold); HF 2094 (Smith)	Section 352B.01, Subdivision 2	Eliminates an obsolete date from the membership specification provision.
27	Page 123, Lines 20-36 Page 124, Lines 1-8	State Patrol	SF 439 (Betzold); HF 2094 (Smith)	Section 352B.01, Subdivision 3	Clarifies cross-references to Section 352B.01, Subdivision 2, and clarifies the crediting of regular monthly service in the allowable service definition.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
28	Page 124, Lines 9-21	State Patrol	SF 439 (Betzold); HF 2094 (Smith)	Section 352B.02, Subdivision 1E	Clarifies a reference to regular production actuary in the audit and actuarial valuation requirement provision.
29	Page 124, Lines 22-30	State Patrol	SF 438 (Betzold); HF 2093 (Smith)	Section 352B.071	Replaces legal process exemption with a cross-reference to the new general provision.
30	Page 124, Lines 31-36 Page 125, Lines 1-2	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.01	Clarifies the language style and usage in the program establishment provision.
31	Page 125, Lines 3-7	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.015, Subdivision 3	Clarifies the reference in the "supplemental investment fund" definition.
32	Page 125, Lines 8-12	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.015, Subdivision 4	Clarifies a reference to the MSRS-General fund in the "general fund" definition.
33	Page 125, Lines 13-28	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.03	Clarifies the interest rate for transfers to the program and eliminates an obsolete reference to MSRS-General funding in an asset transfer provision.
34	Page 125, Lines 29-36 Page 126, Lines 1-9	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.05, Subdivision 4	Adds a cross-reference to the Chapter 356 installment refund repayment provision to the refund repayment provision.
35	Page 126, Lines 10-24	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.085, Subdivision 1	Adds cross-references to the Chapter 356 portability provisions to a limited plan portability provision.
36	Page 126, Lines 25-36 Page 127, Line 1	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.09, Subdivision 5	Clarifies the language usage and style of the unclaimed benefits provision.
37	Page 127, Lines 2-36 Page 128, Lines 1-18	MSRS-Unclassified	SF 439 (Betzold); HF 2094 (Smith)	Section 352D.12	Eliminates obsolete Legislators Retirement Plan
38	Page 128, Lines 19-33	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.01, Subdivision 32	Corrects a reference to the federal Secretary of Health and Human Services in the definition of "coordinated member."
39	Page 128, Lines 34-36 Page 129, Lines 1-4	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.01, Subdivision 33	Corrects a reference to the federal Secretary of Health and Human Services in the definition of "basic member."
40	Page 129, Lines 5-15	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.025	Eliminates an obsolete date reference relating to PERA-General Plan membership for the Range Association of Municipalities and Schools.
41	Page 129, Lines 16-30	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.026	Clarifies the retirement plan reference in the coverage provision for post-June 30, 1978, hirees of the city of Minneapolis or of the Minneapolis Public School System.
42	Page 129, Lines 31-36 Page 130, Lines 1-9	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.027	Clarifies the retirement plan reference in the coverage provision for Ramsey municipal court employees.
43	Page 130, Lines 10-36 Page 131, Lines 1-36 Page 132, Lines 1-11	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.028	Divides into paragraphs the definition subdivision of the optional city manager membership provision and clarifies language usage and style and plan references in the remaining subdivision of the optional city manager membership provision.
44	Page 132, Lines 12-22	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.14	Clarifies the language and style of a no impairment of pension provision based on other service.
45	Page 132, Lines 23-32	PERA-General	SF 438 (Betzold); HF 2093 (Smith)	Section 353.15, Subdivision 1	Replaces legal process exemption with a cross-reference to the new general provision.
46	Page 132, Lines 33-36 Page 133, Lines 1-3	PERA-General	SF 438 (Betzold); HF 2093 (Smith)	Section 353.15, Subdivision 3	Clarifies the language and style of the payment to public bodies provision.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
47	Page 133, Lines 4-35	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.27, Subdivision 11	Divides the salary reporting provision into subdivisions and eliminates an obsolete date reference.
48	Page 133, Line 36 Page 134, Lines 1-36 Page 135, Lines 1-3	PERA-General, PERA-P&F, and PERA-Correctional	SF 439 (Betzold); HF 2094 (Smith)	Section 353.271	Clarifies the plan references and updates the consulting actuary reference in the Minnesota Post Retirement Investment Fund (MPRIF) participation section.
49	Page 135, Lines 4-9	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.31, Subdivision 1c	Clarifies a statutory reference in the coordinated member general survivor provision.
50	Page 135, Lines 10-27	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.32, Subdivision 9	Re-designates an itemized list by number rather than by letter in a death benefit payment to a minor provision.
51	Page 135, Lines 28-36 Page 136, Lines 1-16	PERA-General	SF 439 (Betzold); HF 2094 (Smith)	Section 353.33, Subdivision 12	Re-designates an itemized list by number rather than by letter in a basic disability benefit survivor benefit provision.
52	Page 136, Lines 17-36 Page 137, Lines 1-28	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.091	Removes an obsolete date reference and revises language usage and style in a service credit provision.
53	Page 137, Lines 29-36 Page 138, Lines 1-9	TRA	SF 438 (Betzold); HF 2093 (Smith)	Section 354.10, Subdivision 1	Adds a cross-reference to the new general law provision to replace the current process exemption provision.
54	Page 138, Lines 10-16	TRA	SF 438 (Betzold); HF 2093 (Smith)	Section 354.10, Subdivision 3	Clarifies the language and style of the payment to public bodies provision.
55	Page 138, Lines 17-29	TRA	SF 438 (Betzold); HF 2093 (Smith)	Section 354.10, Subdivision 4	Divides designated beneficiary change provision into paragraphs.
56	Page 138, Lines 30-36 Page 139, Lines 1-8	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.33, Subdivision 5	Re-designates an itemized list by number rather than by letter in special basic member annuity calculation provision.
57	Page 139, Lines 9-20	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.39	Eliminates an obsolete effective date, corrects a reference to the federal Secretary of Health and Human Services, and clarifies the language style and usage of a provision relating to newly created State Universities.
58	Page 139, Lines 21-27	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.41, Subdivision 2	Eliminates an obsolete effective date and clarifies the language style and usage of a mandatory membership provision.
59	Page 139, Lines 28-36 Page 140, Lines 1-9	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.42, New Subdivision 1a	Recreates a teacher retirement fund, which was established in 1931, but v inexplicably repealed in 1974. The provision parallels the fund provision for MSRS-General and PERA-General.
60	Page 140, Lines 10-36 Page 141, Lines 1-32	TRA	SF 439 (Betzold); HF 2094 (Smith)	Section 354.44, Subdivision 2	Clarifies the language, style and usage of the money purchase annuity computation provision and re-designates the paragraphs and clauses in accord with current alphabetic and numeric designation conventions.
61	Page 141, Lines 33-36 Page 142, Lines 1-9	First Class City Teacher Plans	SF 439 (Betzold); HF 2094 (Smith)	Section 354A.021, Subdivision 5	Eliminates an obsolete date and clarifies the language style and usage in the tax sheltered annuity authorization provision.
62	Page 142, Lines 10-24	First Class City Teacher Plans	Commission Amendment to SF 439 (Betzold); HF 20904 (Smith)	354A.097, Subdivision 1	Clarifies cross-reference to prior service credit purchase payment procedure.
63	Page 142, Lines 25-31	First Class City Teacher Plans	SF 439 (Betzold); HF 2094 (Smith)	Section 354A.31, Subdivision 5	Adds a cross-reference to the separate DTRFA retirement annuity computation provision in the normal retirement annuity provision.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
64	Page 142, Lines 32-36 Page 143, Lines 1-36 Page 144, Lines 1-30	Various Plans	SF 438 (Betzold); HF 2093 (Smith)	New Section 356.401	Exempts public pension plan benefits from assignment, State estate taxes, or legal process other than marriage dissolution-related benefit divisions. Permits automatic deposits of benefits to single or joint accounts. Applies to 20 Minnesota public pension plans, including five statewide general employee defined benefit plans, five statewide general employee defined contribution plans, four statewide public safety defined benefit plans, four major local general employee defined benefit plans, and two major local public safety defined benefit plans.
65	Page 144, Lines 31-36 Page 145, Lines 1-36 Page 146, Lines 1-36 Page 147, Lines 1-2	Various Plans	Commission Amendment to SF 439 (Betzold); HF 2094 (Smith)	356.551	Clarifies various provisions of the post-2004 full actuarial value prior service credit purchase payment determination procedure.
66	Page 147, Lines 3-36 Page 148, Lines 1-36 Page 149, Lines 1-36 Page 150, Lines 1-36 Page 151, Lines 1-19	Fiduciary Responsibility	SF 439 (Betzold); HF 2094 (Smith)	Section 356A.06, Subdivision 7	Corrects an erroneous cross-reference.
67	Page 151, Lines 20-36 Page 152, Line 1	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.01, Subdivision 11	Adds applicable phase-out date and clarifies the language style and usage in the membership definition.
68	Page 152, Lines -28	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.06, Subdivision 7	Eliminates an obsolete date and clarifies the language style and usage in the disability benefit fund governing provision.
69	Page 152, Lines 29-36 Page 153, Lines 1-14	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.10, Subdivision 1	Eliminates obsolete effective dates in the member contribution provision.
70	Page 153, Lines 15-29	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.10, Subdivision 2	Eliminates obsolete cross-references from the mandatory member contribution provision.
71	Page 153, Lines 30-36 Page 154, Lines 1-31	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.22, Subdivision 1	Divides into paragraphs a membership retention provision and clarifies the language usage and style of the subdivision.
72	Page 154, Lines 32-36 Page 155, Line 1	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.22, Subdivision 3	Clarifies the language usage and style of a limitation on membership eligibility provision.
73	Page 155, Lines 2-23	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.22, Subdivision 4	Adds an appropriate cross-reference and clarifies the language style and usage in the death-while-active refund provision.
74	Page 155, Lines 24-35	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.22, Subdivision 6	Corrects a reference to the retirement plan and specifies the interest rate on a refund repayment consistent with all other retirement plans in the refund repayment provision.
75	Page 155, Line 36 Page 156, Lines 1-26	MERF	SF 439 (Betzold); HF 2094 (Smith)	Section 422A.231	Corrects a reference to the actuary retained by the joint retirement plans in an actuarial cost allocation provision.
76	Page 156, Lines 27-36 Page 157, Lines 1-3	MERF	SF 438 (Betzold); HF 2093 (Smith)	Section 422A.24	Replaces legal process exemption provision with a cross-reference to the new general provision.
77	Page 157, Lines 4-13	Minneapolis Police	SF 438 (Betzold); HF 2093 (Smith)	Section 423B.17	Replaces legal process exemption provision with a cross-reference to the new general provision.
78	Page 157, Lines 14-26	Minneapolis Fire	SF 438 (Betzold); HF 2093 (Smith)	Section 423C.09	Replaces legal process exemption provision with a cross-reference to the new general provision.
79	Page 157, Lines 27-35	Judges Plan	SF 438 (Betzold); HF 2093 (Smith)	Section 490.126, Subdivision 5	Replaces legal process exemption provision with a cross-reference to the new general provision.

Sec.	Page, Lines	Retirement Plan	Source Bill(s)	Stat. Provision	Summary
80	Page 157, Line 36 Page 158, Lines 1-5	MERF	SF 439 (Betzold); HF 2094 (Smith)	Uncoded	Directs the Revisor of Statutes to replace the reference to "sections 422A.01 + 422A.25" with the reference to "this chapter" in MERF law.
81	Page 158, Lines 6-17	--	SF 438 (Betzold); HF 2093 (Smith) SF 439 (Betzold); HF 2094 (Smith)	Repealer	Repeals MSRS-General, PERA-General, and TRA legal process exemption provision subdivisions made obsolete by new general law. Repeals as obsolete an MSRS-General provision defining an adjustable fixed benefit annuity, an MSRS-Unclassified administrative charge recovery provision, a PERA-General former municipal court judge deferred retirement annuity provision, a PERA-General pre-1973 survivor benefit provision, a set of three PERA-General pre-1982 service credit purchase provisions, a PERA-General additional salary purchase refund provision, a PERA-P&F/University of Minnesota Police Retirement Plan administrative provision, a special PERA-General special survivor benefit provision, a special pre-1965 PERA-General retirement annuity provision, a TRA pre-1957 State University teacher additional retirement annuity provision, a MEP pre-1967 Hennepin County member provision, a MERF former employee reemployment provision, and a special MERF refund repayment provision.
82	Page 158, Lines 18-26	--	--	Effective Date	All sections are effective on July 1, 2005.

Article 13: Local Retirement Plans

1	Page 158, Lines 29-37 Page 159, Lines 1-62 Page 160, Lines 1-68 Page 161, Lines 1-51	Bloomington Fire	SF 2038 (Michel); HF 2173 (Larson)	356.215, Subdivision 8	Increases retirement rate actuarial assumption to six percent
2	Page 161, Lines 52-58 Page 162, Lines 1-36 Page 163, Lines 1-36 Page 164, Lines 1-3	Bloomington Fire	SF 2038 (Michel); HF 2173 (Larson)	356.216	Replaces 2010 full funding date with rolling 20-year amortization period.
3	Page 164, Lines 4-30	Aurora, Biwabik City, Hoyt Lakes, and Palo VFRAs	SF 623 (Tomassoni); HF 240 (Rukavina)	Uncoded	Allows a consolidated volunteer firefighter relief association emerging from Aurora, Biwabik City, Hoyt Lakes, and Palo to pay a smaller pre-consolidation service pension amount upon consolidation than general law requires.
4	Page 164, Lines 31-36 Page 165, Lines 1-23	Eveleth P&F Trust Funds	SF 157 (Tomassoni); HF 94 (Rukavina)	Uncoded	Permits ad hoc post-retirement adjustments for trust fund retirees and survivors.
5	Page 165, Lines 24-36 Page 166, Lines 1-28	Maplewood & Oakdale VFRAs	SF 1431 (Wiger); HF 1608 (Slawik)	Uncoded	The Maplewood volunteer firefighter relief association and the Oakdale volunteer firefighter relief association are authorized to enter into an agreement for the transfer of liability, assets, and service credit between the two to provide volunteer fire service pension portability for six firefighters with service in the two relief associations.
6	Page 166, Lines 29-36 Page 167, Lines 1-17	--	--	Effective Date	Requires local approval by the applicable municipality.

1 M moves to amend S.F. No. 427; H.F. No.
2 2092, as follows:

3 Delete everything after the enacting clause and insert:

4 "2005 OMNIBUS RETIREMENT BILL

5 ARTICLE 1

6 CLARIFICATION/RECODIFICATION OF

7 STATEWIDE SPECIALTY RETIREMENT PLANS

8 Section 1. Minnesota Statutes 2004, section 3A.01,
9 subdivision 1, is amended to read:

10 Subdivision 1. [PURPOSES.] Each of the terms defined in
11 this section, for the purposes of this chapter shall-be
12 given has the meanings meaning ascribed to-them.

13 Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended
14 by adding a subdivision to read:

15 Subd. 1a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
16 means the condition of one allowance or benefit having an equal
17 actuarial present value to another allowance or benefit,
18 determined by the actuary retained under section 356.214 as of a
19 given date at a specified age with each actuarial present value
20 based on the mortality table applicable for the plan and
21 approved under section 356.215, subdivision 18, and using the
22 applicable preretirement or postretirement interest rate
23 assumption specified in section 356.215, subdivision 8.

24 Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended
25 by adding a subdivision to read:

26 Subd. 1b. [AVERAGE MONTHLY SALARY.] "Average monthly
27 salary" means the average of the member's highest five
28 successive years of salary that was received as a member of the
29 legislature and upon which the member has made contributions
30 under section 3A.03, subdivision 1, or for which the member of
31 the legislature has made payments for past service under section
32 3A.02, subdivision 2, or has made, before July 1, 1994, payments
33 in lieu of contributions under Minnesota Statutes 1992, section
34 3A.031.

35 Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended
36 by adding a subdivision to read:

1	302	560
2	324	600
3	347	640
4	367	680
5	389	720
6	410	760
7	432	800
8	486	900
9	540	1000
10	594	1100
11	648	1200
12	702	1300
13	756	1400
14	810	1500
15	864	1600
16	918	1700
17	972	1800
18	1026	1900
19	1080	2000
20	1134	2100
21	1188	2200
22	1242	2300
23	1296	2400
24	1350	2500
25	1404	2600
26	1458	2700
27	1512	2800
28	1566	2900
29	1620	3000
30	1672	3100
31	1726	3200
32	1753	3250
33	1780	3300
34	1820	3375
35	1834	3400
36	1888	3500

1	1942	3600
2	1996	3700
3	2023	3750
4	2050	3800
5	2104	3900
6	2158	4000
7	2212	4100
8	2265	4200
9	2319	4300
10	2373	4400
11	2427	4500
12	2481	4600
13	2535	4700
14	2589	4800
15	2643	4900
16	2697	5000
17	2751	5100
18	2805	5200
19	2859	5300
20	2913	5400
21	2967	5500
22	3021	5600
23	3075	5700
24	3129	5800
25	3183	5900
26	3237	6000
27	3291	6100
28	3345	6200
29	3399	6300
30	3453	6400
31	3507	6500
32	3561	6600
33	3615	6700
34	3669	6800
35	3723	6900
36	3777	7000

1 Effective beginning December 31, 2003:

2 3831 7100

3 3885 7200

4 3939 7300

5 3993 7400

6 4047 7500

7 (e) For a relief association in which the governing bylaws
8 provide for a monthly benefit service pension as an alternative
9 form of service pension payment to a lump sum service pension,
10 the maximum service pension amount for each pension payment type
11 must be determined using the applicable table contained in this
12 subdivision.

13 (f) If a relief association establishes a service pension
14 in compliance with the applicable maximum contained in paragraph
15 (c) or (d) and the minimum average amount of available financing
16 per active covered firefighter is subsequently reduced because
17 of a reduction in fire state aid or because of an increase in
18 the number of active firefighters, the relief association may
19 continue to provide the prior service pension amount specified
20 in its bylaws, but may not increase the service pension amount
21 until the minimum average amount of available financing per
22 firefighter under the table in paragraph (c) or (d), whichever
23 applies, permits.

24 (g) No relief association is authorized to provide a
25 service pension in an amount greater than the largest applicable
26 flexible service pension maximum amount even if the amount of
27 available financing per firefighter is greater than the
28 financing amount associated with the largest applicable flexible
29 service pension maximum.

30 Sec. 11. Minnesota Statutes 2004, section 424A.02,
31 subdivision 4, is amended to read:

32 Subd. 4. [DEFINED CONTRIBUTION LUMP SUM SERVICE
33 PENSIONS.] (a) If the bylaws governing the relief association so
34 provide exclusively, the relief association may pay a defined
35 contribution lump sum service pension in lieu of any defined
36 benefit service pension governed by subdivision 2.

1 (b) An individual account for each firefighter who is a
2 member of the relief association ~~shall~~ must be established. To
3 each individual active member account ~~shall~~ must be credited a
4 ~~right-to~~ an equal share of: ~~(a)~~ (1) any amounts of fire state
5 aid received by the relief association; ~~(b)~~ (2) any amounts of
6 municipal contributions to the relief association raised from
7 levies on real estate or from other available revenue sources
8 exclusive of fire state aid; and ~~(c)~~ (3) any amounts equal to
9 the share of the assets of the special fund to the credit
10 of: ~~(1)~~ (i) any former member who terminated active service
11 with the fire department to which the relief association is
12 associated ~~prior-to~~ before meeting the minimum service
13 requirement provided for in subdivision 1 and has not returned
14 to active service with the fire department for a period no
15 shorter than five years; or ~~(2)~~ (ii) any retired member who
16 retired ~~prior-to~~ before obtaining a full nonforfeitable interest
17 in the amounts credited to the individual member
18 account ~~pursuant-to~~ under subdivision 2 and any applicable
19 provision of the bylaws of the relief association. In addition,
20 any ~~interest-or investment income-earned~~ return on the assets of
21 the special fund ~~shall~~ must be credited in proportion to the
22 share of the assets of the special fund to the credit of each
23 individual active member account through the date on which the
24 investment return is recognized by and credited to the special
25 fund.

26 (c) At the time of retirement ~~pursuant-to~~ under subdivision
27 1 and any applicable provision of the bylaws of the relief
28 association, a retiring member ~~shall-be~~ is entitled to that
29 portion of the assets of the special fund to the credit of the
30 member in the individual member account which is
31 nonforfeitable ~~pursuant-to~~ under subdivision 2 and any
32 applicable provision of the bylaws of the relief association
33 based on the number of years of service to the credit of the
34 retiring member.

35 Sec. 12. Minnesota Statutes 2004, section 424A.02,
36 subdivision 7, is amended to read:

1 Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a
2 relief association ~~to which this section applies~~ is entitled to
3 a deferred service pension if the member:

4 (1) has completed the lesser of the minimum period of
5 active service with the fire department specified in the bylaws
6 or 20 years of active service with the fire department;

7 (2) has completed at least five years of active membership
8 in the relief association; and

9 (3) separates from active service and membership before
10 reaching age 50 or the minimum age for retirement and
11 commencement of a service pension specified in the bylaws
12 governing the relief association if that age is greater than age
13 50.

14 (b) The deferred service pension ~~starts~~ is payable when the
15 former member reaches age 50, or the minimum age specified in
16 the bylaws governing the relief association if that age is
17 greater than age 50, and when the former member makes a valid
18 written application.

19 (c) A relief association that provides a lump sum service
20 pension governed by subdivision 3 may, when its governing bylaws
21 so provide, pay interest on the deferred lump sum service
22 pension during the period of deferral. If provided for in the
23 bylaws, interest must be paid in one of the following manners:

24 (1) at the investment performance rate actually earned on
25 that portion of the assets if the deferred benefit amount is
26 invested by the relief association in a separate account
27 established and maintained by the relief association or if the
28 deferred benefit amount is invested in a separate investment
29 vehicle held by the relief association;

30 (2) at the an interest rate of up to five percent,
31 compounded annually as set by the board of directors and
32 approved as provided in subdivision 10; or

33 (3) at a rate equal to the actual time weighted total rate
34 of return investment performance of the special fund as reported
35 by the Office of the State Auditor under section 356.219, up to
36 five percent, compounded annually, and applied consistently for

1 all deferred service pensioners.

2 ~~(d)~~ A relief association may not use the method provided
3 for in ~~paragraph (c)~~, clause (3), until it has modified its
4 bylaws to be consistent with that clause.

5 (d) Interest under paragraph (c), clause (2) or (3), is
6 payable from the first day of the month next following the date
7 on which the municipality has approved the deferred service
8 pension interest rate established by the board of trustees or
9 from the first day of the month next following the date on which
10 the member separated from active fire department service and
11 relief association membership, whichever is later, to the last
12 day of the month immediately before the month in which the
13 deferred member becomes eligible to begin receipt of the service
14 pension and applies for the deferred service pension.

15 (e) A relief association that provides a defined
16 contribution service pension may, if its governing bylaws so
17 provide, credit interest or additional investment performance on
18 the deferred lump sum service pension during the period of
19 deferral. If provided for in the bylaws, the interest must be
20 paid in one of the manners specified in paragraph (c) or
21 alternatively the relief association may credit any investment
22 return on the assets of the special fund of the defined
23 contribution volunteer firefighter relief association in
24 proportion to the share of the assets of the special fund to the
25 credit of each individual deferred member account through the
26 date on which the investment return is recognized by and
27 credited to the special fund.

28 (f) For a deferred service pension that is transferred to a
29 separate account established and maintained by the relief
30 association or separate investment vehicle held by the relief
31 association, the deferred member bears the full investment risk
32 subsequent to transfer and in calculating the accrued liability
33 of the volunteer firefighters relief association that pays a
34 lump sum service pension, the accrued liability for deferred
35 service pensions is equal to the separate relief association
36 account balance or the fair market value of the separate

1 investment vehicle held by the relief association.

2 ~~(f)~~ (g) The deferred service pension is governed by and
3 must be calculated under the general statute, special law,
4 relief association articles of incorporation, and relief
5 association bylaw provisions applicable on the date on which the
6 member separated from active service with the fire department
7 and active membership in the relief association.

8 Sec. 13. [424A.021] [CREDIT FOR BREAK IN SERVICE TO
9 PROVIDE UNIFORMED SERVICE.]

10 Subdivision 1. [AUTHORIZATION.] Subject to restrictions
11 stated in this section, a volunteer firefighter who is absent
12 from firefighting service due to service in the uniformed
13 services, as defined in United States Code, title 38, section
14 4303(13), may obtain service credit if the relief association is
15 a defined benefit plan or an allocation of any fire state aid,
16 any municipal contributions, and any investment return received
17 by the relief association if the relief association is a defined
18 benefit contribution plan for the period of the uniformed
19 service, not to exceed five years, unless a longer period is
20 required under United States Code, title 38, section 4312.

21 Subd. 2. [LIMITATIONS.] (a) To be eligible for service
22 credit or financial allocation under this section, the volunteer
23 firefighter must return to firefighting service with coverage by
24 the same relief association or by the successor to that relief
25 association upon discharge from service in the uniformed service
26 within the time frame required in United States Code, title 38,
27 section 4312(e).

28 (b) Service credit or financial allocation is not
29 authorized if the firefighter separates from uniformed service
30 with a dishonorable or bad conduct discharge or under other than
31 honorable conditions.

32 (c) Service credit or financial allocation is not
33 authorized if the firefighter fails to provide notice to the
34 fire department that the individual is leaving to provide
35 service in the uniformed service, unless it is not feasible to
36 provide that notice due to the emergency nature of the situation.

1 Sec. 14. Minnesota Statutes 2004, section 424A.04,
2 subdivision 1, is amended to read:

3 Subdivision 1. [MEMBERSHIP.] (a) Every A relief
4 association that is directly associated with a municipal fire
5 department ~~shall~~ must be managed by a board of trustees
6 consisting of nine members. Six trustees ~~shall~~ must be elected
7 from the membership of the relief association and three trustees
8 ~~shall~~ must be drawn from the officials of the municipalities
9 served by the fire department to which the relief association is
10 directly associated. The bylaws of a relief association which
11 provides a monthly benefit service pension may provide that one
12 of the six trustees elected from the relief
13 association membership may be a retired member receiving a
14 monthly pension who is elected by the membership of the relief
15 association. The three ~~ex-officio~~ municipal trustees ~~shall~~ be
16 ~~the-mayor, the-clerk, clerk-treasurer-or-finance-director,~~ must
17 be one elected municipal official and one elected or appointed
18 municipal official who are designated as municipal
19 representatives by the municipal governing board annually and
20 the chief of the municipal fire department.

21 (b) Every A relief association that is a subsidiary of an
22 independent nonprofit firefighting corporation ~~shall~~ must be
23 managed by a board of trustees consisting of ~~ten~~ nine members.
24 Six trustees ~~shall~~ must be elected from the membership of the
25 relief association, ~~three~~ two trustees ~~shall~~ must be drawn from
26 the officials of the municipalities served by the fire
27 department to which the relief association is directly
28 associated, and one trustee shall be the fire chief servng with
29 the independent nonprofit firefighting corporation. The bylaws
30 of a relief association may provide that one of the six trustees
31 elected from the relief association membership may be a retired
32 member receiving a monthly pension who is elected by the
33 membership of the relief association. The ~~three-ex-officio~~ two
34 municipal trustees who are the elected officials ~~shall~~ must
35 be elected or appointed municipal officials, selected as follows:

36 (1) if only one municipality contracts with the independent

1 nonprofit firefighting corporation, the ex-officio municipal
2 trustees ~~shall~~ must be ~~three-elected~~ two officials of the
3 contracting municipality who are designated annually by the
4 governing body of the municipality;

5 ~~(2)-if-two-municipalities-contract-with-the-independent~~
6 ~~nonprofit-firefighting-corporation,-the-ex-officio-trustees~~
7 ~~shall-be-two-elected-officials-of-the-largest-municipality-in~~
8 ~~population-and-one-elected-official-of-the-next-largest~~
9 ~~municipality-in-population-who-are-designated-by-the-governing~~
10 ~~bodies-of-the-applicable-municipalities,~~ or

11 ~~(3)~~ (2) if ~~three~~ two or more municipalities contract with
12 the independent nonprofit corporation, the ex-officio municipal
13 trustees ~~shall~~ must be one elected official ~~of~~ from each of
14 the ~~three~~ two largest municipalities in population who are
15 designated annually by the governing bodies of the applicable
16 municipalities.

17 (c) The municipal trustees for a relief association that is
18 directly associated with a fire department operated as or by a
19 joint powers entity must be designated annually by the joint
20 powers board. The municipal trustees for a relief association
21 that is directly associated with a fire department service area
22 township must be designated by the township board.

23 (d) If a relief association lacks the ex-officio municipal
24 board members provided for in paragraph (a), (b), or ~~(b)~~ (c)
25 because the fire department is not located in or associated with
26 an organized municipality, joint powers entity, or township, the
27 ex-officio municipal board members must be appointed from the
28 fire department service area by the board of commissioners of
29 the applicable county.

30 (e) The term of these appointed ex-officio municipal board
31 members is ~~three-years~~ one year or until the person's successor
32 is qualified, whichever is later.

33 ~~(d)-An-ex-officio~~ (f) A municipal trustee under paragraph
34 (a), (b), or (c) ~~shall-have,~~ or (d) has all the rights and
35 duties accorded to any other trustee, except the right to be an
36 officer of the relief association board of trustees.

1 ~~(e)~~ (g) A board ~~shall~~ must have at least three officers,
2 ~~which-shall-be~~ who are a president, a secretary and a treasurer.
3 These officers ~~shall~~ must be elected from among the elected
4 trustees by either the full board of trustees or by the
5 membership, as specified in the bylaws~~7--and~~. In no event ~~shall~~
6 may any trustee hold more than one officer position at any one
7 time. The terms of the elected trustees and of the officers of
8 the board ~~shall~~ must be specified in the bylaws of the relief
9 association, but ~~shall~~ may not exceed three years. If the term
10 of the elected trustees exceeds one year, the election of the
11 various trustees elected from the membership ~~shall-initially-and~~
12 ~~shall-thereafter-continue-to~~ must be staggered on as equal a
13 basis as is practicable.

14 Sec. 15. Minnesota Statutes 2004, section 424B.10,
15 subdivision 1, is amended to read:

16 Subdivision 1. [BENEFITS.] (a) Notwithstanding any
17 provision of section 424A.02, subdivision 3, to the contrary,
18 the service pension of the subsequent relief association as of
19 the effective date of consolidation is either the service
20 pension amount specified in clause (1) or the service pension
21 amounts specified in clause (2), as provided for in the
22 consolidated relief association's articles of incorporation or
23 bylaws:

24 (1) the highest dollar amount service pension amount of any
25 prior volunteer firefighters relief association in effect
26 immediately before the consolidation initiation if the pension
27 amount was implemented consistent with section 424A.02; or

28 (2) for service rendered by each individual volunteer
29 firefighter under the consolidating volunteer firefighters
30 relief association that the firefighter belonged to immediately
31 before the consolidation if the pension amount was implemented
32 consistent with section 424A.02 and for service rendered after
33 the effective date of the consolidation, the highest dollar
34 amount service pension of any of the consolidating volunteer
35 firefighters relief associations in effect immediately before
36 the consolidation if the pension amount was implemented

1 consistent with section 424A.02.

2 (b) Any increase in the service pension amount beyond the
3 amount implemented under paragraph (a) must conform with the
4 requirements and limitations of sections 69.771 to 69.775 and
5 424A.02.

6 Sec. 16. [STUDY OF STATEWIDE LUMP-SUM VOLUNTEER
7 FIREFIGHTER RETIREMENT PLAN; CREATION OF TASK FORCE.]

8 Subdivision 1. [TASK FORCE MEMBERSHIP.] (a) A statewide
9 Volunteer Firefighter Retirement Plan Study Task Force is
10 created.

11 (b) The task force members are:

12 (1) four members appointed by the president of the
13 Minnesota Area Relief Association coalition;

14 (2) four members appointed by the president of the
15 Minnesota State Fire Department Association;

16 (3) four members appointed by the president of the
17 Minnesota State Fire Chiefs Association;

18 (4) four members appointed by the board of directors of the
19 League of Minnesota Cities;

20 (5) two members appointed by the board of directors of the
21 Insurance Federation of Minnesota;

22 (6) two members appointed by the board of directors of the
23 Minnesota Association of Farm Mutual Insurance Companies; and

24 (7) the Minnesota state auditor or the auditor's designee.

25 (c) Appointments must be made on or before July 1, 2005.

26 If the appointment is not made in a timely manner, or if there
27 is a vacancy, the state auditor shall appoint the task force
28 member or the replacement member.

29 (d) The chair of the task force shall be selected by the
30 task force.

31 (e) Administrative services for the task force must be
32 provided by the Department of Public Safety.

33 Subd. 2. [TASK FORCE DUTIES.] (a) The task force shall
34 conduct fact finding regarding the creation of a statewide
35 volunteer firefighter retirement plan.

36 (b) The task force shall recommend whether a statewide

1 volunteer firefighter retirement plan should be created. If the
2 task force concludes a statewide volunteer fire plan has merit,
3 The task force shall recommend the investment vehicle or
4 vehicles to be utilized by the plan, the administration and
5 corporate governance structure of the plan, the incentives
6 needed to formulate the plan, the limitations applicable to the
7 plan, and the state resources needed to be dedicated to the
8 plan. The task force may also consider creation of regional
9 plans.

10 Subd. 3. [REPORT.] The task force shall prepare a report
11 detailing its findings about a potential statewide or regional
12 volunteer firefighter retirement plan or plans. The report is
13 due January 15, 2006, and must be filed with the Legislative
14 Reference Library; the chair of the Legislative Commission on
15 Pensions and Retirement; the chair of the State and Local
16 Governmental Operations Committee of the senate; the chair of
17 the State Government, Economic Development, and Judiciary Budget
18 Division of the senate Finance Committee; the chair of the
19 Governmental Operations and Veterans Affairs Policy Committee of
20 the house of representatives; and the chair of the State
21 Government Finance Committee of the house of representatives.

22 Sec. 17. [APPROPRIATION.]
23 \$40,000 is appropriated from the general fund in fiscal
24 year 2006 to the commissioner of public safety to hire a
25 consultant to assist the statewide Volunteer Firefighter
26 Retirement Plan Study Task Force.

27 Sec. 18. [EFFECTIVE DATE.]
28 (a) Sections 1 to 12 and 14 to 17 are effective on July 1,
29 2005.
30 (b) Section 13 is effective on July 1, 2005, and applies to
31 breaks in service that end on or after that date.

32 ARTICLE 12

33 VARIOUS CORRECTIONS

34 AND CLARIFICATIONS

35 Section 1. Minnesota Statutes 2004, section 3A.13, is
36 amended to read:

1 3A.13 [EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM
2 DEDUCTION.]

3 (a) The provisions of section ~~352.15~~ shall 356.401 apply to
4 the legislators retirement plan~~7~~~~chapter-3A~~.

5 (b) The executive director of the Minnesota State
6 Retirement System must, at the request of a retired legislator
7 who is enrolled in a health insurance plan covering state
8 employees, deduct the person's health insurance premiums from
9 the person's annuity and transfer the amount of the premium to a
10 health insurance carrier covering state employees.

11 Sec. 2. Minnesota Statutes 2004, section 69.011,
12 subdivision 2b, is amended to read:

13 Subd. 2b. [DEPARTMENTS OF NATURAL RESOURCES AND PUBLIC
14 SAFETY.] (a) ~~On or before July 17, 1997, the commissioner of~~
15 ~~natural resources shall certify one-half of the number of peace~~
16 ~~officers as defined in subdivision 1, clause (g), employed by~~
17 ~~the Enforcement Division during calendar year 1996 and the~~
18 ~~commissioner of public safety shall certify one-half of the~~
19 ~~number of peace officers as defined in subdivision 1, clause~~
20 ~~(g), employed by the Bureau of Criminal Apprehension, the~~
21 ~~Gambling Enforcement Division, and the State Patrol Division~~
22 ~~during calendar year 1996.~~

23 (b) ~~On or before March 15, 1998, the commissioner of~~
24 ~~natural resources shall certify seven-tenths of the number of~~
25 ~~peace officers as defined in subdivision 1, clause (g), employed~~
26 ~~by the Enforcement Division and the commissioner of public~~
27 ~~safety shall certify seven-tenths of the number of peace~~
28 ~~officers as defined in subdivision 1, clause (g), employed by~~
29 ~~the Bureau of Criminal Apprehension, the Gambling Enforcement~~
30 ~~Division, and the State Patrol Division.~~

31 (c) ~~On or before March 15, 1999, and annually on or before~~
32 each March 15 thereafter, the commissioner of natural resources
33 shall certify the number of peace officers as defined in
34 subdivision 1, clause (g), employed by the Enforcement Division
35 and the commissioner of public safety shall certify the number
36 of peace officers as defined in subdivision 1, clause (g),

1 employed by the Bureau of Criminal Apprehension, the Gambling
2 Enforcement Division, and the State Patrol Division.

3 (d) (b) The certification must be on a form prescribed by
4 the commissioner. Peace officers certified under this paragraph
5 must be included in the total certifications under subdivision 2.

6 Sec. 3. Minnesota Statutes 2004, section 69.021,
7 subdivision 5, is amended to read:

8 Subd. 5. [CALCULATION OF STATE AID.] (a) The amount of
9 fire state aid available for apportionment, before the addition
10 of the minimum fire state aid allocation amount under
11 subdivision 7, is equal to 107 percent of the amount of premium
12 taxes paid to the state upon the fire, lightning, sprinkler
13 leakage, and extended coverage premiums reported to the
14 commissioner by insurers on the Minnesota Firetown Premium
15 Report. This amount ~~shall~~ must be reduced by the amount
16 required to pay the state auditor's costs and expenses of the
17 audits or exams of the firefighters relief associations.

18 The total amount for apportionment in respect to fire state
19 aid must not be less than two percent of the premiums reported
20 to the commissioner by insurers on the Minnesota Firetown
21 Premium Report after subtracting the following amounts:

22 (1) the amount required to pay the state auditor's costs
23 and expenses of the audits or exams of the firefighters relief
24 associations; and

25 (2) one percent of the premiums reported by town and
26 farmers' mutual insurance companies and mutual property and
27 casualty companies with total assets of \$5,000,000 or less.

28 (b) The total amount for apportionment as police state aid
29 is equal to 104 percent of the amount of premium taxes paid to
30 the state on the premiums reported to the commissioner by
31 insurers on the Minnesota Aid to Police Premium Report, reduced
32 by the amount required to pay the costs and expenses of the
33 state auditor for audits or exams of police relief
34 associations. The total amount for apportionment in respect to
35 the police state aid program must not be less than two percent
36 of the amount of premiums reported to the commissioner by

1 insurers on the Minnesota Aid to Police Premium Report after
2 subtracting the amount required to pay the state auditor's cost
3 and expenses of the audits or exams of the police relief
4 associations.

5 (c) The commissioner shall calculate the percentage of
6 increase or decrease reflected in the apportionment over or
7 under the previous year's available state aid using the same
8 premiums as a basis for comparison.

9 ~~(d) The amount for apportionment in respect to peace
10 officer state aid under paragraph (b) must be further reduced by
11 \$1,779,000 in fiscal year 1999, \$2,077,000 in fiscal year 2000,
12 and \$2,404,000 in fiscal year 2001. These reductions in this
13 paragraph cancel to the general fund.~~

14 (e) In addition to the amount for apportionment of police
15 state aid under paragraph (b), each year \$100,000 ~~shall~~ must be
16 apportioned for police state aid. An amount sufficient to pay
17 this increase is annually appropriated from the general fund.

18 Sec. 4. Minnesota Statutes 2004, section 69.021,
19 subdivision 11, is amended to read:

20 Subd. 11. [EXCESS POLICE STATE-AID HOLDING ACCOUNT.] (a)
21 The excess police state-aid holding account is established in
22 the general fund. The excess police state-aid holding account
23 must be administered by the commissioner.

24 (b) Excess police state aid determined according to
25 subdivision 10, must be deposited in the excess police state-aid
26 holding account.

27 (c) From the balance in the excess police state-aid holding
28 account, \$900,000 is appropriated to and must be transferred
29 annually to the ambulance service personnel longevity award and
30 incentive suspense account established by section 144E.42,
31 subdivision 2.

32 (d) If a police officer stress reduction program is created
33 by law and money is appropriated for that program, an amount
34 equal to that appropriation must be transferred to the
35 administrator of that program from the balance in the excess
36 police state-aid holding account.

1 (e) On October 1, ~~1997~~ and annually ~~on each subsequent~~
2 ~~October 1~~, one-half of the balance of the excess police
3 state-aid holding account remaining after the deductions under
4 paragraphs (c) and (d) is appropriated for additional
5 amortization aid under section 423A.02, subdivision 1b.

6 (f) Annually, the remaining balance in the excess police
7 state-aid holding account, after the deductions under paragraphs
8 (c), (d), and (e), cancels to the general fund.

9 Sec. 5. Minnesota Statutes 2004, section 69.33, is amended
10 to read:

11 69.33 [NAMES OF ASSOCIATIONS REPORTED TO INSURANCE
12 COMPANIES.]

13 The commissioner shall enclose in the annual statement
14 blank that is sent to all fire insurance companies doing
15 business in this state a blank form containing the names of ~~all~~
16 ~~firefighters relief associations in~~ all cities of the first
17 ~~class and the names of the cities~~ and require these companies,
18 at the time of making their annual statements to the
19 commissioner, to state on these blanks the amount of premiums
20 received by them upon properties insured within the corporate
21 limits of the cities named thereon during the year ending
22 December 31st last past. Thereafter, before July first each
23 year, the commissioner shall certify to the commissioner of
24 finance the information thus obtained, together with the amount
25 of the tax for the benefit of the relief association pension
26 plans covering firefighters in cities of the first class paid in
27 such year by these companies upon these insurance premiums.

28 Sec. 6. Minnesota Statutes 2004, section 69.773,
29 subdivision 4, is amended to read:

30 Subd. 4. [FINANCIAL REQUIREMENTS OF SPECIAL FUND.] ~~Prior~~
31 ~~to~~ Before August 1 of each year, the officers of the relief
32 association shall determine the financial requirements of the
33 special fund of the relief association in accordance with the
34 requirements of this subdivision. The financial requirements of
35 the relief association ~~shall~~ must be based on the most recent
36 actuarial valuation of the special fund prepared in accordance

1 with subdivision 2. If the relief association has an unfunded
2 actuarial accrued liability as reported in the most recent
3 actuarial valuation, the financial requirements ~~shall~~ must be
4 determined by adding the figures calculated ~~pursuant-to~~ under
5 clauses (a), (b), and (c). If the relief association does not
6 have an unfunded actuarial accrued liability as reported in the
7 most recent actuarial valuation, the financial requirements
8 ~~shall~~ must be an amount equal to the figure calculated ~~pursuant~~
9 ~~to~~ under clauses (a) and (b), reduced by an amount equal to
10 one-tenth of the amount of any assets in excess of the actuarial
11 accrued liability of the relief association. The determination
12 of whether or not the relief association has an unfunded
13 actuarial accrued liability ~~shall~~ must be based on the current
14 market value of assets for which a market value is readily
15 ascertainable and the cost or book value, whichever is
16 applicable, for assets for which no market value is readily
17 ascertainable.

18 (a) The normal level cost requirement for the following
19 year, expressed as a dollar amount, ~~shall-be~~ is the figure for
20 the normal level cost of the relief association as reported in
21 the actuarial valuation.

22 (b) The amount of anticipated future administrative
23 expenses of the special fund ~~shall~~ must be calculated by
24 multiplying the dollar amount of the administrative expenses of
25 the special fund for the most recent year by the factor of 1.035.

26 (c) The amortization contribution requirement to retire the
27 current unfunded actuarial accrued liability by the established
28 date for full funding ~~shall-be~~ is the figure for the
29 amortization contribution as reported in the actuarial
30 valuation. ~~If-there-has-not-been-a-change-in-the-actuarial~~
31 ~~assumptions-used-for-calculating-the-actuarial-accrued-liability~~
32 ~~of-the-special-fund, a change-in-the-bylaws-of-the-relief~~
33 ~~association-governing-the-service-pensions, retirement-benefits,~~
34 ~~or-both-payable-from-the-special-fund-or-a-change-in-the~~
35 ~~actuarial-cost-method-used-to-value-all-or-a-portion-of-the~~
36 ~~special-fund-which-change-or-changes, which-by-themselves~~

1 ~~without-inclusion-of-any-other-items-of-increase-or-decrease,~~
2 ~~produce-a-net-increase-in-the-unfunded-actuarial-accrued~~
3 ~~liability-of-the-special-fund-since-December-31,1970,-the~~
4 ~~established-date-for-full-funding-shall-be-December-31,1990.~~
5 If there has been a change in the actuarial assumptions used for
6 calculating the actuarial accrued liability of the special fund,
7 a change in the bylaws of the relief association governing the
8 service pensions, retirement benefits, or both payable from the
9 special fund or a change in the actuarial cost method used to
10 value all or a portion of the special fund and the change or
11 changes, by themselves and without inclusion of any other items
12 of increase or decrease, produce a net increase in the unfunded
13 actuarial accrued liability of the special fund ~~since-December~~
14 ~~31,1970,-but-prior-to-January-1,1979,-the-established-date-for~~
15 ~~full-funding-shall-be-December-31,1998,-and-if-there-has-been-a~~
16 ~~change-since-December-31,1978,~~ the established date for full
17 funding shall must be determined using the following procedure:
18 (i) the unfunded actuarial accrued liability of the special
19 fund shall must be determined in accordance with the provisions
20 governing service pensions, retirement benefits, and actuarial
21 assumptions in effect before an applicable change;
22 (ii) the level annual dollar contribution needed to
23 amortize this unfunded actuarial accrued liability amount by the
24 date for full funding in effect ~~prior-to~~ before the change shall
25 must be calculated using the interest assumption specified in
26 section 356.215, subdivision 8, in effect before any applicable
27 change;
28 (iii) the unfunded actuarial accrued liability of the
29 special fund shall must be determined in accordance with any new
30 provisions governing service pensions, retirement benefits, and
31 actuarial assumptions and the remaining provisions governing
32 service pensions, retirement benefits, and actuarial assumptions
33 in effect before an applicable change;
34 (iv) the level annual dollar contribution needed to
35 amortize the difference between the unfunded actuarial accrued
36 liability amount calculated ~~pursuant-to~~ under subclause (i) and

1 the unfunded actuarial accrued liability amount
2 calculated ~~pursuant-to~~ under subclause (iii) over a period of 20
3 years starting December 31 of the year in which the change is
4 effective ~~shall~~ must be calculated using the interest assumption
5 specified in section 356.215, subdivision 8, in effect after any
6 applicable change;

7 (v) the annual amortization contribution calculated
8 ~~pursuant-to~~ under subclause (iv) ~~shall~~ must be added to the
9 annual amortization contribution calculated ~~pursuant-to~~ under
10 subclause (ii);

11 (vi) the period in which the unfunded actuarial accrued
12 liability amount determined in subclause (iii) will be amortized
13 by the total annual amortization contribution computed ~~pursuant~~
14 ~~to~~ under subclause (v) ~~shall~~ must be calculated using the
15 interest assumption specified in section 356.215, subdivision 8,
16 in effect after any applicable change, rounded to the nearest
17 integral number of years, but which ~~shall~~ does not exceed a
18 period of 20 years from the end of the year in which the
19 determination of the date for full funding using this procedure
20 is made and which ~~shall~~ is not be less than the period of years
21 beginning in the year in which the determination of the date for
22 full funding using this procedure is made and ending by the date
23 for full funding in effect before the change;

24 (vii) the period determined ~~pursuant-to~~ under subclause (vi)
25 ~~shall~~ must be added to the date as of which the actuarial
26 valuation was prepared and the resulting date ~~shall-be~~ is the
27 new date for full funding.

28 Sec. 7. Minnesota Statutes 2004, section 352.01,
29 subdivision 4, is amended to read:

30 Subd. 4. [ACCUMULATED CONTRIBUTIONS.] "Accumulated
31 contributions" means the total, exclusive of interest, of (1)
32 the sums deducted from the salary of an employee, (2) the amount
33 of payments, including assessments, paid by the employee in lieu
34 of salary deductions and all other payments made under ~~laws~~
35 ~~19297-chapter-1917-as-amended7~~ this chapter and credited to the
36 employee's individual account in the retirement fund.

1 Sec. 8. Minnesota Statutes 2004, section 352.01,
2 subdivision 5, is amended to read:

3 Subd. 5. [RETIREMENT FUND.] (a) "Retirement fund" means
4 the general state employees retirement fund created by section
5 352.04, subdivision 1, with respect to the general state
6 employees retirement plan or the correctional state employees
7 retirement fund created by section 352.911, subdivision 1, with
8 respect to the correctional state employees retirement plan.

9 (b) "The retirement fund" includes the aggregate of
10 accumulated contributions of employees covered by the applicable
11 plan, and all other funds paid into the state treasury or
12 received by the director under ~~Laws-1929, chapter-191, as~~
13 amended this chapter, together with all income and profits from
14 the money and interest on it, including contributions on the
15 part of the federal government, the state, and state departments.

16 Sec. 9. Minnesota Statutes 2004, section 352.01,
17 subdivision 21, is amended to read:

18 Subd. 21. [ACCRUED ANNUITIES.] (a) In this chapter and
19 chapters 3A, 352B, 352C, and 490, "accrued annuity" means an
20 annuity that had become payable to a retired employee in the
21 lifetime of the employee.

22 (b) An annuity or benefit authorized as provided in this
23 chapter and chapters 3A, 352B, 352C, and 490 becomes payable on
24 the first day of each calendar month for that calendar month and
25 ~~is to~~ must be paid on the first day of each calendar month
26 ~~beginning with benefits payable on and after December 17, 1977.~~

27 (c) Notwithstanding any provision to the contrary in this
28 chapter and chapters 3A, 352B, 352C, and 490, benefit payment
29 authorized as "payable for life" is payable for the entire month
30 in which death occurs, and the benefit payment for the month of
31 death is payable to the surviving spouse or other beneficiary
32 only if the annuitant dies before negotiating the benefit check.

33 Sec. 10. Minnesota Statutes 2004, section 352.01,
34 subdivision 23, is amended to read:

35 Subd. 23. [COVERAGE OR COVERED BY THE SYSTEM.] "Coverage"
36 or "covered by the system" means that a state employees employee

1 who ~~serve~~ services the state of Minnesota and ~~make~~ makes the
2 required employee contributions to the retirement fund ~~with~~ is,
3 by reason of these contributions ~~become~~, entitled to either (1)
4 a retirement annuity, or (2) a disability benefit, or (3) a
5 refund of accumulated contributions, as provided in this chapter.

6 Sec. 11. Minnesota Statutes 2004, section 352.021,
7 subdivision 1, is amended to read:

8 Subdivision 1. [ESTABLISHMENT.] (a) There is established
9 the general state employees retirement plan of the Minnesota
10 State Retirement System for state employees.

11 (b) The system general state employees retirement plan is a
12 continuation of the State Employees Retirement Association.

13 (c) Any person who was a member of the State Employees
14 Retirement Association on June 30, 1967, is covered by
15 the system general state employees retirement plan and is
16 entitled to all benefits provided by the system plan upon
17 fulfilling the age, service, contribution, and other
18 requirements of this chapter.

19 Sec. 12. Minnesota Statutes 2004, section 352.021,
20 subdivision 2, is amended to read:

21 Subd. 2. [STATE EMPLOYEES COVERED.] Every person who ~~is-a~~
22 ~~state-employee, as defined in section 352.01, on July 17, 1967,~~
23 ~~or becomes a state employee after that date~~ as defined in
24 section 352.01 is covered by the system general state employees
25 retirement plan. Acceptance of state employment or continuance
26 in state service is deemed to be consent to have deductions made
27 from salary for deposit to the credit of the account of the
28 state employee in the retirement fund.

29 Sec. 13. Minnesota Statutes 2004, section 352.021,
30 subdivision 3, is amended to read:

31 Subd. 3. [OPTIONAL EXEMPTIONS.] Any person who is
32 appointed by the governor or lieutenant governor may request
33 exemption from coverage by the general state employees
34 retirement plan under this chapter if the appointee is not ~~so~~
35 covered at by the plan on the date of appointment. To qualify
36 for this exemption, a written request must be made within 90

1 days from the date of entering upon the duties of the position
2 to which the person is appointed. After making the request, a
3 person requesting the exemption is not entitled to coverage by
4 the general state employees retirement plan while employed in
5 the position that entitled that person to an exemption from
6 coverage.

7 Sec. 14. Minnesota Statutes 2004, section 352.021,
8 subdivision 4, is amended to read:

9 Subd. 4. [REENTERING SERVICE AFTER REFUND.] When a former
10 employee who has withdrawn accumulated contributions reenters
11 employment in a position entitled to coverage under the
12 system general state employees retirement plan, the employee
13 ~~shall~~ must be covered by the system plan on the same basis as a
14 new employee and is not entitled to credit for any former
15 service. The annuity rights forfeited when taking a refund can
16 only be restored as provided in this chapter.

17 Sec. 15. Minnesota Statutes 2004, section 352.04,
18 subdivision 1, is amended to read:

19 Subdivision 1. [FUND CREATED.] (a) There is created a
20 special fund to be known as the general state employees
21 retirement fund. In that fund ~~there-shall-be-deposited~~
22 employees, employee contributions, employers employer
23 contributions, and other amounts authorized by law must be
24 deposited.

25 (b) ~~Effective-July-17-1969,~~ The general state employees
26 retirement plan of the Minnesota State Retirement System ~~shall~~
27 must participate in the Minnesota postretirement investment fund.
28 ~~In-that-fund-there-shall-be-deposited~~ The amounts provided in
29 section 352.119 must be deposited in the Minnesota
30 postretirement investment fund.

31 Sec. 16. Minnesota Statutes 2004, section 352.04,
32 subdivision 12, is amended to read:

33 Subd. 12. [FUND DISBURSEMENT RESTRICTED.] The general
34 state employees retirement fund and the participation in the
35 Minnesota postretirement investment fund must be disbursed only
36 for the purposes provided by law. The expenses of the system

1 and any benefits provided by law, other than benefits payable
2 from the Minnesota postretirement investment fund, must be paid
3 from the general state employees retirement fund. The
4 retirement allowances, retirement annuities, and disability
5 benefits, as well as refunds of any sum remaining to the credit
6 of a deceased retired employee or a disabled employee must be
7 paid only from the general state employees retirement fund after
8 the needs have been certified and the amounts withdrawn from the
9 participation in the Minnesota postretirement investment fund
10 under section 11A.18. The amounts necessary to make the
11 payments from the general state employees retirement fund and
12 the participation in the Minnesota postretirement investment
13 fund are annually appropriated from these funds for those
14 purposes.

15 Sec. 17. Minnesota Statutes 2004, section 352.041,
16 subdivision 1, is amended to read:

17 Subdivision 1. [ALLOWABLE SERVICE CREDIT.] Any (a) An
18 employee covered by the system general state employees
19 retirement plan who is given a leave of absence for employment
20 by a political subdivision of the state ~~shall~~ remains a member
21 of the plan and must continue to pay member contributions into
22 the general state employees retirement fund for the period of
23 leave.

24 (b) Upon payment of member contributions, the employee must
25 be given allowable service credit as a state employee on the
26 records of the system retirement plan as though the employee had
27 received salary from the state during the leave. Payments into
28 the retirement fund ~~shall~~ must be at the rate required in
29 section 352.04, subdivision 2, and must be based upon the salary
30 received from the political subdivision ~~subject-to-the-maximum~~
31 ~~amount, if any.~~

32 Sec. 18. Minnesota Statutes 2004, section 352.041,
33 subdivision 2, is amended to read:

34 Subd. 2. [EMPLOYEE CONTRIBUTIONS, PROCEDURE.] The officer
35 or employee who is authorized by law to pay salaries to
36 employees of the political subdivision which is employing a

1. state employee ~~shall have~~ must deduct employee contributions
2 ~~deducted~~ for the general state employees retirement plan under
3 section 352.04, subdivision 2, from the salary of each employee
4 who is on leave of absence from state service on each payroll
5 abstract and ~~shall~~ must pay the sum to the director following
6 the conclusion of each pay period.

7 Sec. 19. Minnesota Statutes 2004, section 352.041,
8 subdivision 3, is amended to read:

9 Subd. 3. [EMPLOYER CONTRIBUTIONS, PROCEDURE.] The officer
10 or employee who is authorized by law to pay salaries to
11 employees of the political subdivision which is employing a
12 state employee covered by the ~~system-shall~~ general state
13 employees retirement plan also must have employer contributions
14 made to the general state employees retirement fund ~~on~~ following
15 the conclusion of each payroll abstract in the amount required
16 by section 352.04, subdivision 3. These contributions ~~are to~~
17 must be charged to the political subdivision as an
18 administrative cost.

19 Sec. 20. Minnesota Statutes 2004, section 352.041,
20 subdivision 5, is amended to read:

21 Subd. 5. [EMPLOYER CONTRIBUTIONS, LEAVES OF ABSENCE; TAX
22 LEVIES.] (a) Every political subdivision which is employing a
23 state employee covered by the system on leave of absence from
24 state service for employment by a political subdivision of the
25 state shall pay into the state employees retirement fund the
26 amount of the employer contribution required by law for state
27 employees covered by the system under section 352.04,
28 subdivision 3.

29 (b) Employing political subdivisions ~~7-except~~ other than
30 school districts~~7~~ may levy taxes necessary for the payment of
31 employer contributions without limitation as to rate or amount.
32 The levy of the taxes does not reduce the amount of other
33 taxes ~~to~~ that may be levied by political subdivisions~~7~~
34 ~~except~~ other than school districts~~7~~ which are subject to any
35 limitation.

36 Sec. 21. Minnesota Statutes 2004, section 352.15,

1 subdivision 1, is amended to read:

2 Subdivision 1. [~~EXEMPTION;--EXCEPTIONS.~~] ~~None-of-the-money,~~
3 ~~annuities,-or-other-benefits-mentioned-in-this-chapter-is~~
4 ~~assignable-either-in-law-or-in-equity-or-subject-to-execution,~~
5 ~~levy,-attachment,-garnishment,-or-other-legal-process,-except-as~~
6 ~~provided-in-subdivision-1a-or-section-518.58,-518.581,-or~~
7 ~~518.6111.~~ The provisions of section 356.401 apply to the general
8 state employees retirement plan and to the correctional state
9 employees retirement plan.

10 Sec. 22. Minnesota Statutes 2004, section 352.15,
11 subdivision 3, is amended to read:

12 Subd. 3. [DEDUCTING HEALTH OR DENTAL INSURANCE PREMIUMS.]
13 The board may ~~direct~~ authorize, at its discretion, the deduction
14 of a retiree's health or dental insurance premiums and transfer
15 of the amounts to a health or dental insurance carrier covering
16 state employees. The insurance carrier must certify that the
17 retired employee has signed an authorization for the deduction
18 and provide a computer readable roster of covered retirees and
19 amounts. The health or dental insurance carrier must refund
20 deductions withheld from a retiree's check in error directly to
21 the retiree. The board shall require that the insurance carrier
22 ~~to~~ reimburse the fund for the administrative expense of
23 withholding the premium amounts. The insurance carrier shall
24 assume liability for any failure of the system to properly
25 withhold the premium amounts.

26 Sec. 23. Minnesota Statutes 2004, section 352.15,
27 subdivision 4, is amended to read:

28 Subd. 4. [DIRECT TRANSFER OF REFUNDS.] A direct transfer
29 of ~~account~~ refunds under this chapter may be made to an
30 individual retirement savings ~~accounts~~ or a qualified retirement
31 ~~plans~~ plan of the person upon the receipt of an application for
32 transfer by a former employee, on forms acceptable to the
33 executive director.

34 Sec. 24. Minnesota Statutes 2004, section 352.22,
35 subdivision 10, is amended to read:

36 Subd. 10. [OTHER REFUNDS.] Former employees covered by the

1 system are entitled to apply for refunds if they are or become
2 members of the State Patrol retirement fund, the state Teachers
3 Retirement Association, or employees of the University of
4 Minnesota excluded from coverage under the system by action of
5 the Board of Regents; ~~or-labor-service-employees,-excluded-from~~
6 ~~coverage-under-section-352.01,-subdivision-2b,-clause-(25);~~ or
7 employees of the adjutant general who under federal law
8 effectually elect membership in a federal retirement system; or
9 officers or employees of the senate or house of representatives,
10 excluded from coverage under section 352.01, subdivision 2b,
11 clause ~~(8)~~ (7). The refunds must include accumulated
12 contributions plus interest as provided in subdivision 2. These
13 employees may apply for a refund once 30 days or more have
14 elapsed after their coverage ceases, even if they continue in
15 state service but in positions not covered by this chapter.

16 Sec. 25. Minnesota Statutes 2004, section 352B.01,
17 subdivision 1, is amended to read:

18 Subdivision 1. [SCOPE.] In this chapter, each of the terms
19 defined in this section have has the meanings meaning given
20 them to it.

21 Sec. 26. Minnesota Statutes 2004, section 352B.01,
22 subdivision 2, is amended to read:

23 Subd. 2. [MEMBER.] "Member" means:

24 (1) a State Patrol member currently employed ~~after-June-30-~~
25 ~~1943,~~ under section 299D.03 by the state, who is a peace officer
26 under section 626.84, and whose salary or compensation is paid
27 out of state funds;

28 (2) a conservation officer employed under section 97A.201,
29 currently employed by the state, whose salary or compensation is
30 paid out of state funds;

31 (3) a crime bureau officer who was employed by the crime
32 bureau and was a member of the Highway Patrolmen's retirement
33 fund on July 1, 1978, whether or not that person has the power
34 of arrest by warrant after that date, or who is employed as
35 police personnel, with powers of arrest by warrant under section
36 299C.04, and who is currently employed by the state, and whose

1 salary or compensation is paid out of state funds;

2 (4) a person who is employed by the state in the Department
3 of Public Safety in a data processing management position with
4 salary or compensation paid from state funds, who was a crime
5 bureau officer covered by the State Patrol retirement plan on
6 August 15, 1987, and who was initially hired in the data
7 processing management position within the department during
8 September 1987, or January 1988, with membership continuing for
9 the duration of the person's employment in that position,
10 whether or not the person has the power of arrest by warrant
11 after August 15, 1987;

12 (5) a public safety employee ~~defined-as~~ who is a peace
13 officer ~~in~~ under section 626.84, subdivision 1, paragraph (c),
14 and who is employed ~~with~~ by the Division of Alcohol and Gambling
15 Enforcement under section 299L.01; and

16 (6) a Fugitive Apprehension Unit officer after October 31,
17 2000, who is employed by the Office of Special Investigations of
18 the Department of Corrections and who is a peace officer under
19 section 626.84.

20 Sec. 27. Minnesota Statutes 2004, section 352B.01,
21 subdivision 3, is amended to read:

22 Subd. 3. [ALLOWABLE SERVICE.] (a) "Allowable service"
23 means:

24 (1) for members defined in subdivision 2, clause ~~(a)~~ (1),
25 ~~monthly service is-granted-for~~ in any month for which payments
26 have been made to the State Patrol retirement fund, and

27 (2) for members defined in subdivision 2, clauses ~~(b)~~ (2)
28 and ~~(c)~~ (3), service for which payments have been made to the
29 State Patrol retirement fund, service for which payments were
30 made to the State Police officers retirement fund after June 30,
31 1961, and all prior service which was credited to a member for
32 service on or before June 30, 1961.

33 (b) Allowable service also includes any period of absence
34 from duty by a member who, by reason of injury incurred in the
35 performance of duty, is temporarily disabled and for which
36 disability the state is liable under the workers' compensation

1 law, until the date authorized by the executive director for
2 commencement of payment of a disability benefit or return to
3 employment.

4 (c) MS 2002 (Expired)

5 (c) Allowable service means service in a month during which
6 a member is paid a salary from which a member contribution is
7 deducted, deposited, and credited in the State Patrol retirement
8 plan.

9 Sec. 28. Minnesota Statutes 2004, section 352B.02,
10 subdivision 1e, is amended to read:

11 Subd. 1e. [AUDIT; ACTUARIAL VALUATION.] The legislative
12 auditor shall audit the fund. Any actuarial valuation of the
13 fund required under section 356.215 must be prepared by the
14 actuary retained under section 356.214. Any approved actuary
15 retained by the executive director under section 352.03,
16 subdivision 6, may perform actuarial valuations and experience
17 studies to supplement those performed by the ~~commission-retained~~
18 actuary retained under section 356.214. Any supplemental
19 actuarial valuation or experience studies shall be filed with
20 the executive director of the Legislative Commission on Pensions
21 and Retirement.

22 Sec. 29. Minnesota Statutes 2004, section 352B.071, is
23 amended to read:

24 352B.071 [EXEMPTION FROM PROCESS.]

25 ~~None-of-the-money, annuities, or other benefits provided~~
26 ~~for-in-this-chapter-is-assignable-either-in-law-or-in-equity-or~~
27 ~~be-subject-to-execution, levy, attachment, garnishment, or other~~
28 ~~legal-process, except-as-provided-in-section-518.58, 518.581, or~~
29 ~~518.611.~~ The provisions of section 356.401 apply to the state
30 patrol retirement plan.

31 Sec. 30. Minnesota Statutes 2004, section 352D.01, is
32 amended to read:

33 352D.01 [ESTABLISHMENT.]

34 There is hereby established within the Minnesota State
35 Retirement System a retirement program for certain public
36 employees to be known as the Minnesota unclassified employees

1 retirement program, ~~which shall be~~. The program must be
2 administered by the Minnesota State Retirement System.

3 Sec. 31. Minnesota Statutes 2004, section 352D.015,
4 subdivision 3, is amended to read:

5 Subd. 3. [SUPPLEMENTAL INVESTMENT FUND.] "Supplemental
6 investment fund" means the fund established and governed by
7 section 11A.17.

8 Sec. 32. Minnesota Statutes 2004, section 352D.015,
9 subdivision 4, is amended to read:

10 Subd. 4. [GENERAL FUND.] "General fund" means the general
11 state employees retirement fund except the moneys for the
12 unclassified program.

13 Sec. 33. Minnesota Statutes 2004, section 352D.03, is
14 amended to read:

15 352D.03 [TRANSFER OF ASSETS.]

16 Unless an eligible employee enumerated in section 352D.02,
17 subdivision 1 ~~er-la~~, has elected coverage under the individual
18 retirement account plan under chapter 354B, a sum of money
19 representing the assets credited to each employee exercising the
20 option contained in section 352D.02, plus an equal employer
21 contribution together with interest for the employment period at
22 the ~~actuarially-assumed-rates~~ rate of 8.5 percent during this
23 period, compounded annually, ~~shall~~ must be used for the purchase
24 of shares on behalf of each employee in the accounts of the
25 supplemental retirement fund established by section 11A.17. ~~Any~~
26 ~~employer's-contribution-to-amortize-the-deficit-in-the-state~~
27 ~~employee's-retirement-fund-shall-not,-however,-be-used-for-the~~
28 ~~purchase-of-shares-~~

29 Sec. 34. Minnesota Statutes 2004, section 352D.05,
30 subdivision 4, is amended to read:

31 Subd. 4. [REPAYMENT OF REFUND.] (a) A participant in the
32 unclassified program may repay regular refunds taken ~~pursuant-to~~
33 under section 352.22, as provided in section 352.23.

34 (b) A participant in the unclassified program or an
35 employee covered by the general plan who has withdrawn the value
36 of the total shares may repay the refund taken and thereupon

1 restore the service credit, rights and benefits forfeited by
2 paying into the fund the amount refunded plus interest at an
3 annual rate of 8.5 percent compounded annually from the date
4 that the refund was taken until the date that the refund is
5 repaid. If the participant had withdrawn only the employee
6 shares as permitted under prior laws, repayment ~~shall~~ must be
7 pro rata. ~~Payment-shall~~

8 (c) Except as provided in section 356.441, the repayment of
9 a refund under this section must be made in a lump sum.

10 Sec. 35. Minnesota Statutes 2004, section 352D.085,
11 subdivision 1, is amended to read:

12 Subdivision 1. [COMBINED SERVICE.] Except as provided in
13 section 356.30, 356.302, or 356.303, service under the
14 unclassified program for which the employee has been credited
15 with employee shares may be used for the limited purpose of
16 qualifying for benefits under sections 352.115, 352.72,
17 subdivision 1, 352.113, 354.44, 354.45, 354.48, and 354.60,
18 ~~provided-such.~~ The service also may not be used to qualify for
19 a disability benefit under section 352.113 or 354.48 if a
20 participant was under the unclassified program at the time of
21 the disability, ~~and-provided-further-that.~~ Also, the years of
22 service and salary paid while the participant was in the
23 unclassified program ~~shall~~ may not be used in determining the
24 amount of benefits.

25 Sec. 36. Minnesota Statutes 2004, section 352D.09,
26 subdivision 5, is amended to read:

27 Subd. 5. [UNCLAIMED BENEFITS.] If the beneficiary,
28 surviving spouse or estate has not made application for benefits
29 within ten years after the date of the death of a participant,
30 the value of the shares ~~shall-be~~ is appropriated to the ~~regular~~
31 general state employees retirement fund and the provisions of
32 section 352.12, subdivision 12 ~~shall,~~ govern. If a former
33 participant fails to make a claim for benefits within five years
34 after the termination of covered service or by age 70, whichever
35 is later, the value of the shares ~~shall-be~~ is appropriated to
36 the general state employees retirement fund and the provisions

1 of section 352.22, subdivision 8, shall apply.

2 Sec. 37. Minnesota Statutes 2004, section 352D.12, is
3 amended to read:

4 352D.12 [TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.]

5 (a) An employee who is a participant in the unclassified
6 program and who has prior service credit in a covered plan under
7 ~~chapters-3A,~~ chapter 352, 352E, 353, 354, 354A, and or 422A
8 may, within the time limits specified in this section, elect to
9 transfer to the unclassified program prior service contributions
10 to one or more of those plans. ~~Participants-with-six-or-more~~
11 ~~years-of-prior-service-credit-in-a-plan-governed-by-chapter-3A~~
12 ~~or-352E-on-July-17-1998,may-not-transfer-prior-service~~
13 ~~contributions.---Participants-with-less-than-six-years-of-prior~~
14 ~~service-credit-in-a-plan-governed-by-chapter-3A-or-352E-on-July~~
15 ~~17-1998,must-be-contributing-to-the-unclassified-plan-on-or~~
16 ~~after-January-5,1999,in-order-to-transfer-prior-contributions.~~

17 (b) For participants with prior service credit in a plan
18 governed by chapter 352, 353, 354, 354A, or 422A, "prior service
19 contributions" means the accumulated employee and equal employer
20 contributions with interest at an annual rate of 8.5 percent
21 compounded annually, based on fiscal year balances. For
22 ~~participants-with-less-than-six-years-of-service-credit-as-of~~
23 ~~July-17-1998-and-with-prior-service-credit-in-a-plan-governed~~
24 ~~by-chapter-3A-or-352E,"prior-service-contributions"---means-an~~
25 ~~amount-equal-to-twice-the-amount-of-the-accumulated-member~~
26 ~~contributions-plus-annual-compound-interest-at-the-rate-of-8.5~~
27 ~~percent,computed-on-fiscal-year-balances.~~

28 (c) If a participant has taken a refund from a retirement
29 plan listed in this section, the participant may repay the
30 refund to that plan, notwithstanding any restrictions on
31 repayment to that plan, plus 8.5 percent interest compounded
32 annually and have the accumulated employee and equal employer
33 contributions transferred to the unclassified program with
34 interest at an annual rate of 8.5 percent compounded annually
35 based on fiscal year balances. If a person repays a refund and
36 subsequently elects to have the money transferred to the

1 unclassified program, the repayment amount, including interest,
2 is added to the fiscal year balance in the year which the
3 repayment was made.

4 (d) A participant electing to transfer prior service
5 contributions credited to a retirement plan governed by chapter
6 352, 353, 354, 354A, or 422A as provided under this section must
7 complete the a written application for the transfer and repay
8 any refund within one year of the commencement of the employee's
9 participation in the unclassified program. ~~A participant
10 electing to transfer prior service contributions credited to a
11 retirement plan governed by chapter 3A or 352C as provided under
12 this section must complete the application for the transfer and
13 repay any refund between January 5, 1997, and June 1, 1997, if
14 the employee commenced participation in the unclassified program
15 before January 5, 1997, or within one year of the commencement
16 of the employee's participation in the unclassified program if
17 the employee commenced participation in the unclassified program
18 after January 4, 1997.~~

19 Sec. 38. Minnesota Statutes 2004, section 353.01,
20 subdivision 32, is amended to read:

21 Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means
22 any a public employee, including any a public hospital employee,
23 who is covered by any an agreement or modification made between
24 the state and the Secretary of Health, ~~Education~~ and ~~Welfare~~
25 Human Services, making the provisions of the federal Old Age,
26 Survivors and Disability Insurance Act applicable to the member
27 if the membership eligibility criteria are met under this
28 chapter. A coordinated member also is a former basic member who
29 has a complete and continuous separation for at least 30 days
30 from employment as a public employee meeting the requirements
31 specified in subdivision 28, paragraphs (a) and (b), and who
32 reenters public service as a public employee and meets the
33 membership eligibility criteria under this chapter.

34 Sec. 39. Minnesota Statutes 2004, section 353.01,
35 subdivision 33, is amended to read:

36 Subd. 33. [BASIC MEMBER.] "Basic member" means any a

1 public employee, including any a public hospital employee, who
2 is not covered by any agreement or modification made between the
3 state and the Secretary of Health, ~~Education and Welfare~~ Human
4 Services.

5 Sec. 40. Minnesota Statutes 2004, section 353.025, is
6 amended to read:

7 353.025 [RANGE ASSOCIATION OF MUNICIPALITIES AND SCHOOLS.]

8 ~~From and after January 1, 1982,~~ Employees of the Range
9 Association of Municipalities and Schools ~~hereinafter referred~~
10 ~~to as the association,~~ ~~shall become~~ are coordinated members of
11 the general employees retirement plan of the Public Employees
12 Retirement Association unless specifically exempt under section
13 353.01, subdivision 2b, ~~and.~~ The Range Association ~~shall be~~
14 ~~deemed to be~~ of Municipalities and Schools is a governmental
15 subdivision for the purposes of this chapter.

16 Sec. 41. Minnesota Statutes 2004, section 353.026, is
17 amended to read:

18 353.026 [COVERAGE FOR CERTAIN MUNICIPAL AND SCHOOL DISTRICT
19 EMPLOYEES.]

20 Any person who was employed by the city of Minneapolis,
21 Special School District No. 1, or public corporation as defined
22 in section 422A.01, subdivision 9, on or after July 1, 1978, and
23 ~~prior to~~ before July 1, 1979, and who was excluded from
24 retirement coverage by the coordinated program of the
25 Minneapolis municipal employees retirement fund ~~pursuant to~~
26 under section 422A.09, subdivision 3, ~~shall be~~ is entitled to
27 retirement coverage by the general employees retirement plan of
28 the Public Employees Retirement Association unless specifically
29 excluded ~~pursuant to~~ under section 353.01, subdivision 2b, from
30 and after May 19, 1981.

31 Sec. 42. Minnesota Statutes 2004, section 353.027, is
32 amended to read:

33 353.027 [RETENTION OF COVERAGE FOR CERTAIN MUNICIPAL COURT
34 EMPLOYEES.]

35 Any person employed on January 1, 1975, by a municipal
36 court established ~~pursuant to~~ under Minnesota Statutes 1957,

1 section 488.03, and located in the cities of New Brighton,
2 Roseville, Maplewood, North Saint Paul, White Bear Lake, or St.
3 Paul ~~shall-be~~ is eligible for membership in the general
4 employees retirement plan of the Public Employees Retirement
5 Association and shall-retain retains any rights or benefits the
6 person had attained as a member of the general employees
7 retirement plan of the association on January 1, 1975, so long
8 as the person remains an employee of the municipal court of
9 Ramsey County.

10 Sec. 43. Minnesota Statutes 2004, section 353.028, is
11 amended to read:

12 353.028 [CITY MANAGERS; ELECTION; DEFERRED COMPENSATION.]

13 Subdivision 1. [DEFINITIONS.] (a) For purposes of this
14 section, each of the terms in this subdivision has the meaning
15 indicated.

16 (b) "City manager" means (1) a person who is duly appointed
17 to and is holding the position of city manager in a Plan B
18 statutory city or in a home rule city operating under the
19 "council-manager" form of government, or (2) a person who is
20 appointed to and is holding the position of chief administrative
21 officer of a home rule charter city or a statutory city pursuant
22 to under a charter provision, ordinance, or resolution
23 establishing such a position and prescribing its duties and
24 responsibilities.

25 (c) "Governing body" means the city council of the city
26 employing the city manager.

27 (d) "Election" means the election described in subdivision
28 2.

29 Subd. 2. [ELECTION.] (a) A city manager may elect to be
30 excluded from membership in the general employees retirement
31 plan of the Public Employees Retirement Association. The
32 election of exclusion must be made within six months following
33 the commencement of employment, must be made in writing on a
34 form prescribed by the executive director, and must be approved
35 by a resolution of adopted by the governing body of the city.
36 The election of exclusion is not effective until it is filed

1 with the executive director. Membership of a city manager in
2 the association general employees retirement plan ceases on the
3 date the written election is received by the executive director
4 or upon a later date specified. Employee and employer
5 contributions made on behalf of a person exercising the option
6 to be excluded from membership under this section must be
7 refunded in accordance with section 353.27, subdivision 7.

8 (b) A city manager who has elected exclusion under this
9 subdivision may elect to revoke that action by filing a written
10 notice with the executive director. The notice must be on a
11 form prescribed by the executive director and must be approved
12 by a resolution of the governing body of the city. Membership
13 of the city manager in the association resumes prospectively
14 from the date of the first day of the pay period for which
15 contributions were deducted or, if pay period coverage dates are
16 not provided, the date on which the notice of revocation or
17 contributions are received in the office of the association,
18 provided that the notice of revocation is received by the
19 association within 60 days of the receipt of contributions.

20 (c) An election under paragraph (b) is irrevocable. Any
21 election under paragraph (a) or (b) must include a statement
22 that the individual will not seek authorization to purchase
23 service credit for any period of excluded service.

24 Subd. 3. [DEFERRED COMPENSATION; CITY CONTRIBUTION.] If an
25 election of exclusion is made, and if the city manager and the
26 governing body of the city additionally agree in writing that
27 the additional compensation is to be deferred and ~~shall~~ is to be
28 contributed on behalf of the city manager to a deferred
29 compensation program which meets the requirements of section 457
30 of the Internal Revenue Code of ~~1954~~ 1986, as amended through
31 ~~December-31-1980~~, the governing body may compensate the city
32 manager, in addition to the salary allowed under any limitation
33 imposed on salaries by law or charter, in an amount equal to the
34 employer contribution which would be required by section 353.27,
35 subdivision 3, if the city manager were a member of the
36 association general employees retirement plan.

1 Subd. 4. [REFUNDS; DEFERRED ANNUITY.] A city manager who
2 makes an election to be excluded from membership is entitled to
3 a refund of accumulated deductions or, if otherwise qualified, a
4 deferred annuity ~~in-the-manner-provided-by~~ under section 353.34,
5 at the option of the manager.

6 Subd. 5. [ELECTION; OTHER EMPLOYMENT.] If a city manager
7 who has made an election to be excluded subsequently accepts
8 employment in another governmental subdivision or subsequently
9 accepts employment other than as a city manager in the same
10 city, the election ~~shall-be-deemed-to-have-been~~ is rescinded on
11 the effective date of employment.

12 Sec. 44. Minnesota Statutes 2004, section 353.14, is
13 amended to read:

14 353.14 [BENEFITS FROM OTHER FUNDS.]

15 No annuity or benefit provided by this chapter ~~shall~~ may be
16 affected, diminished, or impaired by any pension, benefit, or
17 annuity which any member or survivor is entitled to receive from
18 a tax supported public retirement plan or system authorized by
19 any other law, ~~for~~ based on service that is different service
20 than the service for which the member or survivor is entitled to
21 receive benefit or annuity from a retirement plan administered
22 by the Public Employees Retirement Association.

23 Sec. 45. Minnesota Statutes 2004, section 353.15,
24 subdivision 1, is amended to read:

25 Subdivision 1. [EXEMPTION~~7~~-EXCEPTIONS.] ~~No-money~~7~~-annuity~~7~~~~
26 ~~or-benefit-provided-for-in-this-chapter-is-assignable-or-subject~~
27 ~~to-execution~~7~~-levy~~7~~-attachment~~7~~-garnishment~~7~~-or-legal-process~~7~~~~
28 ~~except-as-provided-in-subdivision-2-or-section-518.58~~7~~-518.58~~17~~~~
29 ~~or-518.61~~11~~~~. The provisions of section 356.401 apply to the
30 general employees retirement plan, to the public employees
31 police and fire retirement plan, and to the local government
32 correctional service retirement plan.

33 Sec. 46. Minnesota Statutes 2004, section 353.15,
34 subdivision 3, is amended to read:

35 Subd. 3. [PAYMENT TO PUBLIC BODIES.] If, in the judgment
36 of the executive director, conditions so warrant, payment of an

1 annuity, a retirement benefit, or a refund may be made to a
2 public body in behalf of an annuitant, disabilitant, or survivor
3 upon such terms as the executive director may prescribe.

4 Sec. 47. Minnesota Statutes 2004, section 353.27,
5 subdivision 11, is amended to read:

6 Subd. 11. [EMPLOYERS; REQUIRED TO FURNISH REQUESTED
7 INFORMATION.] (a) All governmental subdivisions shall furnish
8 promptly such other information relative to the employment
9 status of all employees or former employees, including, but not
10 limited to, payroll abstracts pertaining to all past and present
11 employees, as may be requested by the ~~association-or-its~~
12 executive director, including schedules of salaries applicable
13 to various categories of employment.

14 (b) In the event payroll abstract records have been lost or
15 destroyed, for whatever reason or in whatever manner, so that
16 such schedules of salaries cannot be furnished therefrom, the
17 employing governmental subdivision, in lieu thereof, shall
18 furnish to the association an estimate of the earnings of any
19 employee or former employee for any period as may be requested
20 by the ~~association-or-its~~ executive director. ~~Should~~ If the
21 association ~~receive-such-schedules~~ is provided a schedule of
22 estimated earnings, the executive director is hereby authorized
23 to use the same as a basis for making whatever computations
24 might be necessary for determining obligations of the employee
25 and employer to the retirement fund. If estimates are not
26 furnished by the employer ~~pursuant-to~~ at the request of the
27 ~~association-or-its~~ executive director, the ~~association~~ executive
28 director may estimate the obligations of the employee and
29 employer to the retirement fund based upon ~~such~~ those records as
30 that are in its possession. ~~Where-payroll-abstracts-have-been~~
31 ~~lost-or-destroyed, the governmental agency need not furnish any~~
32 ~~information-pertaining-to-employment-prior-to-July-17-1963.--The~~
33 ~~association-shall-make-no-estimate-of-any-obligation-of-any~~
34 ~~employee, former-employee, or-employer-covering-employment-prior~~
35 ~~to-July-17-1963.~~

36 Sec. 48. Minnesota Statutes 2004, section 353.271, is

1 amended to read:

2 353.271 [PARTICIPATION IN MINNESOTA POSTRETIREMENT
3 INVESTMENT FUND.]

4 Subdivision 1. [AUTHORIZATION.] The general employees
5 retirement plan of the Public Employees Retirement Association,
6 including the public employees police and fire fund-but
7 ~~excluding-the-various-local-relief-association-consolidation~~
8 ~~accounts,~~-is retirement plan, and the local government
9 correctional service retirement plan are authorized to
10 participate in the Minnesota postretirement investment fund.
11 There ~~shall-be~~ is one general participation in the Minnesota
12 postretirement investment fund for ~~all-purposes-by~~ each plan of
13 the Public Employees Retirement ~~fund-and-one-general~~
14 ~~participation-in-the-Minnesota-postretirement-investment-fund~~
15 ~~for-all-purposes-by-the-public-employees-police-and-fire~~
16 ~~fund~~ Association.

17 Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.]
18 ~~(1)~~ (a) The required reserves for retirement annuities payable
19 as provided in this chapter other than those payable from the
20 various local relief association consolidation accounts, as
21 determined in accordance with the appropriate mortality table
22 adopted by the board of trustees based on the experience of the
23 fund as recommended by the actuary retained ~~by-the-Legislative~~
24 ~~Commission-on-Pensions-and-Retirement~~ under section 356.214, and
25 approved under section 356.215, subdivision 18, and using the
26 postretirement interest assumption specified in section 356.215,
27 subdivision 8, ~~shall~~ must be transferred to the Minnesota
28 postretirement investment fund as of the last business day of
29 the month in which the retirement annuity begins.

30 ~~(2)~~ (b) Annuity payments ~~other-than-those-payable-from-the~~
31 ~~various-local-relief-association-consolidation-accounts~~
32 ~~shall~~ must be adjusted in accordance with the provisions of
33 section 11A.18.

34 ~~(3)~~ (c) Increases in payments ~~pursuant-to~~ under this
35 section ~~or-from-the-various-local-relief-association~~
36 ~~consolidation-accounts,~~-if-applicable,-will must be made

1 automatically unless the intended recipient files written notice
2 with the executive director of the Public Employees Retirement
3 Association requesting that the increase ~~shall~~ not be made.

4 Sec. 49. Minnesota Statutes 2004, section 353.31,
5 subdivision 1c, is amended to read:

6 Subd. 1c. [COORDINATED MEMBERS.] Except for benefits
7 provided under section 353.32, ~~subdivisions 1 and 1a,~~ no
8 survivor benefits are payable to the surviving spouse or
9 dependent children of a deceased coordinated member.

10 Sec. 50. Minnesota Statutes 2004, section 353.32,
11 subdivision 9, is amended to read:

12 Subd. 9. [PAYMENT TO A MINOR.] If a member or former
13 member dies having named as beneficiary a person who is a minor
14 at the time of the application for refund, the board may make
15 the payment (a) (1) directly to the minor, (b) (2) to any
16 a person who has legally qualified and is acting as guardian of
17 the minor's person or property in any jurisdiction, or (c) (3)
18 to either parent of the minor or to any an adult person with
19 whom the minor may at the time be living, ~~provided only that.~~
20 The parent or other person to whom any amount is to be
21 paid ~~shall have advised~~ must advise the board in writing that
22 the amount will be held or used in trust for the benefit of such
23 minor. Any annuity or disability benefit payable at the time of
24 death of an annuitant or recipient of a disability benefit,
25 which is payable to a beneficiary who is a minor, may be paid in
26 the same manner. ~~Such~~ The payment shall be is a bar to recovery
27 by any other person or persons.

28 Sec. 51. Minnesota Statutes 2004, section 353.33,
29 subdivision 12, is amended to read:

30 Subd. 12. [BASIC DISABILITY SURVIVOR BENEFITS.] If a basic
31 member who is receiving a disability benefit under subdivision 3:
32 (a) (1) dies before attaining age 65 or within five years
33 of the effective date of the disability, whichever is later, the
34 surviving spouse ~~shall~~ is entitled to receive a survivor benefit
35 under section 353.31, unless the surviving spouse elected to
36 receive a refund under section 353.32, subdivision 1*j*

1 ~~(b)~~ (2) is living at age 65 or five years after the
2 effective date of the disability, whichever is later, the basic
3 member may continue to receive a normal disability benefit, or
4 elect a joint and survivor optional annuity under section
5 353.31, subdivision 1b. The election of the joint and survivor
6 optional annuity must occur within 90 days of attaining age 65
7 or of reaching the five-year anniversary of the effective date
8 of the disability benefit, whichever is later. The optional
9 annuity takes effect on the first day of the month following the
10 month in which the person attains age 65 or reaches the
11 five-year anniversary of the effective date of the disability
12 benefit, whichever is later; or

13 ~~(c)~~ (3) if there is a dependent child or children under
14 ~~paragraph (a) or (b)~~ clause (1) or (2), the ~~association shall~~
15 ~~grant dependent child is entitled to~~ a dependent child benefit
16 under section 353.31, subdivision 1b, paragraph (b).

17 Sec. 52. Minnesota Statutes 2004, section 354.091, is
18 amended to read:

19 354.091 [SERVICE CREDIT.]

20 (a) In computing service credit, no teacher ~~shall~~ may
21 receive credit for more than one year of teaching service for
22 any fiscal year. ~~Commencing July 1, 1961~~ Additionally, in
23 crediting allowable service:

24 (1) if a teacher teaches less than five hours in a day,
25 service credit must be given for the fractional part of the day
26 as the term of service performed bears to five hours;

27 (2) if a teacher teaches five or more hours in a day,
28 service credit must be given for only one day;

29 (3) if a teacher teaches at least 170 full days in any
30 fiscal year, service credit must be given for a full year of
31 teaching service; and

32 (4) if a teacher teaches for only a fractional part of the
33 year, service credit must be given for such fractional part of
34 the year in the same relationship as the period of service
35 performed bears to 170 days.

36 (b) A teacher ~~shall~~ must receive a full year of service

1 credit based on the number of days in the employer's full school
2 year if ~~it~~ that school year is less than 170 days. Teaching
3 service performed before July 1, 1961, must be computed under
4 the law in effect at the time it was performed.

5 (c) A teacher must not lose or gain retirement service
6 credit as a result of the employer converting to a flexible or
7 alternate work schedule. If the employer converts to a flexible
8 or alternate work schedule, the forms for reporting teaching
9 service and the procedures for determining service credit must
10 be determined by the executive director with the approval of the
11 board of trustees.

12 (d) For all services rendered on or after July 1, 2003,
13 service credit for all members employed by the Minnesota State
14 Colleges and Universities system must be determined:

15 (1) for full-time employees, by the definition of full-time
16 employment contained in the collective bargaining agreement for
17 those units listed in section 179A.10, subdivision 2, or
18 contained in the applicable personnel or salary plan for those
19 positions designated in section 179A.10, subdivision 1;

20 (2) for part-time employees, by the appropriate proration
21 of full-time equivalency based on the provisions contained in
22 the collective bargaining agreement for those units listed in
23 section 179A.10, subdivision 2, or contained in the applicable
24 personnel or salary plan for those positions designated in
25 section 179A.10, subdivision 1, and the applicable procedures of
26 the Minnesota State Colleges and Universities system; and

27 (3) in no case may a member receive more than one year of
28 service credit for any fiscal year.

29 Sec. 53. Minnesota Statutes 2004, section 354.10,
30 subdivision 1, is amended to read:

31 Subdivision 1. [EXEMPTION; EXCEPTIONS.] (a) The provisions
32 of section 356.401 apply to the teachers retirement plan.

33 (b) The right of a teacher to take advantage of the
34 benefits provided by this chapter, is a personal right only and
35 is not assignable. All money to the credit of a teacher's
36 account in the fund or any money payable to the teacher from the

1 fund belongs to the state of Minnesota until actually paid to
2 the teacher or a beneficiary under this chapter.

3 (c) The association may acknowledge a properly completed
4 power of attorney form. ~~An-assignment-or-attempted-assignment~~
5 ~~of-a-teacher's-interest-in-the-fund, or-of-the-beneficiary's~~
6 ~~interest-in-the-fund, by-a-teacher-or-a-beneficiary-is-void-and~~
7 ~~exempt-from-garnishment-or-levy-under-attachment-or-execution,~~
8 ~~except-as-provided-in-subdivision-2-or-3, or-section-518.58,~~
9 ~~518.581, or-518.6111.~~

10 Sec. 54. Minnesota Statutes 2004, section 354.10,
11 subdivision 3, is amended to read:

12 Subd. 3. [PAYMENT TO PUBLIC BODIES.] If, in the judgment
13 of the executive director, conditions so warrant, payment of an
14 annuity, a retirement benefit, or a refund may be made to a
15 public body in behalf of an annuitant, disabilitant, or survivor
16 upon such terms as the executive director may prescribe.

17 Sec. 55. Minnesota Statutes 2004, section 354.10,
18 subdivision 4, is amended to read:

19 Subd. 4. [CHANGES IN DESIGNATED BENEFICIARIES.] Any (a) A
20 beneficiary designated by a retiree or member under section
21 354.05, subdivision 22, may be changed or revoked by the retiree
22 or member on a form provided by the executive director.

23 (b) A change or revocation made under this subdivision is
24 valid only if the properly completed form is received by the
25 association on or before the date of death of the retiree or the
26 member.

27 (c) If a designated beneficiary dies before the retiree or
28 member designating the beneficiary, and a new beneficiary is not
29 designated, the retiree's or member's estate is the beneficiary.

30 Sec. 56. Minnesota Statutes 2004, section 354.33,
31 subdivision 5, is amended to read:

32 Subd. 5. [RETIREEES NOT ELIGIBLE FOR FEDERAL BENEFITS.]
33 Notwithstanding the provisions of section 354.55, subdivision 3,
34 when any person retires after July 1, 1973, who ~~(a)~~ (1) has ten
35 or more years of allowable service, and ~~(b)~~ (2) does not have
36 any retroactive Social Security coverage by reason of the

1 person's position in the retirement system, and ~~(e)~~ (3) does not
2 qualify for federal old age and survivor primary benefits at the
3 time of retirement, the annuity ~~shall~~ must be computed under
4 section 354.44, subdivision 2, of the law in effect on June 30,
5 1969, except that accumulations after June 30, 1957, ~~shall~~ must
6 be calculated using the same mortality table and interest
7 assumption as are used to transfer the required reserves to the
8 Minnesota postretirement investment fund.

9 Sec. 57. Minnesota Statutes 2004, section 354.39, is
10 amended to read:

11 354.39 [EFFECTIVE DATE; APPLICATION.]

12 ~~After July 1, 1971, any~~ A member of the Teachers Retirement
13 Association who is employed in a new state university and or any
14 other new ~~institutions~~ institution of higher learning not
15 included in any agreement or modification made between the state
16 and the federal Secretary of Health, ~~Education and Welfare~~ Human
17 Services, making the provisions of the federal Old Age and,
18 Survivors and Disability Insurance Act applicable to such
19 members, ~~shall~~ must be covered under the provisions of this
20 chapter applicable to coordinated members.

21 Sec. 58. Minnesota Statutes 2004, section 354.41,
22 subdivision 2, is amended to read:

23 Subd. 2. [TEACHERS.] Every teacher ~~after June 30, 1957,~~ in
24 ~~the service or entering~~ the service of the state or one of its
25 governmental ~~subdivision~~ subdivisions as a teacher, except
26 persons ~~specialy~~ specifically excluded, ~~shall~~ must become a
27 member of the association by the acceptance of such employment.

28 Sec. 59. Minnesota Statutes 2004, section 354.42, is
29 amended by adding a subdivision to read:

30 Subd. 1a. [TEACHERS RETIREMENT FUND.] (a) Within the
31 Teachers Retirement Association and the state treasury is
32 created a special retirement fund, which must include all the
33 assets of the Teachers Retirement Association and all revenue of
34 the association. The fund is the continuation of the fund
35 established under Laws 1931, chapter 406, section 2,
36 notwithstanding the repeal of Minnesota Statutes 1973, section

1 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.

2 (b) The teachers retirement fund must be credited with all
3 employee and employer contributions, all investment revenue and
4 gains, and all other income authorized by law.

5 (c) From the teachers retirement fund is appropriated the
6 payments of annuities and benefits authorized by this chapter,
7 the transfers to the Minnesota postretirement investment fund,
8 and the reasonable and necessary expenses of administering the
9 fund and the association.

10 Sec. 60. Minnesota Statutes 2004, section 354.44,
11 subdivision 2, is amended to read:

12 Subd. 2. [COMPUTATION OF MONEY PURCHASE ANNUITY.] (a) The
13 amount of retirement annuity is an amount equal to double the
14 annuity which could be purchased by the member's accumulated
15 deductions plus interest thereon. The annuity ~~shall~~ must be
16 determined by the member's age, sex, double the amount of
17 accumulated deductions, double the amount of interest earned on
18 the accumulated deductions, and the appropriate mortality tables
19 and interest rates. To determine the amount of the annuity for
20 a basic member, the accumulated deductions ~~prior-to~~ before July
21 1, 1957, and the accumulated deductions ~~subsequent-to~~ after July
22 1, 1957, ~~shall~~ must be considered separately.

23 ~~(1)~~ (b) For service rendered ~~prior-to~~ before July 1, 1957,
24 the accumulated deductions for any a member ~~shall~~ must be
25 carried forward at a fixed amount which is shown credited to the
26 member's account as of that date. That fixed amount ~~shall~~ must
27 also include any payments in lieu of salary deductions which are
28 ~~to-be-made-in-the-future-and-are~~ were actually so made pursuant
29 to under an agreement executed between the member and the board
30 as authorized by section 354.50 or any other authorized payments
31 made by the member to the fund. The annuity granted with
32 respect to the period ~~shall~~ must be determined as follows:

33 (a) (1) the fixed amount of the accumulated deductions for
34 the period including the interest credited on the amount as
35 earned up to July 1, 1957; and

36 (b) (2) annuity purchase rates based on the applicable

1 mortality table established by the board and the interest rate
2 assumption in effect ~~prior-to~~ before July 1, 1957, in the case
3 of basic members and an annuity purchase rate based on an
4 appropriate annuity table of mortality established by the board
5 as provided in section 354.07, subdivision 1, and using the
6 applicable postretirement interest rate assumption specified in
7 section 356.215, subdivision 8, in the case of coordinated
8 members.

9 ~~(2)~~ (c) For service rendered ~~subsequent-to~~ after July 1,
10 1957, the accumulated deductions for ~~any a member shall~~ must
11 consist of the amounts actually credited to the member's account
12 by reason of salary deductions. The annuity granted with
13 respect to the period ~~shall~~ must be determined by the following:

14 ~~(a)~~ (1) accumulated deductions for the period;

15 ~~(b)~~ (2) interest credited on these accumulated deductions
16 from July 1, 1957, to the date of retirement;

17 ~~(c)~~ (3) interest credited on accumulated deductions
18 including prior credited interest provided in paragraph ~~(1)~~ (b)
19 from July 1, 1957, to the date of retirement;

20 ~~(d)~~ (4) after the amount available for an annuity granted
21 with respect to the person is determined in accordance with the
22 provisions of this subdivision, an additional amount equal to 20
23 percent of the sum of clause ~~(2)~~(a) (1) plus interest credited
24 to ~~members~~ a member's account from July 1, 1957, to date of
25 retirement is to be added. This added amount is not to be
26 doubled as provided for other amounts determined in this
27 subdivision; and

28 ~~(e)~~ (5) the annuity purchase rate based on an appropriate
29 annuity table of mortality established by the board as provided
30 in section 354.07, subdivision 1, and using the applicable
31 postretirement interest rate assumption specified in section
32 356.215, subdivision 8.

33 Sec. 61. Minnesota Statutes 2004, section 354A.021,
34 subdivision 5, is amended to read:

35 Subd. 5. [TAX SHELTERED ANNUITY PROGRAM AND FUND.] Any A
36 teachers retirement fund association may establish a tax

1 sheltered annuity program and fund meeting the requirements of
2 section 403(b) of the Internal Revenue Code of 1986, as amended
3 ~~through-December-31-1992~~, which ~~shall~~ must include all assets
4 which were acquired for the specific purpose of being credited
5 to the program and fund and to which ~~shall~~ must be credited all
6 employee contributions, and employer contributions, if
7 negotiated under a collective bargaining agreement, designated
8 for this purpose and all interest income attributable to the
9 assets of the program and fund.

10 Sec. 62. Minnesota Statutes 2004, section 354A.097,
11 subdivision 1, is amended to read:

12 Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A
13 teacher who has at least three years of allowable service credit
14 with the teachers retirement fund association and who performed
15 service in the United States armed forces before becoming a
16 teacher as defined in section 354A.011, subdivision 27, or who
17 failed to obtain service credit for a military leave of absence
18 period under section 354A.093, is entitled to purchase allowable
19 service credit for the initial period of enlistment, induction,
20 or call to active duty without any voluntary extension by making
21 payment under section ~~356.55-provided~~ 356.551 if the teacher has
22 not purchased service credit from another Minnesota defined
23 benefit public employee pension plan for the same period of
24 service.

25 Sec. 63. Minnesota Statutes 2004, section 354A.31,
26 subdivision 5, is amended to read:

27 Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.] Upon
28 retirement at normal retirement age with at least three years of
29 service credit, a coordinated member ~~shall-be~~ is entitled to a
30 normal retirement annuity calculated ~~pursuant-to~~ under
31 subdivision 4 or 4a, whichever applies.

32 Sec. 64. [356.401] [EXEMPTION FROM PROCESS.]

33 Subdivision 1. [EXEMPTION; EXCEPTIONS.] None of the money,
34 annuities, or other benefits provided for in the governing law
35 of a covered retirement plan is assignable either in law or in
36 equity or subject to state estate tax, or to execution, levy,

1 attachment, garnishment, or other legal process, except as
2 provided in subdivision 2 or section 518.58, 518.581, or
3 518.6111.

4 Subd. 2. [AUTOMATIC DEPOSITS.] (a) The chief
5 administrative officer of a covered retirement plan may remit,
6 through an automatic deposit system, annuity, benefit, or refund
7 payments only to a financial institution associated with the
8 National Automated Clearinghouse Association or a comparable
9 successor organization that is trustee for a person who is
10 eligible to receive the annuity, benefit, or refund.

11 (b) Upon the request of a retiree, disabilitant, survivor,
12 or former member, the chief administrative officer of a covered
13 retirement plan may remit the annuity, benefit, or refund check
14 to the applicable financial institution for deposit in the
15 person's individual account or the person's joint account. An
16 overpayment to a joint account after the death of the annuitant
17 or benefit recipient must be repaid to the fund of the
18 applicable covered retirement plan by the joint tenant if the
19 overpayment is not repaid to that fund by the financial
20 institution associated with the National Automated Clearinghouse
21 Association or its successor. The governing board of the
22 covered retirement plan may prescribe the conditions under which
23 these payments may be made.

24 Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of
25 this section apply to the following retirement plans:

26 (1) the legislators retirement plan, established by chapter
27 3A;

28 (2) the general state employees retirement plan of the
29 Minnesota State Retirement System, established by chapter 352;

30 (3) the correctional state employees retirement plan of the
31 Minnesota State Retirement System, established by chapter 352;

32 (4) the State Patrol retirement plan, established by
33 chapter 352B;

34 (5) the elective state officers retirement plan,
35 established by chapter 352C;

36 (6) the unclassified state employees retirement program,

1 established by chapter 352D;

2 (7) the general employees retirement plan of the Public
3 Employees Retirement Association, established by chapter 353;

4 (8) the public employees police and fire plan of the Public
5 Employees Retirement Association, established by chapter 353;

6 (9) the public employees defined contribution plan,
7 established by chapter 353D;

8 (10) the local government correctional service retirement
9 plan of the Public Employees Retirement Association, established
10 by chapter 353E;

11 (11) the Teachers Retirement Association, established by
12 chapter 354;

13 (12) the Duluth Teachers Retirement Fund Association,
14 established by chapter 354A;

15 (13) the Minneapolis Teachers Retirement Fund Association,
16 established by chapter 354A;

17 (14) the St. Paul Teachers Retirement Fund Association,
18 established by chapter 354A;

19 (15) the individual retirement account plan, established by
20 chapter 354B;

21 (16) the higher education supplemental retirement plan,
22 established by chapter 354C;

23 (17) the Minneapolis employees retirement fund, established
24 by chapter 422A;

25 (18) the Minneapolis Police Relief Association, established
26 by chapter 423B;

27 (19) the Minneapolis Firefighters Relief Association,
28 established by chapter 423C; and

29 (20) the judges' retirement fund, established by sections
30 490.121 to 490.132.

31 Sec. 65. Minnesota Statutes 2004, section 356.551, is
32 amended to read:

33 356.551 [POST JULY 1, 2003 2004, PRIOR SERVICE CREDIT
34 PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

35 Subdivision 1. [APPLICATION.] (a) Unless the prior service
36 credit purchase authorization special law or general statute

1 provision explicitly specifies a different purchase payment
2 amount determination procedure, ~~and-if-section-356-55-has~~
3 ~~expired~~, this section governs the determination of the prior
4 service credit purchase payment amount of any prior service
5 credit purchase.

6 (b) The purchase payment amount determination procedure
7 must recognize any service credit accrued to the purchaser in a
8 pension plan enumerated in section 356.30, subdivision 3.

9 (c) Any service credit in a Minnesota defined benefit
10 public employee pension plan available to be reinstated by the
11 purchaser through the repayment of a refund of member or
12 employee contributions previously received must be repaid in
13 full before any purchase of prior service credit payment is made
14 under this section.

15 Subd. 2. [DETERMINATION.] (a) Unless the minimum purchase
16 amount set forth in paragraph (c) applies, the prior service
17 credit purchase amount is an amount equal to the actuarial
18 present value, on the date of payment, as calculated by the
19 chief administrative officer of the pension plan and reviewed by
20 the actuary retained by-the-Legislative-Commission-on-Pensions
21 and-Retirement under section 356.214, of the amount of the
22 additional retirement annuity obtained by the acquisition of the
23 additional service credit in this section.

24 (b) Calculation of this amount must be made using the
25 preretirement interest rate applicable to the public pension
26 plan specified in section 356.215, subdivision ~~4d~~ 8, and the
27 mortality table adopted for the public pension plan. The
28 calculation must assume continuous future service in the public
29 pension plan until, and retirement at, the age at which the
30 minimum requirements of the fund for normal retirement or
31 retirement with an annuity unreduced for retirement at an early
32 age, including section 356.30, are met with the additional
33 service credit purchased. The calculation must also assume a
34 full-time equivalent salary, or actual salary, whichever is
35 greater, and a future salary history that includes annual salary
36 increases at the applicable salary increase rate for the plan

1 specified in section 356.215, subdivision 4d.

2 (c) The prior service credit purchase amount may not be
3 less than the amount determined by applying the current employee
4 or member contribution rate, the employer contribution rate, and
5 the additional employer contribution rate, if any, to the
6 person's current annual salary and multiplying that result by
7 the number of whole and fraction years of service to be
8 purchased.

9 (d) Payment must be made in one lump sum within one year of
10 the prior service credit authorization. Payment of the amount
11 calculated under this section must be made by the applicable
12 eligible person.

13 (e) However, the current employer or the prior employer
14 may, at its discretion, pay all or any portion of the payment
15 amount that exceeds an amount equal to the employee contribution
16 rates in effect during the period or periods of prior service
17 applied to the actual salary rates in effect during the period
18 or periods of prior service, plus interest at the rate of 8.5
19 percent a year compounded annually from the date on which the
20 contributions would otherwise have been made to the date on
21 which the payment is made. If the employer agrees to payments
22 under this subdivision, the purchaser must make the employee
23 payments required under this subdivision within ~~290~~ 90 days of
24 the prior service credit authorization. If that employee
25 payment is made, the employer payment under this subdivision
26 must be remitted to the chief administrative officer of the
27 public pension plan within 60 days of receipt by the chief
28 administrative officer of the employee payments specified under
29 this subdivision.

30 Subd. 3. [DOCUMENTATION.] The prospective prior service
31 credit purchaser must provide any relevant documentation
32 required by the chief administrative officer of the applicable
33 public pension plan to determine eligibility for the prior
34 service credit under this section.

35 Subd. 4. [PAYMENT PRECONDITION FOR CREDIT GRANT.] Service
36 credit for the purchase period must be granted by the public

1 pension plan to the purchaser upon receipt of the full purchase
2 payment amount specified in subdivision 2."

3 Sec. 66. Minnesota Statutes 2004, section 356A.06,
4 subdivision 7, is amended to read:

5 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
6 SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise
7 authorized by law or bylaws, a covered pension plan not
8 described by subdivision 6, paragraph (a), may invest its assets
9 only in accordance with this subdivision.

10 (b) [SECURITIES GENERALLY.] The covered pension plan has
11 the authority to purchase, sell, lend, or exchange the
12 securities specified in paragraphs (c) to (g), including puts
13 and call options and future contracts traded on a contract
14 market regulated by a governmental agency or by a financial
15 institution regulated by a governmental agency. These
16 securities may be owned as units in commingled trusts that own
17 the securities described in paragraphs (c) to (g).

18 (c) [GOVERNMENT OBLIGATIONS.] The covered pension plan may
19 invest funds in governmental bonds, notes, bills, mortgages, and
20 other evidences of indebtedness provided the issue is backed by
21 the full faith and credit of the issuer or the issue is rated
22 among the top four quality rating categories by a nationally
23 recognized rating agency. The obligations in which funds may be
24 invested under this paragraph include guaranteed or insured
25 issues of (1) the United States, its agencies, its
26 instrumentalities, or organizations created and regulated by an
27 act of Congress; (2) Canada and its provinces, provided the
28 principal and interest is payable in United States dollars; (3)
29 the states and their municipalities, political subdivisions,
30 agencies, or instrumentalities; (4) the International Bank for
31 Reconstruction and Development, the Inter-American Development
32 Bank, the Asian Development Bank, the African Development Bank,
33 or any other United States government sponsored organization of
34 which the United States is a member, provided the principal and
35 interest is payable in United States dollars.

36 (d) [CORPORATE OBLIGATIONS.] The covered pension plan may

1 invest funds in bonds, notes, debentures, transportation
2 equipment obligations, or any other longer term evidences of
3 indebtedness issued or guaranteed by a corporation organized
4 under the laws of the United States or any state thereof, or the
5 Dominion of Canada or any province thereof if they conform to
6 the following provisions:

7 (1) the principal and interest of obligations of
8 corporations incorporated or organized under the laws of the
9 Dominion of Canada or any province thereof must be payable in
10 United States dollars; and

11 (2) obligations must be rated among the top four quality
12 categories by a nationally recognized rating agency.

13 (e) [OTHER OBLIGATIONS.] (1) The covered pension plan may
14 invest funds in bankers acceptances, certificates of deposit,
15 deposit notes, commercial paper, mortgage participation
16 certificates and pools, asset backed securities, repurchase
17 agreements and reverse repurchase agreements, guaranteed
18 investment contracts, savings accounts, and guaranty fund
19 certificates, surplus notes, or debentures of domestic mutual
20 insurance companies if they conform to the following provisions:

21 (i) bankers acceptances and deposit notes of United States
22 banks are limited to those issued by banks rated in the highest
23 four quality categories by a nationally recognized rating
24 agency;

25 (ii) certificates of deposit are limited to those issued by
26 (A) United States banks and savings institutions that are rated
27 in the highest four quality categories by a nationally
28 recognized rating agency or whose certificates of deposit are
29 fully insured by federal agencies; or (B) credit unions in
30 amounts up to the limit of insurance coverage provided by the
31 National Credit Union Administration;

32 (iii) commercial paper is limited to those issued by United
33 States corporations or their Canadian subsidiaries and rated in
34 the highest two quality categories by a nationally recognized
35 rating agency;

36 (iv) mortgage participation or pass through certificates

1 evidencing interests in pools of first mortgages or trust deeds
2 on improved real estate located in the United States where the
3 loan to value ratio for each loan as calculated in accordance
4 with section 61A.28, subdivision 3, does not exceed 80 percent
5 for fully amortizable residential properties and in all other
6 respects meets the requirements of section 61A.28, subdivision
7 3;

8 (v) collateral for repurchase agreements and reverse
9 repurchase agreements is limited to letters of credit and
10 securities authorized in this section;

11 (vi) guaranteed investment contracts are limited to those
12 issued by insurance companies or banks rated in the top four
13 quality categories by a nationally recognized rating agency or
14 to alternative guaranteed investment contracts where the
15 underlying assets comply with the requirements of this
16 subdivision;

17 (vii) savings accounts are limited to those fully insured
18 by federal agencies; and

19 (viii) asset backed securities must be rated in the top
20 four quality categories by a nationally recognized rating agency.

21 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do
22 not apply to certificates of deposit and collateralization
23 agreements executed by the covered pension plan under clause
24 (1), item (ii).

25 (3) In addition to investments authorized by clause (1),
26 item (iv), the covered pension plan may purchase from the
27 Minnesota Housing Finance Agency all or any part of a pool of
28 residential mortgages, not in default, that has previously been
29 financed by the issuance of bonds or notes of the agency. The
30 covered pension plan may also enter into a commitment with the
31 agency, at the time of any issue of bonds or notes, to purchase
32 at a specified future date, not exceeding 12 years from the date
33 of the issue, the amount of mortgage loans then outstanding and
34 not in default that have been made or purchased from the
35 proceeds of the bonds or notes. The covered pension plan may
36 charge reasonable fees for any such commitment and may agree to

1 purchase the mortgage loans at a price sufficient to produce a
2 yield to the covered pension plan comparable, in its judgment,
3 to the yield available on similar mortgage loans at the date of
4 the bonds or notes. The covered pension plan may also enter
5 into agreements with the agency for the investment of any
6 portion of the funds of the agency. The agreement must cover
7 the period of the investment, withdrawal privileges, and any
8 guaranteed rate of return.

9 (f) [CORPORATE STOCKS.] The covered pension plan may
10 invest funds in stocks or convertible issues of any corporation
11 organized under the laws of the United States or the states
12 thereof, the Dominion of Canada or its provinces, or any
13 corporation listed on the New York Stock Exchange or the
14 American Stock Exchange, if they conform to the following
15 provisions:

16 (1) the aggregate value of corporate stock investments, as
17 adjusted for realized profits and losses, must not exceed 85
18 percent of the market or book value, whichever is less, of a
19 fund, less the aggregate value of investments according to
20 subdivision-6 paragraph (g);

21 (2) investments must not exceed five percent of the total
22 outstanding shares of any one corporation.

23 (g) [OTHER INVESTMENTS.] (1) In addition to the
24 investments authorized in paragraphs (b) to (f), and subject to
25 the provisions in clause (2), the covered pension plan may
26 invest funds in:

27 (i) venture capital investment businesses through
28 participation in limited partnerships and corporations;

29 (ii) real estate ownership interests or loans secured by
30 mortgages or deeds of trust through investment in limited
31 partnerships, bank sponsored collective funds, trusts, and
32 insurance company commingled accounts, including separate
33 accounts;

34 (iii) regional and mutual funds through bank sponsored
35 collective funds and open-end investment companies registered
36 under the Federal Investment Company Act of 1940;

1 (iv) resource investments through limited partnerships,
2 private placements, and corporations; and

3 (v) international securities.

4 (2) The investments authorized in clause (1) must conform
5 to the following provisions:

6 (i) the aggregate value of all investments made according
7 to clause (1) may not exceed 35 percent of the market value of
8 the fund for which the covered pension plan is investing;

9 (ii) there must be at least four unrelated owners of the
10 investment other than the state board for investments made under
11 clause (1), item (i), (ii), (iii), or (iv);

12 (iii) covered pension plan participation in an investment
13 vehicle is limited to 20 percent thereof for investments made
14 under clause (1), item (i), (ii), (iii), or (iv); and

15 (iv) covered pension plan participation in a limited
16 partnership does not include a general partnership interest or
17 other interest involving general liability. The covered pension
18 plan may not engage in any activity as a limited partner which
19 creates general liability.

20 Sec. 67. Minnesota Statutes 2004, section 422A.01,
21 subdivision 11, is amended to read:

22 Subd. 11. [EMPLOYEE.] "Employee" means any a person who is
23 not exempted from the contributing class pursuant-to under
24 section 422A.09, subdivision 3, who is was employed before July
25 1, 1979, by and paid, in whole or in part, by the city or any of
26 its boards, departments, or commissions, operated as a
27 department of city government or independently if financed in
28 whole or in part by city funds, including any a person who was
29 employed by a public corporation as herein defined, and
30 including-any a person who was employed before July 1, 1979, by
31 Special School District No. 1, and who is not a member of any
32 other retirement system, and also-including-any a person who is
33 employed before July 1, 1973, by the county of Hennepin, who was
34 entitled by law to elect and has elected to retain membership in
35 the municipal Minneapolis Employees Retirement Fund and who
36 makes any required member contributions to the fund and who

1 remains so employed.

2 Sec. 68. Minnesota Statutes 2004, section 422A.06,
3 subdivision 7, is amended to read:

4 Subd. 7. [DISABILITY BENEFIT FUND.] (a) ~~The required~~
5 ~~reserves for disability allowances which become effective after~~
6 ~~December 31, 1973, shall be transferred from the deposit~~
7 ~~accumulation fund to the~~ A disability benefit fund is
8 established, containing the required reserves for disability
9 allowances under this chapter. A proportionate share of income
10 from investments ~~shall~~ must be allocated to this fund.
11 There ~~shall~~ must be paid from this fund the disability
12 ~~allowances which become effective after December 31, 1973~~
13 payable under this chapter.

14 (b) In the event of the termination of any disability
15 allowance for any reason other than the death of the recipient,
16 the balance of the required reserves for the disability
17 allowance as of the date of the termination ~~shall~~ must be
18 transferred from the disability benefit fund to the deposit
19 accumulation fund.

20 (c) At the end of each fiscal year, as part of the annual
21 actuarial valuation, a determination ~~shall~~ must be made of the
22 required reserves for all disability allowances being paid from
23 the disability benefit fund. Any excess of assets over
24 actuarial required reserves in the disability benefit fund ~~shall~~
25 must be transferred to the deposit accumulation fund. Any
26 excess of actuarial reserves over assets in the disability
27 benefit fund ~~shall~~ must be funded by a transfer of the
28 appropriate amount of assets from the deposit accumulation fund.

29 Sec. 69. Minnesota Statutes 2004, section 422A.10,
30 subdivision 1, is amended to read:

31 Subdivision 1. [MEMBER CONTRIBUTION RATE; DEDUCTIONS.] (a)
32 There ~~shall~~ must be deducted and withheld from the basic salary,
33 pay or compensation of each employee in the contributing class,
34 ~~prior to January 1, 1980 an amount equal to 7 1/4 percent, after~~
35 ~~December 31, 1979 but prior to January 1, 1981 an amount equal~~
36 ~~to 8 1/4 percent and after December 31, 1980 an amount equal to~~

1 9-1/4 percent of such salary, pay or compensation, except as
2 hereinafter provided.

3 (b) The retirement board may increase the percentage rate
4 of contribution to the retirement fund of any employee or
5 employees for the purpose of establishing and maintaining on an
6 actuarial basis a plan of insurance, survivors' benefits, or
7 other type of benefit or benefits, the cost of which ~~shall~~ must
8 be paid out of such extra percentage so authorized and deducted
9 from the employee's compensation, except as hereinafter
10 provided. Any plan or plans so established and placed in
11 operation may be amended from time to time, or may be abandoned,
12 but if abandoned, any surplus remaining from the operation of a
13 plan ~~shall~~ must be the property of the fund, and ~~shall~~ must be
14 credited to the reserve for loss in investment account.

15 Sec. 70. Minnesota Statutes 2004, section 422A.10,
16 subdivision 2, is amended to read:

17 Subd. 2. [~~CONSENT-TO-DEDUCTIONS~~ MANDATORY MEMBER
18 CONTRIBUTIONS.] Every employee to whom ~~sections-422A.01-to~~
19 ~~422A.25~~ this chapter ~~applies who shall continue in the service~~
20 ~~after the passage of laws 1919, chapter 522, as well as every~~
21 ~~person to whom sections 422A.01 to 422A.25 applies who may~~
22 ~~hereafter be appointed to a position or place, shall be~~ is
23 deemed to consent and agree to the deductions made and provided
24 for herein, and payment with such reductions, for service, ~~shall~~
25 be are a full and complete discharge and acquittance of all
26 claims and demands for all services rendered by such person
27 during the period covered by such payment; except the person's
28 claim to the benefits to which the person may be entitled under
29 the provisions of ~~sections-422A.01-to-422A.25~~ this chapter.

30 Sec. 71. Minnesota Statutes 2004, section 422A.22,
31 subdivision 1, is amended to read:

32 Subdivision 1. [RETENTION; TRANSFER.] (a) If an employee
33 to whom ~~sections-422A.01-to-422A.25~~ this chapter applies becomes
34 absolutely separated from the active service ~~prior to~~ before
35 attaining the minimum retirement age established in section
36 422A.13, the employee is entitled to a refund of the net

1 accumulated amount of deduction from salary, pay, or
2 compensation, made for the purpose of accumulating a fund from
3 which to pay retirement allowances, ~~shall-be-returned-to-such~~
4 ~~employee,~~ with interest at the annual compound rate of six
5 percent.

6 (b) Any contributing employee who separates from a
7 department, board or commission of the city whose employees are
8 covered by a fund organized under ~~sections-422A.01-to-422A.25~~
9 this chapter, and becomes an employee of a department or board
10 of the same city, whose employees are covered by a retirement
11 fund or relief association by whatever name known, organized
12 under any other law and supported in whole or in part by taxes
13 on the same city, ~~shall-have~~ has the option of:

14 (1) retaining their membership in the fund organized under
15 ~~sections-422A.01-to-422A.25~~ this chapter, regardless of the
16 provisions of any law, rule, bylaw or other action requiring
17 membership in any other retirement fund or relief association
18 however organized; or

19 (2) transferring to the fund or association covering the
20 employees of the department or board to which they are
21 transferring, providing they are eligible for membership therein.

22 (c) Any contributing employee who elects to transfer to
23 another fund or association as herein provided in paragraph (b),
24 clause (2), shall must make such election within one year from
25 the date of separation from the city service covered by this
26 fund. If the contributing employee elects to transfer to
27 another fund ~~as-herein-provided,~~ the employee is entitled to a
28 refund of the net accumulated contributions made by such
29 employee to the fund organized under ~~sections-422A.01-to~~
30 ~~422A.25,~~ ~~shall-be-returned-to-the-employee~~ this chapter with
31 interest at the annual compound rate of six percent.

32 Sec. 72. Minnesota Statutes 2004, section 422A.22,
33 subdivision 3, is amended to read:

34 Subd. 3. [LIMITATION ON ELIGIBILITY.] No employee of the
35 city ~~shall-be~~ is eligible to be a member of, or receive benefits
36 from, more than one retirement plan or fund of the city for the

1 same period of service.

2 Sec. 73. Minnesota Statutes 2004, section 422A.22,
3 subdivision 4, is amended to read:

4 Subd. 4. [DEATH-WHILE-ACTIVE REFUND.] (a) Upon the death
5 of an active member ~~prior-to~~ before the employee's termination
6 of active service, there-shall-be-paid-to the beneficiary or
7 beneficiaries designated by the member on a form specified by
8 the executive director and filed with the retirement board, are
9 entitled to receive the net accumulated employee deductions from
10 salary, pay, or compensation, including interest under
11 subdivision 1, paragraph (a), compounded annually to the date of
12 the member's death. The amount must not include any
13 contributions made by the employee or on the employee's behalf,
14 or any interest or investment earnings on those contributions,
15 which were allocated to the survivor benefit fund under section
16 422A.06, subdivision 6.

17 (b) If the employee fails to make a designation, or if the
18 beneficiary or beneficiaries designated by the employee
19 predeceases the employee, ~~the-benefit-specified-in-paragraph-(a)~~
20 ~~must-be-paid-to~~ the deceased employee's estate is entitled to
21 the benefit specified in paragraph (a).

22 (c) A benefit payable under this subdivision is in addition
23 to any applicable survivor benefit under section 422A.23.

24 Sec. 74. Minnesota Statutes 2004, section 422A.22,
25 subdivision 6, is amended to read:

26 Subd. 6. [REFUND; MUNICIPAL EMPLOYEES RETIREMENT FUND.]
27 ~~Any~~ A person who has received a refund from the ~~municipal~~
28 Minneapolis Employees Retirement Fund, and who is a member of a
29 public retirement system included in section 422A.16,
30 subdivision 8, may repay such refund with interest at a compound
31 annual rate of 8.5 percent to the municipal Minneapolis
32 Employees Retirement Fund. If a refund is repaid to the fund
33 and if more than one refund has been received from the fund, all
34 refunds must be repaid. Repayment ~~shall~~ must be made as
35 provided in ~~sections-422A-01-to-422A-25~~ this chapter.

36 Sec. 75. Minnesota Statutes 2004, section 422A.231, is

1 amended to read:

2 422A.231 [COST ALLOCATION.]

3 (a) Notwithstanding any law to the contrary, all current
4 and future contribution requirements due to this article are
5 payable by the participating contributing employing units other
6 than the state of Minnesota.

7 (b) In each actuarial valuation of the retirement fund, the
8 actuary retained ~~by the Legislative Commission on Pensions and~~
9 Retirement under section 356.214 shall include an exhibit on the
10 impact of the benefit increases contained in this article on the
11 survivor benefit fund. The actuary shall calculate the expected
12 change in the present value of the future benefits payable from
13 the survivor benefit fund attributable to this article, using
14 the actuarial method and assumptions applicable to the
15 Minneapolis Employees Retirement Fund, from the prior actuarial
16 valuation and shall compare that result with the actual change
17 in the present value of future benefits payable from the
18 survivor benefit fund attributable to this article from the
19 prior actuarial valuation.

20 (c) The executive director shall assess each participating
21 employer, other than the state of Minnesota, its proportional
22 share of the net increase amount calculated under paragraph

23 (b). The assessment must be made on the first business day of
24 the following February, plus compound interest at an annual rate
25 of six percent on the amount from the actuarial valuation date
26 to the date of payment.

27 Sec. 76. Minnesota Statutes 2004, section 422A.24, is
28 amended to read:

29 422A.24 [ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.]

30 ~~No money payable pursuant to this chapter shall be~~
31 ~~assignable either in law or equity or be subject to execution,~~
32 ~~levy, attachment, garnishment, or other legal process, except as~~
33 ~~provided in section 518.58, 518.581, or 518.611, nor shall any~~
34 ~~of the proceeds of payments due pursuant to this chapter be~~
35 ~~subject to the inheritance tax provisions of this state upon~~
36 ~~transfer to a surviving spouse or minor or dependent child of~~

1 ~~the decedent or a trust for their benefit.~~ The provisions of
2 section 356.401 apply to the Minneapolis employees retirement
3 plan.

4 Sec. 77. Minnesota Statutes 2004, section 423B.17, is
5 amended to read:

6 423B.17 [PAYMENTS EXEMPT FROM PROCESS.]

7 ~~A payment made by the association under a provision of~~
8 ~~sections 423B.01 to 423B.18, as amended, is exempt from legal~~
9 ~~process except as provided in section 518.58, 518.581, or~~
10 ~~518.611. No person entitled to a payment may assign the same.~~
11 ~~The association may not recognize an assignment or pay a sum on~~
12 ~~account of an assignment.~~ The provisions of section 356.401
13 apply to the Minneapolis Police Relief Association.

14 Sec. 78. Minnesota Statutes 2004, section 423C.09, is
15 amended to read:

16 423C.09 [PAYMENTS EXEMPT FROM PROCESS.]

17 ~~All payments made, or to be made, by the association under~~
18 ~~this chapter shall be totally exempt from garnishment,~~
19 ~~execution, or other legal process, except as provided in section~~
20 ~~518.58, 518.581, or 518.611. No person entitled to a payment~~
21 ~~shall have the right to assign the name, nor shall the~~
22 ~~association have authority to recognize any assignment or to pay~~
23 ~~any sum on account thereof. Any attempt to transfer any right~~
24 ~~or claim, or any part thereof, shall be void.~~ The provisions of
25 section 356.401 apply to the Minneapolis Firefighters Relief
26 Association.

27 Sec. 79. Minnesota Statutes 2004, section 490.126,
28 subdivision 5, is amended to read:

29 Subd. 5. [EXEMPTION FROM PROCESS; NO ASSIGNMENT.] ~~None of~~
30 ~~the money, annuities, or other benefits provided in this chapter~~
31 ~~is assignable either in law or equity or is subject to~~
32 ~~execution, levy, attachment, garnishment, or other legal~~
33 ~~process, except as provided in section 518.58, 518.581, or~~
34 ~~518.611.~~ The provisions of section 356.401 apply to the judges
35 retirement plan.

36 Sec. 80. [REVISOR'S INSTRUCTION.]

1 In the next edition and subsequent editions of Minnesota
2 Statutes, the revisor of statutes shall replace the reference to
3 "sections 422A.01 to 422A.25" with the reference to "this
4 chapter" wherever the reference appears in Minnesota Statutes,
5 chapter 422A.

6 Sec. 81. [REPEALER.]

7 (a) Minnesota Statutes 2004, section 352.119, subdivision
8 1, is repealed.

9 (b) Minnesota Statutes 2004, sections 353.34, subdivision
10 3b; 353.36, subdivisions 2, 2a, 2b, and 2c; 353.46, subdivision
11 4; 353.663; 353.74; and 353.75, are repealed.

12 (c) Minnesota Statutes 2004, section 354.59, is repealed.

13 (d) Minnesota Statutes 2004, sections 422A.22, subdivisions
14 2 and 5; and 422A.221, are repealed.

15 (e) Minnesota Statutes 2004, sections 352.15, subdivision
16 1a; 353.15, subdivision 2; and 354.10, subdivision 2, are
17 repealed.

18 Sec. 82. [EFFECTIVE DATE.]

19 (a) Sections 1 to 73 and 75 to 81 are effective on July 1,
20 2005.

21 (b) Section 74 is effective on January 1, 2006.

22 (c) Sections 1, 21, 22, 23, 29, 45, 46, 53, 64, 76, 77, 78,
23 79, and 81, paragraph (e), do not apply to any cause of action
24 that is proceeding on the date of enactment or to any cause of
25 action for which the applicable statute of limitations has not
26 expired as of the date of enactment.

27 ARTICLE 13

28 LOCAL RETIREMENT PLANS

29 Section 1. Minnesota Statutes 2004, section 356.215,
30 subdivision 8, is amended to read:

31 Subd. 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The
32 actuarial valuation must use the applicable following
33 preretirement interest assumption and the applicable following
34 postretirement interest assumption:

35		preretirement	postretirement
36		interest rate	interest rate
37	plan	assumption	assumption

1	general state employees		
2	retirement plan	8.5%	6.0%
3	correctional state employees		
4	retirement plan	8.5	6.0
5	State Patrol retirement plan	8.5	6.0
6	legislators retirement plan	8.5	6.0
7	elective state officers		
8	retirement plan	8.5	6.0
9	judges retirement plan	8.5	6.0
10	general public employees		
11	retirement plan	8.5	6.0
12	public employees police and fire		
13	retirement plan	8.5	6.0
14	local government correctional		
15	service retirement plan	8.5	6.0
16	teachers retirement plan	8.5	6.0
17	Minneapolis employees		
18	retirement plan	6.0	5.0
19	Duluth teachers retirement plan	8.5	8.5
20	Minneapolis teachers retirement		
21	plan	8.5	8.5
22	St. Paul teachers retirement		
23	plan	8.5	8.5
24	Minneapolis Police Relief		
25	Association	6.0	6.0
26	Fairmont Police Relief		
27	Association	5.0	5.0
28	Minneapolis Fire Department		
29	Relief Association	6.0	6.0
30	Virginia Fire Department		
31	Relief Association	5.0	5.0
32	<u>Bloomington Fire Department</u>		
33	<u>Relief Association</u>	<u>6.0</u>	<u>6.0</u>
34	local monthly benefit volunteer		
35	firefighters relief associations	5.0	5.0

36 (b) The actuarial valuation must use the applicable
 37 following single rate future salary increase assumption, the
 38 applicable following modified single rate future salary increase
 39 assumption, or the applicable following graded rate future
 40 salary increase assumption:

41 (1) single rate future salary increase assumption

42		future salary
43	plan	increase assumption
44	legislators retirement plan	5.0%
45	elective state officers retirement	
46	plan	5.0
47	judges retirement plan	5.0
48	Minneapolis Police Relief Association	4.0
49	Fairmont Police Relief	
50	Association	3.5
51	Minneapolis Fire Department Relief	
52	Association	4.0
53	Virginia Fire Department	
54	Relief Association	3.5

55 (2) modified single rate future salary increase assumption

56		future salary
57	plan	increase assumption
58	Minneapolis employees	the prior calendar year
59	retirement plan	amount increased first by
60		1.0198 percent to prior
61		fiscal year date and
62		then increased by 4.0

1 percent annually for
2 each future year

3 (3) select and ultimate future salary increase assumption
4 or graded rate future salary increase assumption

5		future salary
6	plan	increase assumption
7	general state employees	select calculation and
8	retirement plan	assumption A
9	correctional state employees	
10	retirement plan	assumption H
11	State Patrol retirement plan	assumption H
12	general public employees	select calculation and
13	retirement plan	assumption B
14	public employees police and fire	
15	fund retirement plan	assumption C
16	local government correctional service	
17	retirement plan	assumption H
18	teachers retirement plan	assumption D
19	Duluth teachers retirement plan	assumption E
20	Minneapolis teachers retirement plan	assumption F
21	St. Paul teachers retirement plan	assumption G

22
23 The select calculation is:
24 during the ten-year select period, a designated percent
25 is multiplied by the result of ten minus T, where T is
26 the number of completed years of service, and is added
27 to the applicable future salary increase assumption. The
28 designated percent is 0.2 percent for the correctional state
29 employees retirement plan, the State Patrol retirement
30 plan, the public employees police and fire plan, and the
31 local government correctional service plan; 0.3 percent
32 for the general state employees retirement plan, the
33 general public employees retirement plan, the teachers
34 retirement plan, the Duluth Teachers Retirement Fund
35 Association, and the St. Paul Teachers Retirement Fund
36 Association; and 0.4 percent for the Minneapolis Teachers
37 Retirement Fund Association.

38
39 The ultimate future salary increase assumption is:

40	age	A	B	C	D	E	F	G	H
41	16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
42	17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
43	18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
44	19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
45	20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
46	21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
47	22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
48	23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
49	24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363
50	25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
51	26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
52	27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
53	28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
54	29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
55	30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
56	31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
57	32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
58	33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
59	34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
60	35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
61	36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
62	37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
63	38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
64	39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
65	40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000
66	41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
67	42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087

1	43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
2	44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
3	45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
4	46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
5	47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
6	48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
7	49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
8	50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
9	51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
10	52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
11	53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
12	54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
13	55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
14	56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500
15	57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
16	58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
17	59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
18	60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
19	61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
20	62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
21	63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
22	64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
23	65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
24	66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
25	67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
26	68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
27	69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
28	70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
29	71	5.25	5.00		5.70				

30 (c) The actuarial valuation must use the applicable
 31 following payroll growth assumption for calculating the
 32 amortization requirement for the unfunded actuarial accrued
 33 liability where the amortization retirement is calculated as a
 34 level percentage of an increasing payroll:

35	plan	payroll growth assumption
36		
37	general state employees retirement plan	5.00%
38	correctional state employees retirement plan	5.00
39	State Patrol retirement plan	5.00
40	legislators retirement plan	5.00
41	elective state officers retirement plan	5.00
42	judges retirement plan	5.00
43	general public employees retirement plan	6.00
44	public employees police and fire	
45	retirement plan	6.00
46	local government correctional service	
47	retirement plan	6.00
48	teachers retirement plan	5.00
49	Duluth teachers retirement plan	5.00
50	Minneapolis teachers retirement plan	5.00
51	St. Paul teachers retirement plan	5.00

52 Sec. 2. Minnesota Statutes 2004, section 356.216, is
 53 amended to read:

54 356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE
 55 AND FIRE FUNDS.]

56 (a) The provisions of section 356.215 that govern the
 57 contents of actuarial valuations must apply to any local police
 58 or fire pension fund or relief association required to make an

1 actuarial report under this section, except as follows:

2 (1) in calculating normal cost and other requirements, if
3 required to be expressed as a level percentage of covered
4 payroll, the salaries used in computing covered payroll must be
5 the maximum rate of salary on which retirement and survivorship
6 credits and amounts of benefits are determined and from which
7 any member contributions are calculated and deducted;

8 (2) in lieu of the amortization date specified in section
9 356.215, subdivision 11, the appropriate amortization target
10 date specified in section 69.77, subdivision 4, or 69.773,
11 subdivision 4, clause (c), must be used in calculating any
12 required amortization contribution, except that if the actuarial
13 report for the Bloomington Fire Department Relief Association
14 indicates an unfunded actuarial accrued liability, the unfunded
15 obligation is to be amortized on a level dollar basis by
16 December 31 of the year occurring 20 years later, and if
17 subsequent actuarial valuations for the Bloomington Fire
18 Department Relief Association determine a net actuarial
19 experience loss incurred during the year which ended as of the
20 day before the most recent actuarial valuation date, any
21 unfunded liability due to that loss is to be amortized on a
22 level dollar basis by December 31 of the year occurring 20 years
23 later;

24 (3) in addition to the tabulation of active members and
25 annuitants provided for in section 356.215, subdivision 13, the
26 member contributions for active members for the calendar year
27 and the prospective annual retirement annuities under the
28 benefit plan for active members must be reported;

29 (4) actuarial valuations required under section 69.773,
30 subdivision 2, must be made at least every four years and
31 actuarial valuations required under section 69.77 shall be made
32 annually;

33 (5) the actuarial balance sheet showing accrued assets
34 valued at market value if the actuarial valuation is required to
35 be prepared at least every four years or valued as current
36 assets under section 356.215, subdivision 1, clause (6), or

1 paragraph (b), whichever applies, if the actuarial valuation is
2 required to be prepared annually, actuarial accrued liabilities,
3 and the unfunded actuarial accrued liability must include the
4 following required reserves:

5 (i) For active members

- 6 1. Retirement benefits
- 7 2. Disability benefits
- 8 3. Refund liability due to death or withdrawal
- 9 4. Survivors' benefits

10 (ii) For deferred annuitants' benefits

11 (iii) For former members without vested rights

12 (iv) For annuitants

- 13 1. Retirement annuities
- 14 2. Disability annuities
- 15 3. Surviving spouses' annuities
- 16 4. Surviving children's annuities

17 In addition to those required reserves, separate items must
18 be shown for additional benefits, if any, which may not be
19 appropriately included in the reserves listed above; and

20 (6) actuarial valuations are due by the first day of the
21 seventh month after the end of the fiscal year which the
22 actuarial valuation covers.

23 (b) For the Minneapolis Firefighters Relief Association or
24 the Minneapolis Police Relief Association, the following
25 provisions additionally apply:

26 (1) in calculating the actuarial balance sheet, unfunded
27 actuarial accrued liability, and amortization contribution of
28 the relief association, "current assets" means the value of all
29 assets at cost, including realized capital gains and losses,
30 plus or minus, whichever applies, the average value of total
31 unrealized capital gains or losses for the most recent
32 three-year period ending with the end of the plan year
33 immediately preceding the actuarial valuation report
34 transmission date; and

35 (2) in calculating the applicable portions of the actuarial
36 valuation, an annual preretirement interest assumption of six

1 percent, an annual postretirement interest assumption of six
2 percent, and an annual salary increase assumption of four
3 percent must be used.

4 Sec. 3. [AURORA, BIWABIK CITY, HOYT LAKES, AND PALO
5 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; CONSOLIDATION.]

6 (a) This section applies to consolidation of any
7 combination of two or more of the following volunteer
8 firefighter relief associations: Aurora, Biwabik City, Hoyt
9 Lakes, and Palo.

10 (b) Notwithstanding Minnesota Statutes, section 424B.10,
11 subdivision 1, paragraph (a), the service pension to be paid by
12 the relief association existing after the consolidation is as
13 follows:

14 (1) for the service rendered by each individual volunteer
15 firefighter before the effective date of the consolidation, the
16 service pension amount is the amount payable to that volunteer
17 firefighter under the articles of incorporation or bylaws of the
18 consolidating volunteer firefighters relief association that the
19 firefighter was a member of immediately before the
20 consolidation;

21 (2) for the service rendered after the effective date of
22 the consolidation, the service pension amount is the highest
23 dollar amount service pension of any of the consolidating
24 volunteer firefighters relief associations under the articles of
25 incorporation or bylaws in effect immediately before the
26 consolidation;

27 (3) after consolidation, increases in the amounts
28 established in clauses (1) and (2) may be implemented if
29 consistent with applicable requirements of Minnesota Statutes,
30 chapters 69 and 424A.

31 Sec. 4. [EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD
32 HOC POSTRETIREMENT ADJUSTMENT.]

33 (a) In addition to the current pensions and other
34 retirement benefits payable, the pensions and retirement
35 benefits payable to retired police officers and firefighters and
36 their surviving spouses by the Eveleth police and fire trust

1 fund are increased by \$100 per month. Increases are retroactive
2 to January 1, 2005.

3 (b) Following the January 1, 2005, effective date of the
4 benefit increase provided under paragraph (a), every two years
5 thereafter, to be effective no earlier than the applicable
6 January 1, the city council of the city of Eveleth is authorized
7 to provide permanent, uniform benefit increases, not less than
8 \$10 per month nor to exceed \$100 per month, to any remaining
9 retirees and survivors receiving benefits from the Eveleth
10 police and fire trust fund. Any given benefit improvement under
11 this paragraph is not effective unless the city council passes a
12 resolution approving the increase.

13 (c) Within 30 days following the approval of a resolution
14 under paragraph (b), the chief administrative officer of the
15 city of Eveleth shall file a copy of the resolution with the
16 executive director of the Legislative Commission on Pensions and
17 Retirement, with the chair of the House Governmental Operations
18 and Veterans Affairs Committee, and with the chair of the Senate
19 State and Local Government Operations Committee. Along with a
20 copy of the resolution, the city's chief administrative officer
21 will send a statement indicating the age of each benefit
22 recipient and the retirement benefit or survivor benefit being
23 received before and after the benefit increase.

24 Sec. 5. [MAPLEWOOD AND OAKDALE VOLUNTEER FIREFIGHTER
25 RELIEF ASSOCIATIONS; TRANSFER OF ASSETS.]

26 Notwithstanding any limitations in Minnesota Statutes,
27 section 424A.02, subdivision 13, or any other provision of law
28 to the contrary, if an agreement between the affected relief
29 associations and cities is reached as provided in this section,
30 the Maplewood Firefighters Relief Association may transfer
31 assets from its special fund to the Oakdale Fire Department
32 Relief Association representing the value of the accumulated
33 service credit for the current members of the Oakdale Fire
34 Department Relief Association who are currently eligible to
35 receive a combined service pension for firefighter service in
36 both associations. The transfer of the assets from the

1 Maplewood Firefighters Relief Association to the Oakdale Fire
2 Department Relief Association must be in an amount representing
3 the cumulative value of the service credit earned by the members
4 of the Oakdale Fire Department Relief Association who are
5 currently eligible to receive a combined service pension for
6 firefighting service in both associations for the service credit
7 that they accrued while working for the Maplewood Fire
8 Department. The amount of the assets, liabilities, and service
9 credit to be transferred must be specified in a joint agreement
10 negotiated by the secretaries of and ratified by the city
11 councils of the two relief associations and ratified by the
12 boards of trustees of of both relief associations and the cities
13 of Maplewood and Oakdale The agreement must specify by name or
14 other appropriate means the firefighters affected by the
15 liability, asset, and service credit transfer. The ratification
16 must be expressed in the form of resolutions adopted by each
17 entity. The agreements must specify the amount of assets to be
18 transferred, the amount of liabilities to be transferred, and
19 the amount of service credit each of the applicable individuals
20 will receive in the Oakdale Fire Department Relief Association.
21 Upon the ratification of the agreement by both relief
22 associations and both cities, the assets, liabilities, and
23 service credit of the applicable individuals must be transferred
24 to the Oakdale Fire Department Relief Association, and the
25 Maplewood Firefighters Relief Association is be relieved of any
26 obligation to the individuals. A certified copy of the ratified
27 agreement must be filed with the State Auditor and with the
28 Secretary of State.

29 Sec. 6. [EFFECTIVE DATE; LOCAL APPROVAL.]

30 (a) Sections 1 and 2 are effective on the day after the
31 date of the approval by the city council of the city of
32 Bloomington and upon timely completion by the chief clerical
33 officer of the city of Bloomington of compliance with Minnesota
34 Statutes, section 645.021, subdivisions 2 and 3.

35 (b) Section 3 is effective on the day after the date on
36 which the city council of the city of Eveleth and its chief

1 clerical officer timely complete their compliance with Minnesota
2 Statutes, section 645.021, subdivisions 2 and 3.

3 (c) Section 4 is effective with respect to a volunteer
4 firefighters relief association listed in column A the day after
5 the governing body of the municipality listed in column B and
6 its chief clerical officer timely complete compliance with
7 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

<u>A</u>	<u>B</u>
Aurora	<u>city of Aurora</u>
Biwabik	<u>city of Biwabik</u>
Hoyt Lakes	<u>city of Hoyt Lakes</u>
Palo	<u>town of White</u>

13 (d) Section 5 is effective on the day after the governing
14 body of the city of Maplewood, the governing body of the city of
15 Oakdale, the Maplewood chief clerical officer, and the Oakdale
16 chief clerical officer complete their compliance with Minnesota
17 Statutes, section 645.021, subdivisions 2 and 3."

18 Delete the title and insert:

19 "A bill for an act
20 relating to retirement; various public pension plans;
21 clarifying and revising various plan provisions;
22 eliminating obsolete provisions; defining final
23 average salary; modifying the definition of allowable
24 service to include time on strike; permitting judges
25 to purchase service credit for an authorized leave;
26 requiring specified payments; clarifying references to
27 actuarial services in determining actuarial
28 equivalence; defining covered salary to include
29 certain employer contributions to supplemental
30 retirement plans; specifying itemized detail of plan
31 administrative expenses in annual financial reporting;
32 excluding police officers of the University of
33 Minnesota from the public employees police and fire
34 fund; clarifying collection procedures relating to
35 charter schools; adding a uniform nonassignment and
36 legal process exemption provision; adding employees of
37 Bridges Medical Services, Hutchinson Area Health Care,
38 and Northfield Hospital, to privatization coverage;
39 extending date for filing special law approval with
40 the secretary of state for the RenVilla Nursing Home;
41 requiring the privatization periodic filing of updated
42 copies of articles of incorporation and bylaws;
43 modifying a higher education individual retirement
44 account plan investment option provision; implementing
45 the recommendations of the Volunteer Firefighter
46 Relief Association working group of the state auditor;
47 modifying the trigger date for filing financial
48 reports; revising the per firefighter financing
49 requirements for monthly benefit service pensions;
50 modifying the options for crediting interest on
51 deferred service pensions; clarifying the deferred
52 service pension options available to defined

1 contribution plans; providing for the crediting of
2 service during military service leaves; requiring the
3 amortization of experience losses; clarifying the
4 compliance requirements for the qualification for fire
5 state aid; modifying a limit on mutual fund
6 investments; clarifying corporate stock and
7 exchange-traded funds investment authority; modifying
8 the municipal representation requirements on relief
9 association governing boards; clarifying exemptions
10 from process and taxation; providing that certain laws
11 do not apply to the consolidation of specified
12 volunteer firefighter relief associations; providing
13 an ad hoc postretirement adjustment to Eveleth police
14 and fire trust fund benefit recipients; authorizing
15 the Maplewood Firefighters Relief Association to
16 transfer assets to the Oakdale Firefighters Relief
17 Association to cover service credits earned by certain
18 individuals; amending Minnesota Statutes 2004,
19 sections 3A.01, subdivisions 1, 2, 6, 8, and by adding
20 subdivisions; 3A.011; 3A.02, subdivisions 1, 1b, 3, 4,
21 5; 3A.03, subdivisions 1, 2; 3A.04, subdivisions 1, 2,
22 3, 4, and by adding a subdivision; 3A.05; 3A.07;
23 3A.10, subdivision 1; 3A.12; 3A.13; 69.011,
24 subdivision 2b, and by adding a subdivision; 69.021,
25 subdivisions 5, 11; 69.051, subdivisions 1, 1a; 69.33;
26 69.771; 69.772, subdivisions 3, 4; 69.773,
27 subdivisions 4, 4, 5; 69.775; 352.01, subdivisions 2a,
28 4, 5, 12, 21, 23, and by adding a subdivision;
29 352.021, subdivisions 1, 2, 3, 4; 352.04, subdivisions
30 1, 12; 352.041, subdivisions 1, 2, 3, 5; 352.115,
31 subdivisions 2, 3; 352.15, subdivisions 1, 3, 4;
32 352.22, subdivision 10; 352.87, subdivision 3; 352.91,
33 by adding a subdivision; 352.93, subdivision 1;
34 352B.01, subdivisions 1, 2, 2, 3; 352B.02, subdivision
35 1e; 352B.071; 352C.021, by adding a subdivision;
36 352C.091, subdivision 1; 352D.01; 352D.015,
37 subdivisions 3, 4; 352D.03; 352D.05, subdivision 4;
38 352D.085, subdivision 1; 352D.09, subdivision 5;
39 352D.12; 353.01, subdivisions 6, 10, 14, 32, 33, and
40 by adding a subdivision; 353.025; 353.026; 353.027;
41 353.028; 353.14; 353.15, subdivisions 1, 3; 353.27,
42 subdivision 11; 353.271; 353.28, subdivisions 5, 6;
43 353.29, subdivision 3; 353.31, subdivision 1c; 353.32,
44 subdivision 9; 353.33, subdivisions 3, 12; 353.64, by
45 adding a subdivision; 353.651, subdivision 3; 353.656,
46 subdivision 1; 353F.02, subdivision 4; 354.05,
47 subdivision 7, and by adding a subdivision; 354.091;
48 354.10, subdivisions 1, 3, 4; 354.33, subdivision 5;
49 354.39; 354.41, subdivision 2; 354.42, by adding a
50 subdivision; 354.44, subdivisions 2, 6; 354A.011,
51 subdivision 3a, and by adding a subdivision; 354A.021,
52 subdivision 5, and by adding a subdivision; 354A.097,
53 subdivision 1; 354A.31, subdivisions 4, 4a, 5;
54 354B.25, subdivision 2; 356.20, subdivision 4;
55 356.215, subdivision 8; 356.216; 356.24, subdivision
56 1; 356.551; 356A.06, subdivisions 7, 7; 422A.01,
57 subdivisions 6, 11, and by adding a subdivision;
58 422A.06, subdivision 7; 422A.10, subdivisions 1, 2;
59 422A.15, subdivision 1; 422A.16, subdivision 9;
60 422A.22, subdivisions 1, 3, 4, 6; 422A.231; 422A.24;
61 423B.17; 423C.09; 424A.02, subdivisions 3, 4, 7;
62 424A.04, subdivision 1; 424B.10, subdivision 1;
63 490.121, subdivisions 1, 4, 6, 7, 13, 14, 15, 20, 21,
64 22, and by adding subdivisions; 490.122; 490.123,
65 subdivisions 1, 1a, 1b, 1c, 2, 3; 490.124,
66 subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13;
67 490.125, subdivision 1; 490.126, subdivision 5;
68 490.133; Laws 2004, Chapter 267, Article 12, Section
69 4; proposing coding for new law in/as Minnesota
70 Statutes, chapters 352C; 356; 424A; 490A; repealing
71 Minnesota Statutes 2004, sections 3A.01, subdivisions

1 3, 4, 6a, 7; 3A.02, subdivision 2; 3A.04, subdivision
2 1; 3A.09; 352.119, subdivision 1; 352.15, subdivision
3 1a; 352C.01; 352C.011; 352C.021; 352C.031, subdivision
4 3; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091,
5 subdivisions 2, 3; 353.15, subdivision 2; 353.29,
6 subdivision 2; 353.34, subdivision 3b; 353.36,
7 subdivisions 2, 2a, 2b, 2c; 353.46, subdivision 4;
8 353.651, subdivision 2; 353.663; 353.74; 353.75;
9 354.10, subdivision 2; 354.59; 422A.22, subdivisions
10 2, 5; 422A.221; 490.021; 490.025, subdivisions 1, 2,
11 3, 4, 6; 490.101; 490.102; 490.103; 490.105; 490.106;
12 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121,
13 subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18,
14 19, and 20."

1 Subd. 1c. [CONSTITUTIONAL OFFICER.] "Constitutional
2 officer" means a person who was duly elected, qualifies for, and
3 serves as the governor, the lieutenant governor, the attorney
4 general, the secretary of state, or the state auditor of the
5 state of Minnesota.

6 Sec. 5. Minnesota Statutes 2004, section 3A.01,
7 subdivision 2, is amended to read:

8 Subd. 2. [DEPENDENT CHILD.] (a) "Dependent child" means
9 any natural or adopted child of a deceased member of the
10 legislature or a former legislator who is under the age of 18,
11 or who is under the age of 22 and is a full-time student, and
12 who, in either case, is unmarried and was actually dependent for
13 more than one-half of support upon such the legislator for a
14 period of at least 90 days immediately prior-to before the
15 legislator's death. It

16 (b) The term also includes any child of the member of the
17 legislature or former legislator who was conceived during the
18 lifetime of, and who was born after the death of, the member or
19 former legislator. ~~This subdivision shall be retroactive as to~~
20 ~~any dependent child under the age of 22 years as of April 17,~~
21 ~~1975.~~

22 Sec. 6. Minnesota Statutes 2004, section 3A.01,
23 subdivision 6, is amended to read:

24 Subd. 6. [DIRECTOR.] "Director" means the executive
25 director of the Minnesota State Retirement System who was
26 appointed under section 352.03, subdivision 5.

27 Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended
28 by adding a subdivision to read:

29 Subd. 6b. [FORMER LEGISLATOR.] "Former legislator" means a
30 legislator who has ceased to be a member of the legislature for
31 any reason, including, but not limited to, the expiration of the
32 term for which a member of the legislature was elected or the
33 death of the member.

34 Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended
35 by adding a subdivision to read:

36 Subd. 6c. [MEMBER OF THE LEGISLATURE.] "Member of the

1 legislature" means a person who was a member of the House of
2 Representatives or of the Senate of the state of Minnesota who
3 has subscribed to the oath of office after July 1, 1965, and who
4 was first elected to a legislative office before July 1, 1997,
5 and retained coverage by the plan under Laws 1997, chapter 233,
6 article 2, section 15.

7 Sec. 9. Minnesota Statutes 2004, section 3A.01,
8 subdivision 8, is amended to read:

9 Subd. 8. [NORMAL RETIREMENT AGE.] "Normal retirement age"
10 means the age of ~~60-years-with-regard-to-any-member-of-the~~
11 ~~legislature-whose-service-terminates-prior-to-the-beginning-of~~
12 ~~the-1981-legislative-session, and the age of 62 years with~~
13 ~~regard-to-any-member-of-the-legislature-whose-service-terminates~~
14 ~~after-the-beginning-of-the-1981-session.~~

15 Sec. 10. Minnesota Statutes 2004, section 3A.01, is
16 amended by adding a subdivision to read:

17 Subd. 9. [RETIREMENT.] "Retirement" means the period of
18 time after which a former legislator is entitled to a retirement
19 allowance.

20 Sec. 11. Minnesota Statutes 2004, section 3A.01, is
21 amended by adding a subdivision to read:

22 Subd. 10. [SALARY.] (a) "Salary" means the regular
23 compensation payable under law to a member of the legislature
24 and paid to the person for service as a legislator.

25 (b) The term includes the monthly compensation paid to the
26 member of the legislature and the per diem payments paid during
27 a regular or special session to the member of the legislature.

28 (c) The term does not include per diem payments paid to a
29 member of the legislature other than during the regular or
30 special session; additional compensation attributable to a
31 leadership position under section 3.099, subdivision 3; living
32 expense payments under section 3.101; and special session living
33 expense payments under section 3.103.

34 Sec. 12. Minnesota Statutes 2004, section 3A.011, is
35 amended to read:

36 3A.011 [ADMINISTRATION OF PLAN.]

1 The executive director and the board of directors of the
2 Minnesota State Retirement System shall administer the
3 legislators retirement plan in accordance with this chapter and
4 chapter 356A.

5 Sec. 13. Minnesota Statutes 2004, section 3A.02,
6 subdivision 1, is amended to read:

7 Subdivision 1. [QUALIFICATIONS.] (a) A former legislator
8 is entitled, upon written application to the director, to
9 receive a retirement allowance monthly, if the person:

10 (1) has either served at least six full years, without
11 regard to the application of section 3A.10, subdivision 2, or
12 has served during all or part of four regular sessions as a
13 member of the legislature, which service need not be continuous;

14 (2) has attained the normal retirement age;

15 (3) has retired as a member of the legislature; and

16 (4) has made all contributions provided for in section
17 3A.03, has made payments for past service under subdivision 2,
18 or has made payments in lieu of contributions under Minnesota
19 Statutes 1992, section 3A.031, ~~prior to~~ before July 1, 1994.

20 ~~(b) This paragraph applies to members of the legislature~~
21 ~~who terminate service as a legislator before July 1, 1997. For~~
22 ~~service rendered before the beginning of the 1979 legislative~~
23 ~~session, but not to exceed eight years of service, the~~
24 ~~retirement allowance is an amount equal to five percent per year~~
25 ~~of service of that member's average monthly salary. For service~~
26 ~~in excess of eight years rendered before the beginning of the~~
27 ~~1979 legislative session, and for service rendered after the~~
28 ~~beginning of the 1979 legislative session, Unless the former~~
29 ~~legislator has legislative service before January 1, 1979, the~~
30 retirement allowance is an amount equal to 2-1/2 percent per
31 year of service of that member's average monthly salary.

32 ~~(c) This paragraph applies to members of the legislature~~
33 ~~who terminate service as a legislator after June 30, 1997. The~~
34 ~~retirement allowance is an amount equal to the applicable rate~~
35 ~~or rates under paragraph (b) per year of service of the member's~~
36 ~~average monthly salary and adjusted for that person on an~~

1 actuarial equivalent basis to reflect the change in the
2 postretirement interest rate actuarial assumption under section
3 356.215, subdivision 8, from five percent to six percent. The
4 adjustment must be calculated by or, alternatively, the
5 adjustment procedure must be specified by, the actuary retained
6 ~~by the Legislative Commission on Pensions and Retirement~~ under
7 section 356.214. The purpose of this adjustment is to ensure
8 that the total amount of benefits that the actuary predicts an
9 individual member will receive over the member's lifetime under
10 this paragraph will be the same as the total amount of benefits
11 the actuary predicts the individual member would receive over
12 the member's lifetime under the law in effect before enactment
13 of this paragraph. If the former legislator has legislative
14 service before January 1, 1979, the person's benefit must
15 include the additional benefit amount in effect on January 1,
16 1979, and adjusted as otherwise provided in this paragraph.

17 ~~(d)~~ (c) The retirement allowance accrues beginning with the
18 first day of the month of receipt of the application, but not
19 before age 60, and for the remainder of the former legislator's
20 life, if the former legislator is not serving as a member of the
21 legislature or as a constitutional officer ~~or commissioner~~ as
22 defined in ~~section 352C.0217, subdivisions 2 and 3~~ subdivision 1b.
23 The annuity does not begin to accrue ~~prior to~~ before the
24 person's retirement as a legislator. No annuity payment may be
25 made retroactive for more than 180 days before the date that the
26 annuity application is filed with the director.

27 ~~(e)~~ (d) Any member who has served during all or part of
28 four regular sessions is considered to have served eight years
29 as a member of the legislature.

30 ~~(f)~~ (e) The retirement allowance ceases with the last
31 payment that accrued to the retired legislator during the
32 retired legislator's lifetime, except that the surviving spouse,
33 if any, is entitled to receive the retirement allowance of the
34 retired legislator for the calendar month in which the retired
35 legislator died.

36 Sec. 14. Minnesota Statutes 2004, section 3A.02,

1 subdivision 1b, is amended to read:

2 Subd. 1b. [REDUCED RETIREMENT ALLOWANCE.] (a) Upon
3 separation from service after the beginning of the 1981
4 legislative session, a former member of the legislature who has
5 attained the age set by the board of directors of the Minnesota
6 State Retirement System and who is otherwise qualified ~~in~~
7 ~~accordance-with~~ under subdivision 1 is entitled, upon making
8 written application on ~~forms-supplied~~ a form prescribed by the
9 director, to a reduced retirement allowance ~~in~~. The reduced
10 retirement allowance is an amount equal to the retirement
11 allowance specified in subdivision 1, paragraph (b), that is
12 reduced so that the reduced annuity allowance is the actuarial
13 equivalent of the annuity allowance that would be payable if the
14 former member of the legislature deferred receipt of the annuity
15 allowance and the annuity allowance amount ~~were~~ was augmented
16 at an annual rate of three percent compounded annually from the
17 date the annuity allowance begins to accrue until age 62.

18 (b) The age set by the board of directors under paragraph
19 (a) cannot be ~~less~~ an earlier age than the early retirement age
20 under section 352.116, subdivision 1a.

21 (c) If there is an actuarial cost to the plan of resetting
22 the early retirement age under paragraph (a), the retired
23 legislator is required to pay an additional amount to cover the
24 full actuarial value. The additional amount must be paid in a
25 lump sum within 30 days of the certification of the amount by
26 the executive director.

27 (d) The executive director of the Minnesota State
28 Retirement System shall report to the Legislative Commission on
29 Pensions and Retirement on the utilization of this
30 provision annually on or before September 17-2000.

31 Sec. 15. Minnesota Statutes 2004, section 3A.02,
32 subdivision 3, is amended to read:

33 Subd. 3. [APPROPRIATION.] The amounts required for payment
34 of retirement allowances provided by this section are
35 appropriated annually to the director from the participation of
36 the legislators retirement plan in the Minnesota postretirement

1 investment fund ~~and shall~~. The retirement allowance must be
2 paid monthly to the recipients entitled thereto to those
3 retirement allowances.

4 Sec. 16. Minnesota Statutes 2004, section 3A.02,
5 subdivision 4, is amended to read:

6 Subd. 4. [DEFERRED ANNUITIES AUGMENTATION.] (a) The
7 deferred annuity retirement allowance of any former legislator
8 must be augmented as provided herein.

9 (b) The required reserves applicable to the
10 deferred annuity retirement allowance, determined as of the date
11 the benefit begins to accrue using an appropriate mortality
12 table and an interest assumption of six percent, must be
13 augmented from the first of the month following the termination
14 of active service, or July 1, 1973, whichever is later, to the
15 first day of the month in which the annuity allowance begins to
16 accrue, at the following annually compounded rate of or rates:

17 ~~five-percent-per-annum-compounded-annually-until-January-1-~~
18 ~~1981-and-thereafter-at-the-rate-of-three-percent-per-annum~~
19 ~~compounded-annually-until-January-1-of-the-year-in-which-the~~
20 ~~former-legislator-attains-age-55.--From-that-date-to-the~~
21 ~~effective-date-of-retirement,--the-rate-is-five-percent~~
22 ~~compounded-annually.~~

<u>rate</u>	<u>period</u>
(1) <u>five percent</u>	<u>until January 1, 1981</u>
(2) <u>three percent</u>	<u>from January 1, 1981, or from the</u> <u>first day of the month following</u> <u>the termination of active service,</u> <u>whichever is later, until January 1</u> <u>of the year in which the former</u> <u>legislator attains age 55</u>
(3) <u>five percent</u>	<u>from the period end date under</u> <u>clause (2) to the effective date</u> <u>of retirement.</u>

35 ~~(b)-The-retirement-allowance-of,--or-the-survivor-benefit~~
36 ~~payable-on-behalf-of,--a-former-member-of-the-legislature-who~~

1 ~~terminated-service-before-July-17-1997,which-is-not-first~~
2 ~~payable-until-after-June-30,1997,must-be-increased-on-an~~
3 ~~actuarial-equivalent-basis-to-reflect-the-change-in-the~~
4 ~~postretirement-interest-rate-actuarial-assumption-under-section~~
5 ~~356.2157-subdivision-87-from-five-percent-to-six-percent-under-a~~
6 ~~calculation-procedure-and-tables-adopted-by-the-board-of~~
7 ~~directors-of-the-Minnesota-State-Retirement-System-and-approved~~
8 ~~by-the-actuary-retained-by-the-Legislative-Commission-on~~
9 ~~Pensions-and-Retirement.~~

10 Sec. 17. Minnesota Statutes 2004, section 3A.02,
11 subdivision 5, is amended to read:

12 Subd. 5. [OPTIONAL ANNUITIES.] (a) The board of directors
13 shall establish an optional retirement annuity in the form of a
14 joint and survivor annuity and an optional retirement annuity in
15 the form of a period certain and life thereafter. Except as
16 provided in paragraph (b), these optional annuity forms must be
17 actuarially equivalent to the normal annuity allowance computed
18 under this section, plus the actuarial value of any surviving
19 spouse benefit otherwise potentially payable at the time of
20 retirement under section 3A.04, subdivision 1. An individual
21 selecting an optional annuity under this subdivision waives and
22 the person's spouse waive any rights to surviving spouse
23 benefits under section 3A.04, subdivision 1.

24 (b) If a retired legislator selects the joint and survivor
25 annuity option, the retired legislator must receive a normal
26 single-life annuity allowance if the designated optional annuity
27 beneficiary dies before the retired legislator and no reduction
28 may be made in the annuity to provide for restoration of the
29 normal single-life annuity allowance in the event of the death
30 of the designated optional annuity beneficiary.

31 (c) The surviving spouse of a legislator who has attained
32 at least age 60 and who dies while a member of the legislature
33 may elect an optional joint and survivor annuity under paragraph
34 (a), in lieu of surviving spouse benefits under section 3A.04,
35 subdivision 1.

36 Sec. 18. Minnesota Statutes 2004, section 3A.03,

1 subdivision 1, is amended to read:

2 Subdivision 1. [PERCENTAGE.] (a) Every member of the
3 legislature shall contribute nine percent of total salary~~7~~.

4 (b) The contribution must be made by payroll deduction~~7~~
5 ~~to~~ and must be paid into the state treasury and deposited in the
6 general fund. ~~It shall be the duty of~~

7 (c) The director ~~to~~ must record the periodic contributions
8 of each member of the legislature and must credit ~~such~~ each
9 contribution to the member's account.

10 Sec. 19. Minnesota Statutes 2004, section 3A.03,
11 subdivision 2, is amended to read:

12 Subd. 2. [REFUND.] (a) A former member who has made
13 contributions under subdivision 1 and who is no longer a member
14 of the legislature is entitled to receive, upon written
15 application to the executive director on a form prescribed by
16 the executive director, a refund from the general fund of all
17 contributions credited to the member's account with interest
18 computed as provided in section 352.22, subdivision 2.

19 (b) The refund of contributions as provided in paragraph (a)
20 terminates all rights of a former member of the legislature and
21 the survivors of the former member under this chapter.

22 (c) If the former member of the legislature again becomes a
23 member of the legislature after having taken a refund as
24 provided in paragraph (a), the member ~~must-be-considered~~ is a
25 new member of ~~this-plan~~ the unclassified employees retirement
26 program of the Minnesota State Retirement System.

27 (d) However, the member may reinstate the rights and credit
28 for service previously forfeited under this chapter if the
29 member repays all refunds taken, plus interest at an annual rate
30 of 8.5 percent compounded annually from the date on which the
31 refund was taken to the date on which the refund is repaid.

32 ~~(d)~~ (e) No person may be required to apply for or to accept
33 a refund.

34 Sec. 20. Minnesota Statutes 2004, section 3A.04,
35 subdivision 1, is amended to read:

36 Subdivision 1. [SURVIVING SPOUSE.] (a) Upon the death of a

1 member of the legislature while serving as such a member after
2 June-30,--1973, or upon the death of a former member of the
3 legislature with at least the-number-of six full years of
4 service as-required-by-section-3A.02,--subdivision-1,--clause
5 (1) or service in all or part of four regular legislative
6 sessions, the surviving spouse shall-be-paid is entitled to a
7 survivor benefit in-the-amount-of.

8 (b) The surviving spouse benefit is one-half of the
9 retirement allowance of the member of the legislature computed
10 as though the member were at least normal retirement age on the
11 date of death and based upon the member's allowable service
12 or upon eight years, whichever is greater. The augmentation
13 provided in section 3A.02, subdivision 4, if applicable, shall
14 must be applied for the period up to, and including, the month
15 of death.

16 (c) Upon the death of a former legislator receiving a
17 retirement allowance, the surviving spouse shall-be is entitled
18 to one-half of the amount of the retirement allowance being paid
19 to the legislator. Such

20 (d) The surviving spouse benefit shall-be-paid-during is
21 payable for the lifetime of the surviving spouse.

22 Sec. 21. Minnesota Statutes 2004, section 3A.04,
23 subdivision 2, is amended to read:

24 Subd. 2. [DEPENDENT CHILDREN.] (a) Upon the death of a
25 member of the legislature while serving as a member, or upon the
26 death of a former member of the legislature who has rendered at
27 least the-number-of six full years of service as-required-by
28 section-3A.02,--subdivision-1,--clause-(1) or service in all or
29 part of four regular legislative sessions and who was not
30 receiving a retirement allowance, each dependent child of the
31 member or former legislator shall-be is entitled to receive a
32 survivor benefit in the following amount:

33 (1) for the first dependent child, a monthly allowance
34 which-equals benefit equal to 25 percent of the monthly
35 retirement allowance of the member of the legislature or the
36 former legislator computed as though the member or the former

1 legislator had attained at least the normal retirement age on
2 the date of death and based upon the average monthly salary as
3 of the date of death or as of the date of termination, whichever
4 ~~is applicable~~ applies, and the member's allowable service or
5 eight years, whichever is greater;

6 (2) for each additional dependent child, a monthly
7 ~~allowance which equals~~ benefit equal to 12-1/2 percent of the
8 monthly retirement allowance of the member or the former
9 legislator computed as provided in ~~the case of the first child~~
10 clause (1); ~~but and~~

11 (3) the total amount paid to the surviving spouse and to
12 the dependent child or children ~~shall~~ may not exceed, in any
13 one month, 100 percent of the monthly retirement allowance of
14 the member or of the former legislator computed as provided in
15 ~~the case of the first child~~ clause (1).

16 (b) The augmentation provided in section 3A.02, subdivision
17 4, if applicable, ~~shall be applied~~ applies from the first day of
18 the month next following the date of the termination of the
19 person from service as a member of the legislature to the month
20 of the death of the person.

21 (c) Upon the death of a former legislator who was receiving
22 a retirement allowance, ~~the~~ a surviving dependent child ~~shall be~~
23 is entitled to the applicable percentage specified above in
24 paragraph (a), clause (1) or (2), whichever applies, of the
25 amount of the allowance which was paid to the former legislator
26 for the month immediately ~~prior to~~ before the date of death of
27 the former legislator.

28 (d) The payments for dependent children ~~shall~~ must be made
29 to the surviving spouse or to the guardian of the estate of the
30 dependent children, if there is one.

31 Sec. 22. Minnesota Statutes 2004, section 3A.04,
32 subdivision 3, is amended to read:

33 Subd. 3. [PAYMENT.] The surviving ~~spouse's~~ spouse and
34 dependent ~~children's~~ child or children survivor benefits payable
35 under this section ~~shall be paid~~ are payable by the director
36 monthly in the same manner as retirement allowances are

1 authorized to be paid by this chapter.

2 Sec. 23. Minnesota Statutes 2004, section 3A.04,
3 subdivision 4, is amended to read:

4 Subd. 4. [DEATH REFUNDS.] (a) Upon the death of a member
5 of the legislature or of a former legislator who was not
6 receiving a retirement allowance, without leaving either a
7 surviving spouse or a dependent child or dependent children, the
8 last designated beneficiary named on a form that was filed with
9 the director before the death of the legislator, or if no
10 designation is filed, the estate of the member or the former
11 legislator, upon application, ~~shall-be~~ is entitled to a refund.

12 (b) The refund is the amount of contributions credited to
13 the person's account plus interest as provided in section 3A.03,
14 subdivision 2, clause-(2) paragraph (a).

15 Sec. 24. Minnesota Statutes 2004, section 3A.04, is
16 amended by adding a subdivision to read:

17 Subd. 5. [APPROPRIATION.] The survivor benefits and the
18 death refunds authorized by this section are appropriated to the
19 director from the general fund when they are due and payable.

20 Sec. 25. Minnesota Statutes 2004, section 3A.05, is
21 amended to read:

22 3A.05 [APPLICATION FOR SURVIVOR BENEFIT.]

23 (a) Applications for survivor benefits pursuant-to under
24 section 3A.04 shall must be filed with the director by the
25 surviving spouse and dependent child or children entitled to
26 benefits pursuant-to under section 3A.04, or by the guardian of
27 the estate, if there is one, of the dependent child or children.

28 (b) Survivor benefits shall accrue as of the first day of
29 the month following the death of the member of the legislature
30 or former legislator and payments ~~shall~~ commence as of the first
31 of the month next following the filing of the application,
32 and ~~shall-be~~ are retroactive to the date the benefit accrues,
33 ~~provided, however, that no payment shall be retroactive for more~~
34 than or the first of the month occurring 12 months prior
35 to before the month in which the application is filed with the
36 director, whichever is earlier.

1 Sec. 26. Minnesota Statutes 2004, section 3A.07, is
2 amended to read:

3 3A.07 [APPLICATION.]

4 (a) Except as provided in paragraph (b), this chapter
5 applies to members of the legislature in service after July 1,
6 1965, who otherwise meet the requirements of this chapter.

7 (b) Members of the legislature who were elected for the
8 first time after June 30, 1997, or members of the legislature
9 who were elected before July 1, 1997, and who, after July 1,
10 1998, elect not to be members of the plan established by this
11 chapter are covered by the unclassified employees retirement
12 program governed by chapter 352D.

13 (c) The post-July 1, 1998, coverage election under
14 paragraph (b) is irrevocable and must be made on a form
15 prescribed by the director. The second chance referendum
16 election under Laws 2002, chapter 392, article 15, also is
17 irrevocable.

18 Sec. 27. Minnesota Statutes 2004, section 3A.10,
19 subdivision 1, is amended to read:

20 Subdivision 1. [SERVICE CREDIT FOR LEGISLATIVE TERM.] (a)
21 In the case of a member of the house of representatives, one
22 full term of office ~~shall~~ must be considered two full years of
23 service, notwithstanding the fact that the oath of office ~~may-be~~
24 was taken on different days each biennium.

25 (b) In the case of a member of the senate, one full term of
26 office ~~shall~~ must be considered four full years of service,
27 notwithstanding the fact that the oath of office ~~may-be~~ was
28 taken on different days at the start of each term.

29 (c) For purposes of this chapter, a legislative term ~~shall~~
30 must be deemed to commence on January ~~1st~~ 1 and to end on
31 December ~~31st~~ 31.

32 Sec. 28. Minnesota Statutes 2004, section 3A.12, is
33 amended to read:

34 3A.12 [COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR
35 ASSOCIATION.]

36 Subdivision 1. [ENTITLEMENT TO ANNUITY.] (a) Any

1 legislator who has been ~~an-employee-covered-by~~ a member of a
2 retirement plan listed in paragraph (b) is entitled, when
3 otherwise qualified, to a retirement allowance or annuity from
4 each plan if the total allowable service in all plans or in any
5 two of these plans totals ten or more years.

6 (b) This section applies to any retirement plan or program
7 administered by the Minnesota State Retirement System, or a
8 member-of any retirement plan administered by the Public
9 Employees Retirement Association, including the Public Employees
10 Retirement Association police and fire fund, or the Teachers
11 Retirement Association, or the Minneapolis employees
12 retirement Fund plan, or the State Patrol retirement fund plan,
13 or any other public employee retirement system in the state of
14 Minnesota having a like provision but-excluding-all.

15 (c) This section does not apply to other funds retirement
16 plans providing benefits for police or firefighters, shall-be
17 entitled-when-qualified-to-an-annuity-from-each-fund-if-the
18 total-allowable-service-for-which-the-legislator-has-credit-in
19 all-funds-or-in-any-two-of-these-funds-totals-ten-or-more-years,
20 provided.

21 (d) No portion of the allowable service upon which the
22 retirement annuity from one fund plan is based is again used in
23 the computation for benefits from another fund plan. The
24 annuity from each fund shall plan must be determined by the
25 appropriate provisions of the law, except that the requirement
26 that a person must have at-least-ten a minimum number of years
27 of allowable service in the respective system or
28 association shall does not apply for the purposes of this
29 section provided if the combined service in two or more of these
30 funds plans equals ten or more years. The augmentation of
31 deferred annuities provided in section 3A.02, subdivision
32 4, shall-apply applies to the annuities accruing hereunder under
33 this section.

34 Subd. 2. [REFUND REPAYMENT.] Any A former legislator who
35 has received a refund as provided in section 3A.03, subdivision
36 2, who is a currently contributing member of a retirement fund

1 plan specified in subdivision 1, paragraph (b), may repay the
2 refund as provided in section 3A.03, subdivision 2. Any A
3 member of the legislature who has received a refund from any of
4 the funds retirement plans specified in subdivision 1, may repay
5 the refund to the respective fund plan under such terms and
6 conditions consistent with the law governing such-fund the
7 retirement plan if the law governing such-fund the plan permits
8 the repayment of refunds. If the total amount to be repaid,
9 including principal and interest exceeds \$2,000, repayment may
10 be made in three equal installments over a period of 18 months,
11 with the interest accrued during the period of the repayment
12 added to the final installment.

13 Sec. 29. Minnesota Statutes 2004, section 3A.13, is
14 amended to read:

15 3A.13 [EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM
16 DEDUCTION.]

17 (a) The provisions of section 352.15 ~~shall~~ apply to the
18 legislators retirement plan, chapter 3A.

19 (b) The executive director of the Minnesota State
20 Retirement System must, at the request of a retired legislator
21 who is enrolled in a health insurance plan covering state
22 employees, deduct the person's health insurance premiums from
23 the person's annuity and transfer the amount of the premium to a
24 health insurance carrier covering state employees.

25 Sec. 30. [352C.001] [RETIREMENT PLAN; APPLICATION.]

26 (a) The retirement plan applicable to a former
27 constitutional officer who was first elected to a constitutional
28 office after July 1, 1967, and before July 1, 1997, is the
29 applicable portions of this chapter and chapter 356 in effect on
30 the date on which the person terminated active service as a
31 constitutional officer.

32 (b) Nothing in this section or section 2 or 3 is intended
33 to reduce the benefits of former constitutional officers or to
34 adversely modify their eligibility for benefits in effect as of
35 the day before the effective date of this section.

36 Sec. 31. Minnesota Statutes 2004, section 352C.091,

1 subdivision 1, is amended to read:

2 Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] ~~This~~
3 ~~chapter~~ (a) The elected officers retirement plan must be
4 administered by the board of directors and the executive
5 director of the Minnesota State Retirement System.

6 (b) The elected state officers retirement plan must be
7 administered consistent with ~~this-chapter~~ the applicable
8 statutory provisions governing the plan and chapters 356 and
9 356A.

10 Sec. 32. Minnesota Statutes 2004, section 490.121,
11 subdivision 1, is amended to read:

12 Subdivision 1. [SCOPE.] For purposes of sections 490.121
13 to 490.132, unless the context clearly indicates otherwise, each
14 of the terms defined in this section have has the meanings
15 meaning given them-unless-the-context-clearly-indicates
16 otherwise it.

17 Sec. 33. Minnesota Statutes 2004, section 490.121, is
18 amended by adding a subdivision to read:

19 Subd. 2a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
20 means the condition of one annuity or benefit having an equal
21 actuarial present value as another annuity or benefit,
22 determined as of a given date with each actuarial present value
23 based on the appropriate mortality table adopted by the board of
24 trustees based on the experience of the fund as recommended by
25 the actuary retained under section 356.214 and using the
26 applicable preretirement or postretirement interest rate
27 assumption specified in section 356.215, subdivision 8.

28 Sec. 34. Minnesota Statutes 2004, section 490.121,
29 subdivision 4, is amended to read:

30 Subd. 4. [ALLOWABLE SERVICE.] (a) "Allowable service"
31 means any calendar month, subject to the service credit limit in
32 subdivision 22, served as a judge at any time, or during which
33 the judge received compensation for that service from the state,
34 municipality, or county, whichever applies, and for which the
35 judge made any required member contribution. It also includes
36 any month served as a referee in probate for all referees in

1 probate who were in office ~~prior-to~~ before January 1, 1974.

2 (b) "Allowable service" does not mean service as a retired
3 judge.

4 Sec. 35. Minnesota Statutes 2004, section 490.121,
5 subdivision 6, is amended to read:

6 Subd. 6. [ANNUITY.] "Annuity" means the payments that are
7 made each year to an annuitant from the judges' retirement fund,
8 ~~pursuant-to-the-provisions-of~~ under sections 490.121 to 490.132.

9 Sec. 36. Minnesota Statutes 2004, section 490.121,
10 subdivision 7, is amended to read:

11 Subd. 7. [ANNUITANT.] "Annuitant" means a former judge, a
12 surviving spouse, or a dependent child who is entitled to and is
13 receiving an annuity under ~~the-provisions-of~~ sections 490.121 to
14 490.132.

15 Sec. 37. Minnesota Statutes 2004, section 490.121, is
16 amended by adding a subdivision to read:

17 Subd. 7a. [APPROVED ACTUARY.] "Approved actuary" means an
18 actuary as defined in section 356.215, subdivision 1, paragraph
19 (c).

20 Sec. 38. Minnesota Statutes 2004, section 490.121, is
21 amended by adding a subdivision to read:

22 Subd. 7b. [COURT.] "Court" means any court of this state
23 that is established by the Minnesota Constitution.

24 Sec. 39. Minnesota Statutes 2004, section 490.121, is
25 amended by adding a subdivision to read:

26 Subd. 7c. [DEPENDENT SURVIVING CHILD.] "Dependent
27 surviving child" means any natural or adopted child of a
28 deceased judge who has not reached the age of 18 years, or
29 having reached the age of 18, is under age 22 and who is a
30 full-time student throughout the normal school year, is
31 unmarried, and is actually dependent for more than one-half of
32 the child's support upon the judge for a period of at least 90
33 days before the judge's death. It also includes any natural
34 child of the judge who was born after the death of the judge.

35 Sec. 40. Minnesota Statutes 2004, section 490.121,
36 subdivision 13, is amended to read:

1 Subd. 13. [DISABILITY.] "Disability" means the permanent
2 inability of a judge to continue to perform the functions of
3 judge by reason of a physical or mental impairment resulting
4 from a sickness or an injury.

5 Sec. 41. Minnesota Statutes 2004, section 490.121,
6 subdivision 14, is amended to read:

7 Subd. 14. [DISABILITY RETIREMENT DATE.] "Disability
8 retirement date" means the last day of the first month after the
9 date on which the governor determines, upon receipt of the
10 voluntary application by the judge or otherwise, that a judge
11 suffers from a disability.

12 Sec. 42. Minnesota Statutes 2004, section 490.121,
13 subdivision 15, is amended to read:

14 Subd. 15. [DISABILITY RETIREMENT ANNUITY.] "Disability
15 retirement annuity" means an annuity to which a judge is
16 entitled under section 490.124, subdivisions 1 and 4, after the
17 retirement for-reason of the judge because of a disability.

18 Sec. 43. Minnesota Statutes 2004, section 490.121, is
19 amended by adding a subdivision to read:

20 Subd. 15a. [EARLY RETIREMENT DATE.] "Early retirement date"
21 means the last day of the month after a judge attains the age of
22 60 but before the judge reaches the normal retirement date.

23 Sec. 44. Minnesota Statutes 2004, section 490.121, is
24 amended by adding a subdivision to read:

25 Subd. 15b. [EARLY RETIREMENT ANNUITY.] "Early retirement
26 annuity" means an annuity to which a judge is entitled under
27 section 490.124, subdivisions 1 and 3, upon retirement by the
28 judge at an early retirement date.

29 Sec. 45. Minnesota Statutes 2004, section 490.121,
30 subdivision 21, is amended to read:

31 Subd. 21. [FINAL AVERAGE COMPENSATION.] "Final average
32 compensation" means the total amount of the salary payable to a
33 judge in the highest five years out of the last ten years prior
34 to before the event-of-maturity-of-benefits termination of
35 judicial service, divided by five, provided, however, that if
36 the number of years of service by the judge equals or exceeds

1 ten. If the number of years of service by the judge is less
2 than ten, but more than five, the highest five ~~shall~~ years of
3 salary must be counted ~~and~~. If the number of years of service
4 by the judge is less than five, the aggregate salary ~~in-such~~ for
5 the period ~~shall~~ of service must be divided by the number of
6 months in ~~such~~ the period and multiplied by 12.

7 Sec. 46. Minnesota Statutes 2004, section 490.121, is
8 amended by adding a subdivision to read:

9 Subd. 21a. [JUDGE.] "Judge" means a judge or a justice of
10 any court as defined under subdivision 7b.

11 Sec. 47. Minnesota Statutes 2004, section 490.121, is
12 amended by adding a subdivision to read:

13 Subd. 21b. [JUDGES' RETIREMENT FUND.] "Judges' retirement
14 fund," "retirement fund," or "fund" means the fund created by
15 section 490.123.

16 Sec. 48. Minnesota Statutes 2004, section 490.121, is
17 amended by adding a subdivision to read:

18 Subd. 21c. [MANDATORY RETIREMENT DATE.] "Mandatory
19 retirement date" means the last day of the month in which a
20 judge has attained 70 years of age.

21 Sec. 49. Minnesota Statutes 2004, section 490.121, is
22 amended by adding a subdivision to read:

23 Subd. 21d. [NORMAL RETIREMENT ANNUITY.] Except as
24 otherwise provided in sections 490.121 to 490.132, "normal
25 retirement annuity" means an annuity to which a judge is
26 entitled under section 490.124, subdivision 1, upon retirement
27 on or after the normal retirement date of the judge.

28 Sec. 50. Minnesota Statutes 2004, section 490.121, is
29 amended by adding a subdivision to read:

30 Subd. 21e. [NORMAL RETIREMENT DATE.] "Normal retirement
31 date" means the last day of the month in which a judge attains
32 the age of 65.

33 Sec. 51. Minnesota Statutes 2004, section 490.121,
34 subdivision 22, is amended to read:

35 Subd. 22. [SERVICE CREDIT LIMIT.] "Service credit limit"
36 means the greater of: (1) 24 years of allowable service

1 under this chapter 490; or (2) for judges with allowable service
2 rendered ~~prior-to~~ before July 1, 1980, the number of years of
3 allowable service under chapter 490, which, when multiplied by
4 the percentage listed in section 356.315, subdivision 7 or 8,
5 whichever is applicable to each year of service, equals 76.8.

6 Sec. 52. Minnesota Statutes 2004, section 490.121, is
7 amended by adding a subdivision to read:

8 Subd. 23. [SURVIVING SPOUSE.] "Surviving spouse" means the
9 surviving legally married spouse of a deceased judge.

10 Sec. 53. Minnesota Statutes 2004, section 490.121, is
11 amended by adding a subdivision to read:

12 Subd. 24. [SURVIVOR'S ANNUITY.] "Survivor's annuity" means
13 an annuity to which a surviving spouse or dependent child is
14 entitled under section 490.124, subdivision 9.

15 Sec. 54. Minnesota Statutes 2004, section 490.122, is
16 amended to read:

17 490.122 [ADMINISTRATION OF JUDGES' RETIREMENT.]

18 Subdivision 1. [ADMINISTRATION.] The policy-making,
19 management, and administrative functions governing the operation
20 of the judges' retirement fund and the administration
21 of ~~sections 490.121 to 490.132~~ this chapter are vested in the
22 board of directors and executive director of the Minnesota State
23 Retirement System ~~with-such.~~ In administering the plan and
24 fund, the board and the director have the same duties,
25 authority, and responsibility as are provided in chapter 352.

26 Subd. 2. [INAPPLICABILITY OF CERTAIN LAWS.] Except as
27 otherwise specified, no provision of chapter 352 applies to the
28 judges' retirement fund or any judge.

29 Subd. 3. [FIDUCIARY RESPONSIBILITY.] Fiduciary
30 activities of relating to the uniform judges' retirement and
31 Survivors'-Annuities-for-Judges plan must be undertaken in a
32 manner consistent with chapter 356A.

33 Sec. 55. Minnesota Statutes 2004, section 490.123,
34 subdivision 1, is amended to read:

35 Subdivision 1. [FUND CREATION; REVENUE AND AUTHORIZED
36 DISBURSEMENTS.] (a) There is created a special fund to be known

1 as the "judges' retirement fund".

2 (b) The judges' retirement fund must be credited with all
3 contributions; all interest, dividends, and other investment
4 proceeds; and all other income authorized by this chapter or
5 other applicable law.

6 (c) From this fund there are appropriated the payments
7 authorized by sections 490.121 to 490.132, in the amounts and at
8 the times provided, including the necessary and reasonable
9 expenses of the Minnesota State Retirement System in
10 administering the fund and the transfers to the Minnesota
11 postretirement investment fund.

12 Sec. 56. Minnesota Statutes 2004, section 490.123,
13 subdivision 1a, is amended to read:

14 Subd. 1a. [MEMBER CONTRIBUTION RATES.] (a) A judge who is
15 covered by the federal Old Age, Survivors, Disability, and
16 Health Insurance Program and whose service does not exceed the
17 service credit limit in section 490.121, subdivision 22, shall
18 contribute to the fund from each salary payment a sum equal to
19 8.00 percent of salary.

20 ~~(b) A judge not so covered whose service does not exceed~~
21 ~~the service credit limit in section 490.121, subdivision 22,~~
22 ~~shall contribute to the fund from each salary payment a sum~~
23 ~~equal to 8.15 percent of salary.~~

24 (e) The contribution under this subdivision is payable by
25 salary deduction. The deduction must be made by the state court
26 administrator under section 352.04, subdivisions 4, 5, and 8.

27 Sec. 57. Minnesota Statutes 2004, section 490.123,
28 subdivision 1b, is amended to read:

29 Subd. 1b. [EMPLOYER CONTRIBUTION RATE.] (a) The employer
30 contribution rate to the fund on behalf of a judge is 20.5
31 percent of salary and. The employer obligation continues after
32 a judge exceeds the service credit limit in section 490.121,
33 subdivision 22.

34 (b) The employer contribution must be paid by the state
35 court administrator and. The employer contribution is payable
36 at the same time as member contributions are made under

1 subdivision 1a or as employee contributions are made to the
2 unclassified ~~plan-in~~ program governed by chapter 352D for judges
3 whose service exceeds the limit in section 490.121, subdivision
4 22, are remitted.

5 Sec. 58. Minnesota Statutes 2004, section 490.123,
6 subdivision 1c, is amended to read:

7 Subd. 1c. [ADDITIONAL EMPLOYER CONTRIBUTION.] ~~In-the-event~~
8 ~~that~~ If the employer contribution under subdivision 1b and the
9 assets of the judges retirement fund are insufficient to meet
10 reserve transfers to the Minnesota postretirement investment
11 fund or payments of survivor benefits ~~before-July-17-1993~~ in a
12 month, the necessary amount is appropriated from the general
13 fund to the executive director of the Minnesota State Retirement
14 System, upon the certification of the required amount by the
15 executive director to the commissioner of finance.

16 Sec. 59. Minnesota Statutes 2004, section 490.123,
17 subdivision 2, is amended to read:

18 Subd. 2. [COMMISSIONER OF FINANCE.] The commissioner of
19 finance ~~shall-be~~ is the ex officio treasurer of the judges'
20 retirement fund ~~and-the.~~ The commissioner's general bond to the
21 state ~~shall~~ must be so conditioned as to cover all liability for
22 acting as the treasurer of this the fund. All ~~moneys~~ money
23 received by the commissioner ~~pursuant-to~~ under this section
24 ~~shall~~ must be set aside in the state treasury to the credit of
25 the judges' retirement fund. ~~The-commissioner-shall-transmit~~
26 ~~monthly-to-the-executive-director-described-in-section-352-03,~~
27 ~~subdivision-57-a-detailed-statement-of-all-amounts-so-received~~
28 ~~and-credited-to-the-fund.---The-commissioner-shall-pay-out-the~~
29 ~~fund-only-upon-vouchers-signed-by-said-executive-director,~~
30 ~~provided-that-vouchers-for-investment-may-be-signed-by-the~~
31 ~~secretary-of-the-State-Board-of-Investment.~~

32 Sec. 60. Minnesota Statutes 2004, section 490.123,
33 subdivision 3, is amended to read:

34 Subd. 3. [INVESTMENT.] (a) The executive director ~~referred~~
35 ~~to-in-subdivision-2~~ of the Minnesota State Retirement System
36 shall, from time to time, certify to the State Board of

1 Investment such portions of the judges' retirement fund as in
2 the director's judgment may not be required for immediate use.

3 (b) Assets from the judges' retirement fund ~~shall~~ must be
4 transferred to the Minnesota postretirement investment fund for
5 retirement and disability benefits as provided in sections
6 11A.18 and 352.119.

7 (c) The State Board of Investment shall thereupon invest
8 and reinvest sums so transferred, or certified, in such
9 securities as are duly authorized legal investments for such
10 purposes under section 11A.24 in compliance with sections
11 356A.04 and 356A.06.

12 Sec. 61. Minnesota Statutes 2004, section 490.124,
13 subdivision 1, is amended to read:

14 Subdivision 1. [BASIC RETIREMENT ANNUITY.] (a) Except as
15 qualified hereinafter from and after the mandatory retirement
16 date, the normal retirement date, the early retirement date, or
17 one year from the disability retirement date, as the case may
18 be, a retiring judge is eligible to receive a retirement annuity
19 ~~shall-be-payable-to-a-retiring-judge~~ from the judges' retirement
20 fund in.

21 (b) The retirement annuity is an amount equal to: (1) the
22 percent specified in section 356.315, subdivision 7, multiplied
23 by the judge's final average compensation with that result then
24 multiplied by the number of years and fractions of years of
25 allowable service rendered ~~prior-to~~ before July 1, 1980; plus
26 (2) the percent specified in section 356.315, subdivision 8,
27 multiplied by the judge's final average compensation with that
28 result then multiplied by the number of years and fractions of
29 years of allowable service rendered after June 30, 1980.

30 (c) Service that exceeds the service credit limit in
31 section 490.121, subdivision 22, must be excluded in calculating
32 the retirement annuity, but the compensation earned by the judge
33 during this period of judicial service must be used in
34 determining a judge's final average compensation and calculating
35 the retirement annuity.

36 Sec. 62. Minnesota Statutes 2004, section 490.124,

1 subdivision 2, is amended to read:

2 Subd. 2. [~~MINIMUM SERVICE REQUIREMENT;--EXTENSION-OF-TERM.~~]

3 ~~No~~ (a) Unless section 356.30 applies, a judge shall be is not
4 eligible for an annuity at the normal retirement date or the
5 early retirement date if the judge has less than five years of
6 allowable service.

7 (b) A judge who ~~shall retire~~ retires on or, as permitted
8 under sections 490.121 to 490.132, after the judge's mandatory
9 retirement date, ~~shall be~~ is entitled to a proportionate annuity
10 based upon the allowable service of the judge at the date of
11 retirement.

12 ~~A judge who was in office on December 31, 1973, and~~
13 ~~thereafter and who, by the date on which the current term~~
14 ~~expires, would not be eligible to retire with full benefits~~
15 ~~under statutes in effect on December 31, 1973, may apply to the~~
16 ~~governor for an extension to serve up to three additional years,~~
17 ~~stating the intention of the judge to retire upon attaining~~
18 ~~eligibility to receive a retirement allowance.--Notwithstanding~~
19 ~~section 490.125, the governor shall forthwith make a written~~
20 ~~order accepting the retirement application, and extending the~~
21 ~~term of office of the judge for the period of time, not to~~
22 ~~exceed three years, as may be necessary to make the judge~~
23 ~~eligible for retirement, solely for purposes of computing~~
24 ~~benefits hereunder.~~

25 Sec. 63. Minnesota Statutes 2004, section 490.124,
26 subdivision 3, is amended to read:

27 Subd. 3. [EARLY REDUCED RETIREMENT.] The retirement
28 annuity ~~provided by~~ under subdivision 1 of any judge ~~electing~~
29 who elects to retire at an early retirement date ~~shall~~ must be
30 reduced by one-half of one percent per month from the retirement
31 date to the normal retirement date.

32 Sec. 64. Minnesota Statutes 2004, section 490.124,
33 subdivision 4, is amended to read:

34 Subd. 4. [DISABILITY RETIREMENT.] (a) When the governor
35 determines that a judge is disabled under section 490.121,
36 subdivision 13, notice of the governor's determination must be

1 sent to the judge, to the chief justice of the Supreme Court, to
2 the state court administrator, and to the executive director of
3 the Minnesota State Retirement System.

4 (b) From and after disability retirement date, a disabled
5 judge ~~shall be~~ is entitled to continuation of the judge's full
6 salary payable by the judge's employer, as if the judge's office
7 were not vacated by retirement, for a period of up to one full
8 year, but in no event beyond the judge's mandatory retirement
9 date. During this year the judge ~~will~~ is entitled to earn
10 additional service credit in the judges' retirement plan. The
11 salary ~~earned-will be~~ payable to a disabled judge is subject to
12 retirement deductions and ~~will~~ must be included in computing
13 final average compensation of the judge. ~~Thereafter~~

14 (c) At the conclusion of the year of continued salary
15 following a disability or upon the judge's mandatory retirement
16 date, whichever is earlier, the disabled judge is entitled to a
17 disability retirement annuity computed as provided in
18 subdivision 1 shall be paid, provided that. If the computed
19 retirement annuity is a smaller amount, the judge shall is
20 entitled to receive a minimum annuity of 25 percent of the
21 judge's final average compensation.

22 Sec. 65. Minnesota Statutes 2004, section 490.124,
23 subdivision 5, is amended to read:

24 Subd. 5. [DEFERRED BENEFITS.] (a) Any A benefit to which a
25 judge is entitled under this section may be deferred until the
26 early or normal retirement date or later, notwithstanding the
27 termination of ~~such~~ the judge's service prior thereto.

28 (b) The retirement annuity of, or the survivor benefit
29 payable on behalf of, a former judge, who terminated service
30 before July 1, 1997, which is not first payable until after June
31 30, 1997, must be increased on an actuarial equivalent basis to
32 reflect the change in the postretirement interest rate actuarial
33 assumption under section 356.215, subdivision 8, from five
34 percent to six percent under a calculation procedure and tables
35 adopted by the board of directors of the Minnesota State
36 Retirement System and approved by the actuary retained by-the

1 ~~Legislative-Commission-on-Pensions-and-Retirement~~ under section
2 356.214.

3 Sec. 66. Minnesota Statutes 2004, section 490.124,
4 subdivision 8, is amended to read:

5 Subd. 8. [EXCLUSIVE NORMAL RETIREMENT BENEFITS.] Any (a)
6 Except as provided in paragraph (b), a judge who retires after
7 December 31, 1973, shall-be is entitled to a retirement pension,
8 retirement compensation or other retirement payment under
9 statutes applicable solely to judges ~~pursuant-to~~ under this
10 section only, ~~except-that-any-such.~~

11 (b) A judge who was in office prior-to before January 1,
12 1974, who retires at or after normal retirement age may then
13 elect to receive during the judge's lifetime a normal retirement
14 annuity computed on the basis of retirement compensation
15 provided for such judge under statutes in effect on December 31,
16 1973, in lieu of the amount of normal retirement annuity
17 otherwise computed under sections 490.121 to 490.132.

18 ~~For-purposes-of-this-subdivision, the-Conciliation-Court-of~~
19 ~~the-city-of-Duluth-shall-be-deemed-to-have-been-a-court-of~~
20 ~~record-by-the-statutes-in-effect-on-December-31, 1973.~~

21 Sec. 67. Minnesota Statutes 2004, section 490.124,
22 subdivision 9, is amended to read:

23 Subd. 9. [SURVIVORS' ANNUITY.] (a) Upon the death of a
24 judge ~~prior-to before~~ retirement, or upon the death of a person
25 who has qualified for an annuity under this section but who
26 ceases to be a judge ~~prior-to before~~ retirement and has who not
27 received a refund of contributions ~~pursuant-to~~ under subdivision
28 12, a surviving spouse is entitled to, or, if there be no
29 surviving spouse, dependent children, ~~shall~~ are entitled to
30 receive an annuity, payable monthly, equal in total to 60
31 percent of the normal retirement annuity which would have been
32 payable to the judge or former judge had the date of death been
33 the normal retirement date, ~~provided-that-the.~~

34 (b) The annuity payable to a surviving spouse or to
35 dependent children ~~shall-receive-an-annuity~~ is an amount of not
36 less than 25 percent of the judge's or the former judge's final

1 average compensation.

2 ~~If a judge, whose surviving spouse was not entitled to~~
3 ~~survivors benefits provided solely for judges under statutes in~~
4 ~~effect prior to January 1, 1974, shall have died prior to~~
5 ~~retirement on or after May 23, 1973 and before January 1, 1974,~~
6 ~~a surviving spouse and dependent children, if any, shall be~~
7 ~~entitled to survivors benefits as provided hereunder as if such~~
8 ~~judge had died on January 1, 1974.~~

9 Sec. 68. Minnesota Statutes 2004, section 490.124,
10 subdivision 10, is amended to read:

11 Subd. 10. [PRIOR SURVIVORS' BENEFITS; LIMITATION.] (a)
12 Benefits provided pursuant to under Minnesota Statutes 2004,
13 section 490.102, subdivision 6, or 490.1091, for a surviving
14 spouse of a retired judge, payable after the death of the judge,
15 ~~shall be~~ are limited to:

16 (a) spouses of judges who have retired ~~prior to~~ before
17 January 1, 1974, ~~and~~ .

18 (b) ~~spouses of judges in office on December 31, 1973 and~~
19 ~~thereafter who elect to continue contributions pursuant to~~
20 ~~section 490.102, subdivision 6 or 490.109. The contributions~~
21 ~~shall be in addition to contributions pursuant to section~~
22 ~~490.123, and upon retirement the judge may not elect to receive~~
23 ~~any optional annuity pursuant to subdivision 11 unless the judge~~
24 ~~and the spouse shall waive any benefits pursuant to section~~
25 ~~490.102, subdivision 6 or 490.109.~~

26 (b) No other judge in office on or after January 1, 1974,
27 ~~shall be~~ is required to contribute pursuant to under Minnesota
28 Statutes 2004, section 490.102, subdivision 6, or 490.109.

29 Sec. 69. Minnesota Statutes 2004, section 490.124,
30 subdivision 11, is amended to read:

31 Subd. 11. [LIMITATION ON SURVIVOR BENEFITS; OPTIONAL
32 ANNUITIES.] (a) No survivor or death benefits may be paid in
33 connection with the death of a judge who retires after December
34 31, 1973, except as otherwise provided in sections 490.121 to
35 490.132.

36 (b) Except as provided in subdivision 10, a judge may elect

1 to receive, instead of the normal retirement annuity, an
2 optional retirement annuity in the form of either (1) an annuity
3 payable for a period certain and for life after that period, (2)
4 a joint and survivor annuity without reinstatement in-the-event
5 of if the designated beneficiary ~~predeceasing~~ predeceases the
6 retired judge, or (3) a joint and survivor annuity with
7 reinstatement in-the-event-of if the designated beneficiary
8 ~~predeceasing~~ predeceases the retired judge.

9 (c) An optional retirement annuity must be actuarially
10 equivalent to a single-life annuity with no term certain and
11 must be established by the board of directors of the Minnesota
12 State Retirement System. In establishing these optional
13 retirement annuity forms, the board shall obtain the written
14 recommendation of the actuary retained by-the-Legislative
15 Commission-on-Pensions-and-Retirement under section 356.214.
16 The recommendations must be retained as a part of the permanent
17 records of the board.

18 Sec. 70. Minnesota Statutes 2004, section 490.124,
19 subdivision 12, is amended to read:

20 Subd. 12. [REFUND.] (a) A person who ceases to be a
21 judge but-who-does-not-qualify-for-a-retirement-annuity-or-other
22 benefit-under-section-490.124 is entitled to a refund in an
23 amount that is equal to all of the member's employee
24 contributions to the judges' retirement fund plus interest
25 computed under section 352.22, subdivision 2.

26 (b) A refund of contributions under paragraph (a)
27 terminates all service credits and all rights and benefits of
28 the judge and the judge's survivors under this chapter.

29 (c) A person who becomes a judge again after taking a
30 refund under paragraph (a) may reinstate the previously
31 terminated allowable service ~~credits~~ credit, rights, and
32 benefits by repaying the total amount of the previously received
33 refund. The refund repayment must include interest on the total
34 amount previously received at an annual rate of 8.5 percent,
35 compounded annually, from the date on which the refund was
36 received until the date on which the refund is repaid.

1 Sec. 71. Minnesota Statutes 2004, section 490.124,
2 subdivision 13, is amended to read:

3 Subd. 13. [DEATH REFUND.] If a judge who has not received
4 other benefits under this chapter dies and there are no survivor
5 benefits payable under this chapter, a refund plus interest as
6 provided in subdivision 12 is payable to the last designated
7 beneficiary named on a form filed with the director before the
8 death of the judge, or, if no designation is on file, ~~the refund~~
9 ~~is payable~~ to the estate of the deceased judge.

10 Sec. 72. Minnesota Statutes 2004, section 490.125,
11 subdivision 1, is amended to read:

12 Subdivision 1. [MANDATORY RETIREMENT AGE.] Except as
13 otherwise provided in sections 490.121 to 490.132, ~~each a~~ judge
14 shall retire terminate active service as a judge on the judge's
15 mandatory retirement date.

16 Sec. 73. Minnesota Statutes 2004, section 490.126, is
17 amended to read:

18 490.126 [PROCEDURES.]

19 Subdivision 1. [COMPULSORY RETIREMENT.] Proceedings for
20 compulsory retirement of a judge, if necessary, ~~shall~~ must be
21 conducted in accordance with rules issued by the Supreme Court
22 ~~pursuant to~~ under section 490.16.

23 Subd. 2. [VACANCIES.] Any judge may make written
24 application to the governor for retirement. The governor
25 thereupon shall direct the judge's retirement by written order
26 which, when filed in the Office of the Secretary of State, ~~shall~~
27 ~~effect~~ effects a vacancy in the office to be filled as provided
28 by law.

29 Subd. 3. [APPLICATION FOR ANNUITY OR REFUND.] An
30 application for an annuity or a refund under sections 490.121 to
31 490.132 may be made by the potential annuitant or by someone
32 authorized to act for the potential annuitant. Every
33 application for an annuity or refund, ~~with~~ accompanied by a
34 proof of age and by a record of years of service when
35 required, ~~shall~~ must be submitted to the ~~governing~~
36 ~~body~~ executive director of the Minnesota State Retirement System

1 in a form prescribed by ~~it~~ the director.

2 Subd. 4. [MANNER OF PAYMENT.] Unless otherwise
3 specifically provided by statute or agreed upon by the annuitant
4 and the ~~governing-body~~ board of directors of the Minnesota State
5 Retirement System, annuities payable under sections 490.121 to
6 490.132 ~~shall~~ must be paid in the manner and at the intervals as
7 prescribed by the executive director of the Minnesota State
8 Retirement System. The annuity ~~shall-cess~~ ceases with the last
9 payment received by the annuitant while living.

10 Subd. 5. [EXEMPTION FROM PROCESS; NO ASSIGNMENT.] None of
11 the money, annuities, or other benefits provided in this chapter
12 is assignable either in law or equity or is subject to state
13 estate tax, or to execution, levy, attachment, garnishment, or
14 other legal process, except as provided in section 518.58,
15 518.581, or 518.6111.

16 Sec. 74. Minnesota Statutes 2004, section 490.133, is
17 amended to read:

18 490.133 [RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO
19 COURT OF APPEALS.]

20 (a) If a judge to whom or to whose survivors benefits would
21 be payable under Minnesota Statutes 2004, sections 490.101 to
22 490.12, is elected or appointed to the Court of Appeals, that
23 judge and the judge's survivors, ~~shall~~ continue to be eligible
24 for benefits under those sections and not under sections 490.121
25 to 490.132.

26 (b) In ~~that~~ the case of a judge to whom paragraph (a)
27 applies, the service of the judge in the Court of Appeals ~~shall~~
28 must be added to the prior service as district judge, probate
29 judge, or judge of any other court of record in determining
30 eligibility and the compensation of a judge of the Court of
31 Appeals at the time of the judge's death, disability, or
32 retirement ~~shall-be~~ is the "compensation allotted to the office"
33 for the purposes of calculating benefit amounts.

34 (c) All other judges of the Court of Appeals and their
35 survivors ~~shall-be~~ are subject to the retirement and survivor's
36 annuity provisions of sections 490.121 to 490.132.

1 Sec. 75. [490A.01] [BOARD OF JUDICIAL STANDARDS;
2 ESTABLISHMENT.]

3 Subdivision 1. [ESTABLISHMENT; COMPOSITION.] The Board on
4 Judicial Standards is established. The board is a continuation
5 of the board established by Laws 1971, chapter 909, sections 1
6 and 2, as amended.

7 Subd. 2. [COMPOSITION; APPOINTMENT.] (a) The board
8 consists of one judge of the Court of Appeals, three trial court
9 judges, two lawyers who have practiced law in the state for at
10 least ten years, and four citizens who are not judges, retired
11 judges, or lawyers.

12 (b) All members must be appointed by the governor with the
13 advice and consent of the senate. Senate confirmation is not
14 required for judicial members.

15 Subd. 3. [TERM MAXIMUM; MEMBERSHIP TERMINATION.] No member
16 may serve more than two full four-year terms or their equivalent.
17 Membership terminates if a member ceases to hold the position
18 that qualified the member for appointment.

19 Subd. 4. [MEMBER TERMS; COMPENSATION; REMOVAL.] The
20 membership terms, compensation, removal of members, and filling
21 of vacancies on the board are as provided in section 15.0575.

22 Subd. 5. [EXECUTIVE SECRETARY APPOINTMENT; SALARY.] (a)
23 The board shall appoint the executive secretary.

24 (b) The salary of the executive secretary of the board is
25 85 percent of the maximum salary provided for an administrative
26 law judge under section 15A.083, subdivision 6a.

27 Sec. 76. [490A.02] [JUDICIAL STANDARDS BOARD; POWERS.]

28 Subdivision 1. [JUDICIAL DISQUALIFICATION.] A judge is
29 disqualified from acting as a judge, without a loss of salary,
30 while there is pending an indictment or any information charging
31 the judge with a crime that is punishable as a felony under
32 either Minnesota law or federal law, or while there is pending a
33 recommendation to the Supreme Court by the Board on Judicial
34 Standards for the judge's removal or retirement.

35 Subd. 2. [JUDICIAL SUSPENSION.] On receipt of a
36 recommendation of the Board on Judicial Standards or on its own

1 motion, the Supreme Court may suspend a judge from office
 2 without salary when the judge pleads guilty to or no contest to
 3 or is found guilty of a crime that is punishable as a felony
 4 under either Minnesota law or federal law or any other crime
 5 that involves moral turpitude. If the conviction is reversed,
 6 the suspension terminates and the judge must be paid a salary
 7 for the period of suspension. If the judge is suspended and the
 8 conviction becomes final, the Supreme Court shall remove the
 9 judge from office.

10 Subd. 3. [JUDICIAL DISABILITY.] On receipt of a
 11 recommendation of the Board on Judicial Standards, the Supreme
 12 Court may retire a judge for a disability that the court
 13 determines seriously interferes with the performance of the
 14 judge's duties and is or is likely to become permanent, and
 15 censure or remove a judge for an action or inaction that may
 16 constitute persistent failure to perform the judge's duties,
 17 incompetence in performing the judge's duties, habitual
 18 intemperance, or conduct prejudicial to the administration of
 19 justice that brings the judicial office into disrepute.

20 Subd. 4. [AUTHORITY TO REOPEN MATTERS.] The board is
 21 specifically empowered to reopen any matter wherein any
 22 information or evidence was previously precluded by a statute of
 23 limitations or by a previously existing provision of time
 24 limitation.

25 Subd. 5. [RETIREMENT STATUS.] (a) A judge who is retired
 26 by the Supreme Court must be considered to have retired
 27 voluntarily.

28 (b) This section and section 490A.01 must not affect the
 29 right of a judge who is suspended, retired, or removed hereunder
 30 from qualifying for any pension or other retirement benefits to
 31 which the judge would otherwise be entitled by law to receive.

32 Subd. 6. [ELIGIBILITY FOR JUDICIAL OFFICE; PRACTICE
 33 LAW.] A judge removed by the Supreme Court is ineligible for any
 34 future service in a judicial office. The question of the right
 35 of a removed judge to practice law in this state must be
 36 referred to the proper authority for review.

1 Subd. 7. [SUPREME COURT RULES.] The Supreme Court shall
2 make rules to implement this section.

3 Sec. 77. [REPEALER; EFFECT ON BENEFIT COVERAGE.]

4 Subdivision 1. [LEGISLATORS RETIREMENT PLAN; REPEALED AS
5 OBSOLETE.] Minnesota Statutes 2004, sections 3A.01, subdivisions
6 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04, subdivision 1; and
7 3A.09, are repealed.

8 Subd. 2. [ELECTIVE STATE OFFICERS RETIREMENT PLAN;
9 REPEALED AS OBSOLETE.] Minnesota Statutes 2004, sections
10 352C.01; 352C.011; 352C.021; 352C.031; 352C.033; 352C.04;
11 352C.051; 352C.09; and 352C.091, subdivisions 2 and 3, are
12 repealed.

13 Subd. 3. [JUDICIAL RETIREMENT PLANS; REPEALED AS
14 OBSOLETE.] Minnesota Statutes 2004, sections 490.021; 490.025,
15 subdivisions 1, 2, 3, 4, and 6; 490.101; 490.102; 490.103;
16 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12;
17 and 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18,
18 19, and 20, are repealed.

19 Subd. 4. [JUDICIAL STANDARDS BOARD; REPEALED FOR
20 RELOCATION AS MINNESOTA STATUTES, CHAPTER 490A.] Minnesota
21 Statutes 2004, sections 490.021; 490.025, subdivisions 1, 2, 3,
22 4, and 6; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107;
23 490.108; 490.109; 490.1091; 490.12; and 490.121, subdivisions 2,
24 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19, and 20, are repealed.

25 Subd. 5. [UNIFORM JUDICIAL RETIREMENT PLAN; NO BENEFIT
26 DIMINISHMENT INTENDED; PROCEDURE.] Sections 32 to 76 are not
27 intended to reduce or increase the entitlement of active,
28 deferred, or retired judges to retirement annuities or benefits
29 as of July 1, 2005, as reflected in the records of the Minnesota
30 State Retirement System. If the executive director of the
31 Minnesota State Retirement System determines that any provisions
32 of sections 32 to 76 functions to modify, impair, or diminish
33 the retirement annuity or benefit entitlement of any judge that
34 had accrued or earned before July 1, 2005, the executive
35 director shall certify that determination and a recommendation
36 as to the required legislative correction to the chair of the

1 Legislative Commission on Pensions and Retirement, the chair of
2 the Senate State and Local Governmental Operations Committee,
3 the chair of the House Governmental Operations and Veterans
4 Affairs Policy Committee, and the executive director of the
5 Legislative Commission on Pensions and Retirement on or before
6 the October 1 next following that determination.

7 Sec. 78. [EFFECTIVE DATE.]

8 Sections 1 to 77 are effective on July 1, 2005.

9 ARTICLE 2

10 COVERED SALARY; AVERAGE SALARY

11 Section 1. Minnesota Statutes 2004, section 352.01, is
12 amended by adding a subdivision to read:

13 Subd. 14a. [AVERAGE SALARY.] (a) "Average salary" means
14 the average of the highest five successive years of salary upon
15 which the employee has made contributions to the retirement fund
16 by payroll deductions. Average salary must be based upon all
17 allowable service if this service is less than five years.

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

24 (c) For an employee covered by the correctional state
25 employees retirement plan, "average salary" means the average of
26 the monthly salary during the employee's highest five successive
27 years of salary as an employee covered by the general state
28 employees retirement plan, or the correctional state employees
29 retirement plan, or by a combination of the two. If the total
30 of the covered service is less than five years, the
31 determination of average salary must be based on all allowable
32 service.

33 Sec. 2. Minnesota Statutes 2004, section 352.115,
34 subdivision 2, is amended to read:

35 Subd. 2. [AVERAGE-SALARY NORMAL RETIREMENT ANNUITY.] The
36 retirement annuity hereunder payable at normal retirement age or

1 thereafter must be computed in accordance with the applicable
2 provisions of the formula stated in subdivision 3, on the basis
3 of the employee's average salary for the period of allowable
4 service. This retirement annuity is known as the "normal"
5 retirement annuity.

6 ~~For each year of allowable service, "average salary" of an~~
7 ~~employee in determining a retirement annuity means the average~~
8 ~~of the highest five successive years of salary upon which the~~
9 ~~employee has made contributions to the retirement fund by~~
10 ~~payroll deductions. Average salary must be based upon all~~
11 ~~allowable service if this service is less than five years.~~

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

18 Sec. 3. Minnesota Statutes 2004, section 352.115,
19 subdivision 3, is amended to read:

20 Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph,
21 in conjunction with section 352.116, subdivision 1, applies to a
22 person who became a covered employee or a member of a pension
23 fund listed in section 356.30, subdivision 3, before July 1,
24 1989, unless paragraph (b), in conjunction with section 352.116,
25 subdivision 1a, produces a higher annuity amount, in which case
26 paragraph (b) will apply. The employee's average salary, as
27 defined in section 352.01, subdivision 2 14a, multiplied by the
28 percent specified in section 356.315, subdivision 1, per year of
29 allowable service for the first ten years and the percent
30 specified in section 356.315, subdivision 2, for each later year
31 of allowable service and pro rata for completed months less than
32 a full year shall determine the amount of the retirement annuity
33 to which the employee is entitled.

34 (b) This paragraph applies to a person who has become at
35 least 55 years old and first became a covered employee after
36 June 30, 1989, and to any other covered employee who has become

1 at least 55 years old and whose annuity amount, when calculated
2 under this paragraph and in conjunction with section 352.116,
3 subdivision 1a, is higher than it is when calculated under
4 paragraph (a), in conjunction with section 352.116, subdivision
5 1. The employee's average salary, as defined in section 352.01,
6 subdivision 2 14a, multiplied by the percent specified in
7 section 356.315, subdivision 2, for each year of allowable
8 service and pro rata for months less than a full year shall
9 determine the amount of the retirement annuity to which the
10 employee is entitled.

11 Sec. 4. Minnesota Statutes 2004, section 352.87,
12 subdivision 3, is amended to read:

13 Subd. 3. [RETIREMENT ANNUITY FORMULA.] A person specified
14 in subdivision 1 ~~will have~~ is entitled to receive a retirement
15 annuity applicable for allowable service credit under this
16 section calculated by multiplying the employee's average salary,
17 as defined in section ~~352.115~~ 352.01, subdivision 2 14a, by the
18 percent specified in section 356.315, subdivision 2a, for each
19 year or portions of a year of allowable service credit. No
20 reduction for retirement ~~prior to~~ before the normal retirement
21 age, as specified in section 352.01, subdivision 25, applies to
22 service to which this section applies.

23 Sec. 5. Minnesota Statutes 2004, section 352.93,
24 subdivision 1, is amended to read:

25 Subdivision 1. [BASIS OF ANNUITY; WHEN TO APPLY.] After
26 separation from state service, an employee covered under section
27 352.91 who has reached age 55 years and has credit for at least
28 three years of covered correctional service or a combination of
29 covered correctional service and regular-Minnesota general
30 employees state retirement System plan service is entitled upon
31 application to a retirement annuity under this section, based
32 only on covered correctional employees' service. Application
33 may be made no earlier than 60 days before the date the employee
34 is eligible to retire by reason of both age and service
35 requirements.

36 ~~In this section, "average salary" means the average of the~~

1 ~~monthly-salary-during-the-employee's-highest-five-successive~~
2 ~~years-of-salary-as-an-employee-covered-by-the-Minnesota-State~~
3 ~~Retirement-System.--Average-salary-must-be-based-upon-all~~
4 ~~allowable-service-if-this-service-is-less-than-five-years.~~

5 Sec. 6. Minnesota Statutes 2004, section 352C.021, is
6 amended by adding a subdivision to read:

7 Subd. 1a. [AVERAGE SALARY.] "Average salary," for purposes
8 of calculating the normal retirement annuity under section
9 352C.031, subdivision 4, means the average of the highest five
10 successive years of salary upon which contributions have been
11 made under section 352C.09.

12 Sec. 7. Minnesota Statutes 2004, section 353.01,
13 subdivision 10, is amended to read:

14 Subd. 10. [SALARY.] (a) "Salary" means:

15 (1) the periodic compensation of a public employee, before
16 deductions for deferred compensation, supplemental retirement
17 plans, or other voluntary salary reduction programs, and also
18 means "wages" and includes net income from fees;

19 (2) for a public employee who is covered by a supplemental
20 retirement plan under section 356.24, subdivision 1, clause (8),
21 (9), or (10), which require all plan contributions be made by
22 the employer, the contribution to the applicable supplemental
23 retirement plan when the contribution is from mandatory
24 withholdings from employees' wages; and

25 {2} (3) for a public employee who has prior service covered
26 by a local police or firefighters relief association that has
27 consolidated with the Public Employees Retirement Association or
28 to which section 353.665 applies and who has elected coverage
29 either under the public employees police and fire fund benefit
30 plan under section 353A.08 following the consolidation or under
31 section 353.665, subdivision 4, the rate of salary upon which
32 member contributions to the special fund of the relief
33 association were made prior to the effective date of the
34 consolidation as specified by law and by bylaw provisions
35 governing the relief association on the date of the initiation
36 of the consolidation procedure and the actual periodic

1 compensation of the public employee after the effective date of
2 consolidation.

3 (b) Salary does not mean:

4 (1) the fees paid to district court reporters, unused
5 annual vacation or sick leave payments, in lump-sum or periodic
6 payments, severance payments, reimbursement of expenses,
7 lump-sum settlements not attached to a specific earnings period,
8 or workers' compensation payments;

9 (2) employer-paid amounts used by an employee toward the
10 cost of insurance coverage, employer-paid fringe benefits,
11 flexible spending accounts, cafeteria plans, health care expense
12 accounts, day care expenses, or any payments in lieu of any
13 employer-paid group insurance coverage, including the difference
14 between single and family rates that may be paid to a member
15 with single coverage and certain amounts determined by the
16 executive director to be ineligible;

17 (3) the amount equal to that which the employing
18 governmental subdivision would otherwise pay toward single or
19 family insurance coverage for a covered employee when, through a
20 contract or agreement with some but not all employees, the
21 employer:

22 (i) discontinues, or for new hires does not provide,
23 payment toward the cost of the employee's selected insurance
24 coverages under a group plan offered by the employer;

25 (ii) makes the employee solely responsible for all
26 contributions toward the cost of the employee's selected
27 insurance coverages under a group plan offered by the employer,
28 including any amount the employer makes toward other employees'
29 selected insurance coverages under a group plan offered by the
30 employer; and

31 (iii) provides increased salary rates for employees who do
32 not have any employer-paid group insurance coverages;

33 (4) except as provided in section 353.86 or 353.87,
34 compensation of any kind paid to volunteer ambulance service
35 personnel or volunteer firefighters, as defined in subdivision
36 35 or 36; and

1 (5) the amount of compensation that exceeds the limitation
2 provided in section 356.611.

3 (c) Amounts provided to an employee by the employer through
4 a grievance proceeding or a legal settlement are salary only if
5 the settlement is reviewed by the executive director and the
6 amounts are determined by the executive director to be
7 consistent with paragraph (a) and prior determinations.

8 Sec. 8. Minnesota Statutes 2004, section 353.01, is
9 amended by adding a subdivision to read:

10 Subd. 17a. [AVERAGE SALARY.] (a) "Average salary," for
11 purposes of calculating a retirement annuity under section
12 353.29, subdivision 3, means an amount equivalent to the average
13 of the highest salary of the member, police officer, or
14 firefighter, whichever applies, upon which employee
15 contributions were paid for any five successive years of
16 allowable service, based on dates of salary periods as listed on
17 salary deduction reports. Average salary must be based upon all
18 allowable service if this service is less than five years.

19 (b) "Average salary" may not include any reduced salary
20 paid during a period in which the employee is entitled to
21 benefit payments from workers' compensation for temporary
22 disability, unless the average salary is higher, including this
23 period.

24 Sec. 9. Minnesota Statutes 2004, section 353.29,
25 subdivision 3, is amended to read:

26 Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph,
27 in conjunction with section 353.30, subdivisions 1, 1a, 1b, and
28 1c, applies to any member who first became a public employee or
29 a member of a pension fund listed in section 356.30, subdivision
30 3, before July 1, 1989, unless paragraph (b), in conjunction
31 with section 353.30, subdivision 5, produces a higher annuity
32 amount, in which case paragraph (b) will apply. The average
33 salary as defined in section 353.01, subdivision 2 17a,
34 multiplied by the percent specified in section 356.315,
35 subdivision 3, for each year of allowable service for the first
36 ten years and thereafter by the percent specified in section

1 356.315, subdivision 4, per year of allowable service and
2 completed months less than a full year for the "basic member,"
3 and the percent specified in section 356.315, subdivision 1, for
4 each year of allowable service for the first ten years and
5 thereafter by the percent specified in section 356.315,
6 subdivision 2, per year of allowable service and completed
7 months less than a full year for the "coordinated member," shall
8 determine the amount of the "normal" retirement annuity.

9 (b) This paragraph applies to a member who has become at
10 least 55 years old and first became a public employee after June
11 30, 1989, and to any other member whose annuity amount, when
12 calculated under this paragraph and in conjunction with section
13 353.30, subdivision 5, is higher than it is when calculated
14 under paragraph (a), in conjunction with section 353.30,
15 subdivisions 1, 1a, 1b, and 1c. The average salary, as defined
16 in section 353.01, subdivision 2 17a, multiplied by the percent
17 specified in section 356.315, subdivision 4, for each year of
18 allowable service and completed months less than a full year for
19 a basic member and the percent specified in section 356.315,
20 subdivision 2, per year of allowable service and completed
21 months less than a full year for a coordinated member, shall
22 determine the amount of the normal retirement annuity.

23 Sec. 10. Minnesota Statutes 2004, section 353.33,
24 subdivision 3, is amended to read:

25 Subd. 3. [COMPUTATION OF BENEFITS.] This disability
26 benefit is an amount equal to the normal annuity payable to a
27 member who has reached normal retirement age with the same
28 number of years of allowable service and the same average
29 salary, as provided in section 353.01, subdivision 17a, and
30 section 353.29, subdivisions-2-and subdivision 3.

31 A basic member shall receive a supplementary monthly
32 benefit of \$25 to age 65 or the five-year anniversary of the
33 effective date of the disability benefit, whichever is later.

34 If the disability benefits under this subdivision exceed
35 the average salary as defined in section ~~353.29~~ 353.01,
36 subdivision 2 17a, the disability benefits must be reduced to an

1 amount equal to ~~said~~ the average salary.

2 Sec. 11. Minnesota Statutes 2004, section 353.651,
3 subdivision 3, is amended to read:

4 Subd. 3. [RETIREMENT ANNUITY FORMULA.] The average salary
5 as defined in section 353.01, subdivision 2 17a, multiplied by
6 the percent specified in section 356.315, subdivision 6, per
7 year of allowable service determines the amount of the normal
8 retirement annuity. If the member has earned allowable service
9 for performing services other than those of a police officer or
10 firefighter, the annuity representing ~~such that~~ service ~~is~~ must
11 be computed under sections 353.29 and 353.30.

12 Sec. 12. Minnesota Statutes 2004, section 353.656,
13 subdivision 1, is amended to read:

14 Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.]
15 A member of the police and fire plan who becomes disabled and
16 physically unfit to perform duties as a police officer,
17 firefighter, or paramedic as defined under section 353.64,
18 subdivision 10, as a direct result of an injury, sickness, or
19 other disability incurred in or arising out of any act of duty,
20 which has or is expected to render the member physically or
21 mentally unable to perform the duties as a police officer,
22 firefighter, or paramedic as defined under section 353.64,
23 subdivision 10, for a period of at least one year, shall receive
24 disability benefits during the period of such disability. The
25 benefits must be in an amount equal to 60 percent of the
26 "average salary" as defined in section ~~353.651~~ 353.01,
27 subdivision 2 17a, plus an additional percent specified in
28 section 356.315, subdivision 6, of that average salary for each
29 year of service in excess of 20 years. If the disability under
30 this subdivision occurs before the member has at least five
31 years of allowable service credit in the police and fire plan,
32 the disability benefit must be computed on the "average salary"
33 from which deductions were made for contribution to the police
34 and fire fund.

35 Sec. 13. Minnesota Statutes 2004, section 354.05, is
36 amended by adding a subdivision to read:

1 Subd. 13a. [AVERAGE SALARY.] (a) "Average salary," for the
2 purpose of determining the member's retirement annuity, means
3 the average salary upon which contributions were made for the
4 highest five successive years of formula service credit.

5 (b) "Average salary" may not include any more than the
6 equivalent of 60 monthly salary payments.

7 (c) "Average salary" must be based upon all years of
8 formula service credit if this service credit is less than five
9 years.

10 Sec. 14. Minnesota Statutes 2004, section 354.44,
11 subdivision 6, is amended to read:

12 Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT
13 ANNUITY.] (a) The formula retirement annuity must be computed in
14 accordance with the applicable provisions of the formulas stated
15 in paragraph (b) or (d) on the basis of each member's average
16 salary under section 354.05, subdivision 13a, for the period of
17 the member's formula service credit.

18 ~~For all years of formula service credit, "average salary,"~~
19 ~~for the purpose of determining the member's retirement annuity,~~
20 ~~means the average salary upon which contributions were made and~~
21 ~~upon which payments were made to increase the salary limitation~~
22 ~~provided in Minnesota Statutes 1971, section 354.511, for the~~
23 ~~highest five successive years of formula service credit~~
24 ~~provided, however, that such "average salary" shall not include~~
25 ~~any more than the equivalent of 60 monthly salary payments.~~
26 ~~Average salary must be based upon all years of formula service~~
27 ~~credit if this service credit is less than five years.~~

28 (b) This paragraph, in conjunction with paragraph (c),
29 applies to a person who first became a member of the association
30 or a member of a pension fund listed in section 356.30,
31 subdivision 3, before July 1, 1989, unless paragraph (d), in
32 conjunction with paragraph (e), produces a higher annuity
33 amount, in which case paragraph (d) applies. The average salary
34 as defined in ~~paragraph (a)~~ section 354.05, subdivision 13a,
35 multiplied by the following percentages per year of formula
36 service credit shall determine the amount of the annuity to

1 which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
2		
3 Each year of service	the percent	the percent
4 during first ten	specified in	specified in
5	section 356.315,	section 356.315,
6	subdivision 1,	subdivision 3,
7	per year	per year
8 Each year of service	the percent	the percent
9 thereafter	specified in	specified in
10	section 356.315,	section 356.315,
11	subdivision 2,	subdivision 4,
12	per year	per year

13 (c)(i) This paragraph applies only to a person who first
 14 became a member of the association or a member of a pension fund
 15 listed in section 356.30, subdivision 3, before July 1, 1989,
 16 and whose annuity is higher when calculated under paragraph (b),
 17 in conjunction with this paragraph than when calculated under
 18 paragraph (d), in conjunction with paragraph (e).

19 (ii) Where any member retires prior to normal retirement
 20 age under a formula annuity, the member shall be paid a
 21 retirement annuity in an amount equal to the normal annuity
 22 provided in paragraph (b) reduced by one-quarter of one percent
 23 for each month that the member is under normal retirement age at
 24 the time of retirement except that for any member who has 30 or
 25 more years of allowable service credit, the reduction shall be
 26 applied only for each month that the member is under age 62.

27 (iii) Any member whose attained age plus credited allowable
 28 service totals 90 years is entitled, upon application, to a
 29 retirement annuity in an amount equal to the normal annuity
 30 provided in paragraph (b), without any reduction by reason of
 31 early retirement.

32 (d) This paragraph applies to a member who has become at
 33 least 55 years old and first became a member of the association
 34 after June 30, 1989, and to any other member who has become at
 35 least 55 years old and whose annuity amount when calculated
 36 under this paragraph and in conjunction with paragraph (e), is

1 higher than it is when calculated under paragraph (b), in
2 conjunction with paragraph (c). The average salary, as defined
3 in ~~paragraph (a)~~ section 354.05, subdivision 13a, multiplied by
4 the percent specified by section 356.315, subdivision 4, for
5 each year of service for a basic member and by the percent
6 specified in section 356.315, subdivision 2, for each year of
7 service for a coordinated member shall determine the amount of
8 the retirement annuity to which the member is entitled.

9 (e) This paragraph applies to a person who has become at
10 least 55 years old and first becomes a member of the association
11 after June 30, 1989, and to any other member who has become at
12 least 55 years old and whose annuity is higher when calculated
13 under paragraph (d) in conjunction with this paragraph than when
14 calculated under paragraph (b), in conjunction with paragraph
15 (c). An employee who retires under the formula annuity before
16 the normal retirement age shall be paid the normal annuity
17 provided in paragraph (d) reduced so that the reduced annuity is
18 the actuarial equivalent of the annuity that would be payable to
19 the employee if the employee deferred receipt of the annuity and
20 the annuity amount were augmented at an annual rate of three
21 percent compounded annually from the day the annuity begins to
22 accrue until the normal retirement age.

23 (f) No retirement annuity is payable to a former employee
24 with a salary that exceeds 95 percent of the governor's salary
25 unless and until the salary figures used in computing the
26 highest five successive years average salary under paragraph (a)
27 have been audited by the Teachers Retirement Association and
28 determined by the executive director to comply with the
29 requirements and limitations of section 354.05, subdivisions 35
30 and 35a.

31 Sec. 15. Minnesota Statutes 2004, section 354A.011, is
32 amended by adding a subdivision to read:

33 Subd. 7a. [AVERAGE SALARY.] "Average salary," for purposes
34 of computing a normal coordinated program retirement annuity
35 under section 354A.31, subdivision 4 or 4a, means an amount
36 equal to the average salary upon which contributions were made

1 for the highest five successive years of service credit but may
2 not in any event include any more than the equivalent of 60
3 monthly salary payments. Average salary must be based upon all
4 years of service credit if this service credit is less than five
5 years.

6 Sec. 16. Minnesota Statutes 2004, section 354A.31,
7 subdivision 4, is amended to read:

8 Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT
9 ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.] (a) This subdivision
10 applies to the coordinated programs of the Minneapolis Teachers
11 Retirement Fund Association and the St. Paul Teachers Retirement
12 Fund Association.

13 (b) The normal coordinated retirement annuity ~~shall be~~ is
14 an amount equal to a retiring coordinated member's average
15 salary under section 354A.011, subdivision 7a, multiplied by the
16 retirement annuity formula percentage. ~~Average salary for~~
17 ~~purposes of this section shall mean an amount equal to the~~
18 ~~average salary upon which contributions were made for the~~
19 ~~highest five successive years of service credit, but which shall~~
20 ~~not in any event include any more than the equivalent of 60~~
21 ~~monthly salary payments. Average salary must be based upon all~~
22 ~~years of service credit if this service credit is less than five~~
23 ~~years.~~

24 (c) This paragraph, in conjunction with subdivision 6,
25 applies to a person who first became a member or a member in a
26 pension fund listed in section 356.30, subdivision 3, before
27 July 1, 1989, unless paragraph (d), in conjunction with
28 subdivision 7, produces a higher annuity amount, in which case
29 paragraph (d) will apply. The retirement annuity formula
30 percentage for purposes of this paragraph is the percent
31 specified in section 356.315, subdivision 1, per year for each
32 year of coordinated service for the first ten years and the
33 percent specified in section 356.315, subdivision 2, for each
34 year of coordinated service thereafter.

35 (d) This paragraph applies to a person who has become at
36 least 55 years old and who first becomes a member after June 30,

1 1989, and to any other member who has become at least 55 years
2 old and whose annuity amount, when calculated under this
3 paragraph and in conjunction with subdivision 7 is higher than
4 it is when calculated under paragraph (c), in conjunction with
5 the provisions of subdivision 6. The retirement annuity formula
6 percentage for purposes of this paragraph is the percent
7 specified in section 356.315, subdivision 2, for each year of
8 coordinated service.

9 Sec. 17. Minnesota Statutes 2004, section 354A.31,
10 subdivision 4a, is amended to read:

11 Subd. 4a. [COMPUTATION OF THE NORMAL COORDINATED
12 RETIREMENT ANNUITY; DULUTH FUND.] (a) This subdivision applies
13 to the new law coordinated program of the Duluth Teachers
14 Retirement Fund Association.

15 (b) The normal coordinated retirement annuity is an amount
16 equal to a retiring coordinated member's average salary under
17 section 354A.011, subdivision 7a, multiplied by the retirement
18 annuity formula percentage. ~~Average-salary-for-purposes-of-this~~
19 ~~section-means-an-amount-equal-to-the-average-salary-upon-which~~
20 ~~contributions-were-made-for-the-highest-five-successive-years-of~~
21 ~~service-credit, but may not in any event include any more than~~
22 ~~the equivalent of 60 monthly salary payments. Average salary~~
23 ~~must be based upon all years of service credit if this service~~
24 ~~credit is less than five years.~~

25 (c) This paragraph, in conjunction with subdivision 6,
26 applies to a person who first became a member or a member in a
27 pension fund listed in section 356.30, subdivision 3, before
28 July 1, 1989, unless paragraph (d), in conjunction with
29 subdivision 7, produces a higher annuity amount, in which case
30 paragraph (d) applies. The retirement annuity formula
31 percentage for purposes of this paragraph is the percent
32 specified in section 356.315, subdivision 1, per year for each
33 year of coordinated service for the first ten years and the
34 percent specified in section 356.315, subdivision 2, for each
35 subsequent year of coordinated service.

36 (d) This paragraph applies to a person who is at least 55

1 years old and who first becomes a member after June 30, 1989,
2 and to any other member who is at least 55 years old and whose
3 annuity amount, when calculated under this paragraph and in
4 conjunction with subdivision 7, is higher than it is when
5 calculated under paragraph (c) in conjunction with subdivision
6 6. The retirement annuity formula percentage for purposes of
7 this paragraph is the percent specified in section 356.315,
8 subdivision 2, for each year of coordinated service.

9 Sec. 18. Minnesota Statutes 2004, section 422A.01, is
10 amended by adding a subdivision to read:

11 Subd. 4a. [AVERAGE SALARY.] (a) "Average salary" means the
12 arithmetic average annual salary, wages or compensation of the
13 member from the city for any five calendar years out of the last
14 ten calendar years of service, except as provided for in section
15 422A.16, which may include the year in which the employee
16 retires, as selected by the employee.

17 (b) A member with more than five calendar years of service
18 but less than ten calendar years may select any five calendar
19 years of service to determine the average salary. A member with
20 less than five years of service with the city shall use all
21 earnings to determine the average salary.

22 Sec. 19. Minnesota Statutes 2004, section 422A.15,
23 subdivision 1, is amended to read:

24 Subdivision 1. [FORMULA PENSION AND ANNUITY.] Except as
25 otherwise provided in subdivision 3, each contributing member
26 who, at the time of retirement, fulfills the conditions
27 necessary to enable the member to retire~~7-shall~~ is entitled to
28 receive what-shall-be-known-as a "formula pension and annuity"
29 equal to two percent for each year of allowable service for the
30 first ten years and thereafter 2.5 percent per year of allowable
31 service of the ~~arithmetic average annual salary7-wages-or~~
32 ~~compensation-of-the-member-from-the-city-for-any-five-calendar~~
33 ~~years-out-of-the-last-ten-calendar-years-of-service-except-as~~
34 ~~provided-for-in-section-422A.167-which-may-include-the-year-in~~
35 ~~which-the-employee-retires7-as-selected-by-the-employee,~~
36 multiplied by the years of service credited by the retirement

1 fund. The formula pension and annuity ~~shall~~ must be computed on
2 the single life plan but subject to the option selections
3 provided for in section 422A.17.

4 In order to be entitled to the formula pension and annuity
5 herein provided for, the retiring employee at the time of
6 cessation of employment and of actual retirement ~~shall~~ must have
7 attained the age of 60 years or have been employed by the city
8 not less than 30 years, or meet the qualifications provided for
9 in section 422A.16, and in addition thereto have contributed to
10 the retirement fund at the percentage rate prescribed by the
11 retirement law applicable when the salary, wages or compensation
12 was paid on all salaries, wages, or compensation received from
13 the city or from an applicable employing unit. The years of
14 service to be applied in the formula pension and annuity ~~shall~~
15 must be found and determined by the retirement board, except
16 that no credit ~~shall~~ may be allowed for any year in which a back
17 charge is owing at time of retirement and the earnings from any
18 year in which a back charge is owing ~~shall~~ may not be used in
19 determining the average ~~annual~~ salary.

20 Sec. 20. Minnesota Statutes 2004, section 422A.16,
21 subdivision 9, is amended to read:

22 Subd. 9. [INCOMPETENCY OR DEATH OF MEMBER.] Any member of
23 the contributing class who becomes permanently separated from
24 the service of the city under subdivision 8, may, by an
25 instrument in writing, filed with the municipal employees
26 retirement board within 30 days after ~~such~~ the separation
27 becomes permanent, elect to allow the member contributions
28 to ~~such~~ the fund to the date of separation to remain on deposit
29 in ~~such~~ the fund, and in ~~such~~ the event the member ~~shall-be~~
30 is entitled to receive a retirement allowance at age 65,
31 provided the member, or someone acting in the member's behalf if
32 the member be incompetent, ~~shall~~ must make a written application
33 for ~~such~~ the retirement allowance in the same manner provided
34 for in section 422A.17 and in accordance with the provisions of
35 section 422A.15, subdivision 1, except for determining
36 average ~~annual~~ salary. ~~A-member-with-more-than-five-calendar~~

1 ~~years-of-service-but-less-than-ten-calendar-years-may-select-any~~
2 ~~five-calendar-years-of-service-to-determine-the-average-annual~~
3 ~~salary.--A-member-with-less-than-five-years-of-service-with-the~~
4 ~~city-shall-use-all-earnings-to-determine-the-average-annual~~
5 ~~salary.~~

6 If the contributing member dies before reaching the age of
7 65 years, or having attained the age of 65 years without having
8 made the election provided for herein, the net accumulated
9 amount of deductions from the member's salary, pay or
10 compensation, plus interest, to the member's credit on date of
11 death ~~shall-be-paid~~ is payable to ~~such~~ the person or persons as
12 have been nominated by written designation filed with the
13 retirement board, in ~~such~~ the form as ~~that~~ that the retirement board
14 ~~shall-require~~ requires.

15 If the employee fails to make a designation, or if the
16 person or persons designated by ~~such~~ the employee predeceases
17 ~~such~~ the employee, the net accumulated credit to ~~such~~ the
18 employee's account on date of death ~~shall-be-paid~~ is payable to
19 ~~such~~ the employee's estate.

20 The provisions of subdivisions 4, 5, and 6 ~~shall~~ also apply
21 to any member qualifying for benefits under this subdivision,
22 except for purposes of this subdivision the age referred to in
23 subdivision 4 ~~shall-be~~ is 65 years.

24 Sec. 21. Minnesota Statutes 2004, section 490.121,
25 subdivision 21, is amended to read:

26 Subd. 21. [FINAL AVERAGE COMPENSATION.] "Final average
27 compensation" means the total amount of salary ~~payable~~ paid to a
28 judge in the highest five years of the last ten years ~~prior-to~~
29 before the event of maturity of benefits, divided by five,
30 ~~provided-however-that~~. If the number of years of service is
31 less than ten, the highest five ~~shall~~ years of salary must be
32 counted~~-and~~. If the number of years of service is less than
33 five, the aggregate salary ~~in-such~~ during the period shall must
34 be divided by the number of months in ~~such~~ the period and
35 multiplied by 12.

36 Sec. 22. [REPEALER.]

1 Minnesota Statutes 2004, sections 352C.031, subdivision 3;
2 353.29, subdivision 2; and 353.651, subdivision 2, are repealed.

3 Sec. 23. [EFFECTIVE DATE.]

4 Sections 1 to 22 are effective July 1, 2005.

5 ARTICLE 3

6 ALLOWABLE SERVICE CREDIT

7 Section 1. [356.095] [SERVICE CREDIT PURCHASE PROCEDURES
8 FOR STRIKE PERIODS.]

9 Subdivision 1. [COVERED PLANS.] This section applies to
10 all defined benefit plans specified in section 356.30,
11 subdivision 3.

12 Subd. 2 [PURCHASE PROCEDURE FOR STRIKE PERIODS.] (a) An
13 employee covered by a plan specified in subdivision 1 may
14 purchase allowable service credit in the applicable plan for any
15 period of time during which the employee was on a public
16 employee strike without pay, not to exceed a period of one year,
17 if the employee makes a payment in lieu of salary deductions as
18 specified in paragraphs (b) and (c), whichever is applicable.
19 The employing unit, at its option, may pay the employer portion
20 of the amount specified in paragraph (b) on behalf of its
21 employees.

22 (b) If payment is received by the applicable pension plan
23 executive director within one year from the end of the strike,
24 the payment amount is equal to the applicable employee and
25 employer contribution rates specified in law for the applicable
26 plan during the strike period, applied to the employee's rate of
27 salary in effect at the conclusion of the strike for the period
28 of the strike without pay, plus compound interest at a monthly
29 rate of 0.71 percent from the last day of the strike period
30 until the date payment is received.

31 (c) If payment is received by the applicable pension fund
32 director after one year and before five years from the end of
33 the strike, the payment amount is the amount determined under
34 section 356.551.

35 (d) Payments may not be made more than five years after the
36 end of the strike.

1 Sec. 2. Minnesota Statutes 2004, section 490.121,
2 subdivision 4, is amended to read:

3 Subd. 4. [ALLOWABLE SERVICE.] (a) "Allowable service"
4 means any calendar month, subject to the service credit limit in
5 subdivision 22, served as a judge at any time, or served as a
6 referee in probate for all referees in probate who were in
7 office prior to January 1, 1974.

8 (b) "Allowable service" also means a period of authorized
9 leave of absence for which the judge has made a payment in lieu
10 of contributions, not in an amount in excess of the service
11 credit limit under subdivision 22. To obtain the service
12 credit, the judge shall pay an amount equal to the member and
13 employer contribution rates under section 490.123, subdivisions
14 1a and 1b, applied to the judge's average monthly salary rate
15 during the authorized leave of absence and multiplied by the
16 number of months of the authorized leave of absence, plus annual
17 compound interest at the rate of 8.5 percent from the date of
18 the termination of the leave to the date on which payment is
19 made. The payment must be made within one year of the date on
20 which the authorized leave of absence terminated. Service
21 credit for an authorized leave of absence is in addition to a
22 uniformed service leave under section 490.1211.

23 Sec. 3. [METRO TRANSIT STRIKE PROVISION.]

24 Notwithstanding the payment deadline specified in section
25 1, subdivision 2, paragraph (b), a Metro Transit employee
26 covered by the general state employees retirement plan of the
27 Minnesota State Retirement System who was on strike on or after
28 January 1, 2004, and before the effective date of this section,
29 is authorized to make a payment under that paragraph on or
30 before one year after the effective date of this section.

31 Sec. 4. [EFFECTIVE DATE.]

32 (a) Sections 1 and 3 are effective on the day following
33 final enactment.

34 (b) Section 2 is effective retroactively to January 1,
35 2005, and applies to any person who was in active service as a
36 judge on or after that date and applies to an authorized leave

1 of absence that occurred before or after that date.

2 ARTICLE 4

3 ACTUARIAL AND FINANCIAL

4 REPORTING CHANGES

5 Section 1. Minnesota Statutes 2004, section 352.01,
6 subdivision 12, is amended to read:

7 Subd. 12. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
8 means the condition of one annuity or benefit having an equal
9 actuarial present value as another annuity or benefit,
10 determined as of a given date at a specified age with each
11 actuarial present value based on the appropriate mortality table
12 adopted by the board of directors based on the experience of the
13 fund as recommended by the actuary retained ~~by the Legislative~~
14 ~~Commission on Pensions and Retirement~~ under section 356.214, and
15 approved under section 356.215, subdivision 18, and using the
16 applicable preretirement or postretirement interest rate
17 assumption specified in section 356.215, subdivision 8.

18 Sec. 2. Minnesota Statutes 2004, section 353.01,
19 subdivision 14, is amended to read:

20 Subd. 14. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
21 means the condition of one annuity or benefit having an equal
22 actuarial present value as another annuity or benefit,
23 determined as of a given date with each actuarial present value
24 based on the appropriate mortality table adopted by the board of
25 trustees based on the experience of the fund as recommended by
26 the actuary retained ~~by the Legislative Commission on Pensions~~
27 ~~and Retirement~~ under section 356.214, and approved under section
28 356.215, subdivision 18, and using the applicable preretirement
29 or postretirement interest rate assumption specified in section
30 356.215, subdivision 8.

31 Sec. 3. Minnesota Statutes 2004, section 354.05,
32 subdivision 7, is amended to read:

33 Subd. 7. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
34 means the condition of one annuity or benefit having an equal
35 actuarial present value as another annuity or benefit,
36 determined as of a given date with each actuarial present value

1 based on the appropriate mortality table adopted by the board of
2 trustees based on the experience of the association as
3 recommended by the actuary retained ~~by the Legislative~~
4 ~~Commission on Pensions and Retirement~~ under section 356.214, and
5 approved under section 356.215, subdivision 18, and using the
6 applicable preretirement or postretirement interest rate
7 assumption specified in section 356.215, subdivision 8.

8 Sec. 4. Minnesota Statutes 2004, section 354A.011,
9 subdivision 3a, is amended to read:

10 Subd. 3a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
11 means the condition of one annuity or benefit having an equal
12 actuarial present value as another annuity or benefit,
13 determined as of a given date with each actuarial present value
14 based on the appropriate mortality table adopted by the
15 appropriate board of trustees based on the experience of that
16 retirement fund association as recommended by the actuary
17 retained ~~by the Legislative Commission on Pensions and~~
18 ~~Retirement~~ under section 356.214, and approved under section
19 356.215, subdivision 18, and using the applicable preretirement
20 or postretirement interest rate assumption specified in section
21 356.215, subdivision 8.

22 Sec. 5. Minnesota Statutes 2004, section 356.20,
23 subdivision 4, is amended to read:

24 Subd. 4. [CONTENTS OF FINANCIAL REPORT.] (a) The financial
25 report required by this section must contain financial
26 statements and disclosures that indicate the financial
27 operations and position of the retirement plan and fund. The
28 report must conform with generally accepted governmental
29 accounting principles, applied on a consistent basis. The
30 report must be audited. The report must include, as part of its
31 exhibits or its footnotes, an actuarial disclosure item based on
32 the actuarial valuation calculations prepared by the
33 ~~commission-retained actuary~~ retained under section 356.214 or by
34 the actuary retained by the retirement fund or plan, ~~if~~
35 ~~applicable~~ whichever applies, according to applicable actuarial
36 requirements enumerated in section 356.215, and specified in the

1 most recent standards for actuarial work adopted by the
 2 Legislative Commission on Pensions and Retirement. The accrued
 3 assets, the accrued liabilities, including accrued reserves, and
 4 the unfunded actuarial accrued liability of the fund or plan
 5 must be disclosed. The disclosure item must contain a
 6 declaration by the actuary retained by ~~the Legislative~~
 7 ~~Commission on Pensions and Retirement~~ under section 356.214 or
 8 the actuary retained by the fund or plan, whichever applies,
 9 specifying that the required reserves for any retirement,
 10 disability, or survivor benefits provided under a benefit
 11 formula are computed in accordance with the entry age actuarial
 12 cost method and in accordance with the most recent applicable
 13 standards for actuarial work adopted by the Legislative
 14 Commission on Pensions and Retirement.

15 (b) Assets of the fund or plan contained in the disclosure
 16 item must include the following statement of the actuarial value
 17 of current assets as defined in section 356.215, subdivision 1:

	Value	Value
	at cost	at market
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		

1 Value at market

2 Actuarial value of current assets

3 (c) The unfunded actuarial accrued liability of the fund or
 4 plan contained in the disclosure item must include the following
 5 measures of unfunded actuarial accrued liability, using
 6 the actuarial value of current assets:

7 (1) the unfunded actuarial accrued liability, determined by
 8 subtracting the current assets and the present value of future
 9 normal costs from the total current and expected future benefit
 10 obligations; and

11 (2) the unfunded pension benefit obligation, determined by
 12 subtracting the current assets from the actuarial present value
 13 of credited projected benefits.

14 If the current assets of the fund or plan exceed the
 15 actuarial accrued liabilities, the excess must be disclosed and
 16 indicated as a surplus.

17 (d) The pension benefit obligations schedule included in
 18 the disclosure must contain the following information on the
 19 benefit obligations:

20 (1) the pension benefit obligation, determined as the
 21 actuarial present value of credited projected benefits on
 22 account of service rendered to date, separately identified as
 23 follows:

- 24 (i) for annuitants;
- 25 retirement annuities;
- 26 disability benefits;
- 27 surviving spouse and child benefits;
- 28 (ii) for former members without vested rights;
- 29 (iii) for deferred annuitants' benefits, including
- 30 any augmentation;
- 31 (iv) for active employees;
- 32 accumulated employee contributions,
- 33 including allocated investment income;
- 34 employer-financed benefits vested;
- 35 employer-financed benefits nonvested;
- 36 total pension benefit obligation; and

1 (2) if there are additional benefits not appropriately
2 covered by the foregoing items of benefit obligations, a
3 separate identification of the obligation.

4 (e) The report must contain an itemized exhibit describing
5 the administrative expenses of the plan, including, but not
6 limited to, the following items, classified on a consistent
7 basis from year to year, and with any further meaningful detail:

8 (1) personnel expenses;

9 (2) communication-related expenses;

10 (3) office building and maintenance expenses;

11 (4) professional services fees; and

12 (5) other expenses.

13 (f) The report must contain an itemized exhibit describing
14 the investment expenses of the plan, including, but not limited
15 to, the following items, classified on a consistent basis from
16 year to year, and with any further meaningful detail:

17 (1) internal investment-related expenses; and

18 (2) external investment-related expenses.

19 (g) Any additional statements or exhibits or more detailed
20 or subdivided itemization of a disclosure item that will enable
21 the management of the fund to portray a true interpretation of
22 the fund's financial condition must be included in the
23 additional statements or exhibits.

24 Sec. 6. Minnesota Statutes 2004, section 422A.01,
25 subdivision 6, is amended to read:

26 Subd. 6. [PRESENT WORTH OR PRESENT VALUE.] "Present worth"
27 or "present value" means that the present amount of money if
28 increased at the applicable postretirement or preretirement
29 interest rate assumption specified in section 356.215,
30 subdivision 8, and based on the mortality table adopted by the
31 board of trustees based on the experience of the fund as
32 recommended by the actuary retained ~~by the Legislative~~
33 ~~Commission on Pensions and Retirement~~ under section 356.214, and
34 approved under section 356.215, subdivision 18, will at
35 retirement equal the actuarial accrued liability of the annuity
36 already earned.

- 1 if employed before July 1, 1963;
- 2 (4) employees of the Minnesota Crop Improvement
3 Association;
- 4 (5) employees of the adjutant general who are paid from
5 federal funds and who are not covered by any federal civilian
6 employees retirement system;
- 7 (6) employees of the Minnesota State Colleges and
8 Universities employed under the university or college activities
9 program;
- 10 (7) currently contributing employees covered by the system
11 who are temporarily employed by the legislature during a
12 legislative session or any currently contributing employee
13 employed for any special service as defined in subdivision 2b,
14 clause (8);
- 15 (8) employees of the Armory Building Commission;
- 16 (9) employees of the legislature appointed without a limit
17 on the duration of their employment and persons employed or
18 designated by the legislature or by a legislative committee or
19 commission or other competent authority to conduct a special
20 inquiry, investigation, examination, or installation;
- 21 (10) trainees who are employed on a full-time established
22 training program performing the duties of the classified
23 position for which they will be eligible to receive immediate
24 appointment at the completion of the training period;
- 25 (11) employees of the Minnesota Safety Council;
- 26 (12) any employees on authorized leave of absence from the
27 Transit Operating Division of the former Metropolitan Transit
28 Commission who are employed by the labor organization which is
29 the exclusive bargaining agent representing employees of the
30 Transit Operating Division;
- 31 (13) employees of the Metropolitan Council, Metropolitan
32 Parks and Open Space Commission, Metropolitan Sports Facilities
33 Commission, Metropolitan Mosquito Control Commission, or
34 Metropolitan Radio Board unless excluded or covered by another
35 public pension fund or plan under section 473.415, subdivision
36 3;

1 (14) judges of the Tax Court;

2 (15) personnel employed on June 30, 1992, by the University
3 of Minnesota in the management, operation, or maintenance of its
4 heating plant facilities, whose employment transfers to an
5 employer assuming operation of the heating plant facilities, so
6 long as the person is employed at the University of Minnesota
7 heating plant by that employer or by its successor organization;
8 and

9 (16) seasonal help in the classified service employed by
10 the Department of Revenue; and

11 (17) persons employed by the Department of Commerce in the
12 Insurance Fraud Prevention under section 45.0135 who have
13 attained the mandatory retirement age specified in section
14 43A.34, subdivision 4.

15 (b) Employees specified in paragraph (a), clause (15), are
16 included employees under paragraph (a) if employer and employee
17 contributions are made in a timely manner in the amounts
18 required by section 352.04. Employee contributions must be
19 deducted from salary. Employer contributions are the sole
20 obligation of the employer assuming operation of the University
21 of Minnesota heating plant facilities or any successor
22 organizations to that employer.

23 Sec. 3. Minnesota Statutes 2004, section 352.91, is
24 amended by adding a subdivision to read:

25 Subd. 4a. [PROCESS FOR EVALUATING AND RECOMMENDING
26 POTENTIAL EMPLOYMENT POSITIONS FOR MEMBERSHIP INCLUSION.] (a)
27 The Department of Corrections and the Department of Human
28 Services must establish a procedure for evaluating periodic
29 requests by department employees for qualification for
30 recommendation by the commissioner for inclusion of the
31 employment position in the correctional facility or human
32 services facility in the correctional retirement plan and for
33 periodically determining employment positions that no longer
34 qualify for continued correctional retirement plan coverage.

35 (b) The procedure must provide for an evaluation of the
36 extent of the employee's working time spent in direct contact

1 with patients or inmates, the extent of the physical hazard that
2 the employee is routinely subjected to in the course of
3 employment, and the extent of intervention routinely expected of
4 the employee in the event of a facility incident. The
5 percentage of routine direct contact with inmates or patients
6 may not be less than 75 percent.

7 (c) The applicable commissioner shall notify the employee
8 of the determination of the appropriateness of recommending the
9 employment position for inclusion in the correctional retirement
10 plan, if the evaluation procedure results in a finding that the
11 employee:

12 (1) routinely spends 75 percent of the employee's time in
13 direct contact with inmates or patients; and

14 (2) is regularly engaged in the rehabilitation, treatment,
15 custody, or supervision of inmates or patients.

16 (d) After providing the affected employee an opportunity to
17 dispute or clarify any evaluation determinations, if the
18 commissioner determines that the employment position is
19 appropriate for inclusion in the correctional retirement plan,
20 the commissioner shall forward that recommendation and
21 supporting documentation to the chair of the Legislative
22 Commission on Pensions and Retirement, the chair of the State
23 and Local Governmental Operations Committee of the senate, the
24 chair of the Governmental Operations and Veterans Affairs Policy
25 Committee of the house of representatives, and the executive
26 director of the Legislative Commission on Pensions and
27 Retirement in the form of the appropriate proposed legislation.
28 The recommendation must be forwarded to the legislature before
29 January 15 for the recommendation to be considered in that
30 year's legislative session.

31 Sec. 4. Minnesota Statutes 2004, section 352B.01,
32 subdivision 2, is amended to read:

33 Subd. 2. [MEMBER.] "Member" means:

34 (1) a State Patrol member currently employed after June 30,
35 1943, under section 299D.03 by the state, who is a peace officer
36 under section 626.84, and whose salary or compensation is paid

1 out of state funds;

2 (2) a conservation officer employed under section 97A.201,
3 currently employed by the state, whose salary or compensation is
4 paid out of state funds;

5 (3) a crime bureau officer who was employed by the crime
6 bureau and was a member of the Highway Patrolmen's retirement
7 fund on July 1, 1978, whether or not that person has the power
8 of arrest by warrant after that date, or who is employed as
9 police personnel, with powers of arrest by warrant under section
10 299C.04, and who is currently employed by the state, and whose
11 salary or compensation is paid out of state funds;

12 (4) a person who is employed by the state in the Department
13 of Public Safety in a data processing management position with
14 salary or compensation paid from state funds, who was a crime
15 bureau officer covered by the State Patrol retirement plan on
16 August 15, 1987, and who was initially hired in the data
17 processing management position within the department during
18 September 1987, or January 1988, with membership continuing for
19 the duration of the person's employment in that position,
20 whether or not the person has the power of arrest by warrant
21 after August 15, 1987;

22 (5) a public safety employee defined as a peace officer in
23 section 626.84, subdivision 1, paragraph (c), and employed with
24 the Division of Alcohol and Gambling Enforcement under section
25 299L.01; and

26 (6) a Fugitive Apprehension Unit officer after October 31,
27 2000, employed by the Office of Special Investigations of the
28 Department of Corrections who is a peace officer under section
29 626.84; and

30 (7) a commerce employee defined as a peace officer in
31 section 626.84, subdivision 1, paragraph (c), employed with the
32 Division of Insurance Fraud Prevention under section 45.0135
33 after January 1, 2005, and who has not attained the mandatory
34 retirement age specified in section 43A.34, subdivision 4.

35 Sec. 5. Minnesota Statutes 2004, section 353.01,
36 subdivision 6, is amended to read:

1 Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental
2 subdivision" means a county, city, town, school district within
3 this state, or a department or unit of state government, or any
4 public body whose revenues are derived from taxation, fees,
5 assessments or from other sources.

6 (b) Governmental subdivision also means the Public
7 Employees Retirement Association, the League of Minnesota
8 Cities, the Association of Metropolitan Municipalities, public
9 hospitals owned or operated by, or an integral part of, a
10 governmental subdivision or governmental subdivisions, the
11 Association of Minnesota Counties, the Metropolitan Intercounty
12 Association, the Minnesota Municipal Utilities Association, the
13 Metropolitan Airports Commission, the University of Minnesota
14 with respect to police officers covered by the public employees
15 police and fire retirement plan, the Minneapolis Employees
16 Retirement Fund for employment initially commenced after June
17 30, 1979, the Range Association of Municipalities and Schools,
18 soil and water conservation districts, economic development
19 authorities created or operating under sections 469.090 to
20 469.108, the Port Authority of the city of St. Paul, the Spring
21 Lake Park Fire Department, incorporated, the Lake Johanna
22 Volunteer Fire Department, incorporated, the Red Wing
23 Environmental Learning Center, and the Dakota County
24 Agricultural Society.

25 (c) Governmental subdivision does not mean any municipal
26 housing and redevelopment authority organized under the
27 provisions of sections 469.001 to 469.047; or any port authority
28 organized under sections 469.048 to 469.089 other than the Port
29 Authority of the city of St. Paul; or any hospital district
30 organized or reorganized prior to July 1, 1975, under sections
31 447.31 to 447.37 or the successor of the district, nor the
32 Minneapolis Community Development Agency.

33 Sec. 6. Minnesota Statutes 2004, section 353.64, is
34 amended by adding a subdivision to read:

35 Subd. 6a. [UNIVERSITY OF MINNESOTA POLICE OFFICERS;
36 EXCLUSION.] (a) Unless paragraph (b) applies, a person who is

1 employed as a peace officer by the University of Minnesota at
 2 any campus or facility of the university, who is required by the
 3 university to be and is licensed as a peace officer by the
 4 Minnesota Peace Officer Standards and Training Board under
 5 section 626.84 to 626.863, and who has the full power of arrest
 6 is a member of the police and fire retirement plan.

7 (b) A police officer employed by the University of
 8 Minnesota who is required by the Board of Regents to contribute
 9 to the University of Minnesota faculty retirement plan is not
 10 eligible to be a member of the public employees police and fire
 11 fund.

12 Sec. 7. [EFFECTIVE DATE.]

13 (a) Sections 1, 3, 5, and 6 are effective on July 1, 2005.

14 (b) Sections 2 and 4 are effective retroactively to January
 15 1, 2005.

16 ARTICLE 6

17 RETIREMENT CONTRIBUTIONS

18 Section 1. Minnesota Statutes 2004, section 353.28,
 19 subdivision 5, is amended to read:

20 Subd. 5. [~~INTEREST CHARGES CHARGEABLE ON AMOUNTS DUE.~~] Any
 21 amount due under this section or section 353.27, subdivision 4,
 22 is payable with interest at an annual compound rate of 8.5
 23 percent ~~compounded-annually~~ from the date due until the date
 24 payment is received by the association, with a minimum interest
 25 charge of \$10. ~~Interest-for-past-due-payments-of-excess-police~~
 26 ~~state-aid-under-section-69-0317-subdivision-57-must-be-charged~~
 27 ~~at-an-annual-rate-of-8.5-percent-compounded-annually.~~

28 Sec. 2. Minnesota Statutes 2004, section 353.28,
 29 subdivision 6, is amended to read:

30 Subd. 6. [~~FAILURE-TO-PAY~~ COLLECTION OF UNPAID AMOUNTS.] (a)
 31 If the a governmental subdivision which receives the direct
 32 proceeds of property taxation fails to pay amounts an amount due
 33 under chapters chapter 353, 353A, 353B, 353C, and or 353D or
 34 ~~fails-to-make-payments-of-excess-police-state-aid-to-the-public~~
 35 ~~employees-police-and-fire-fund-under-section-69-0317-subdivision~~
 36 5, the executive director shall certify these-amounts the amount

1 to the governmental subdivision for payment. If the
 2 governmental subdivision fails to remit the sum so due in a
 3 timely fashion, the executive director shall certify ~~amounts~~ the
 4 amount to the applicable county auditor for collection. The
 5 county auditor shall collect ~~such-amounts~~ the amount out of the
 6 revenue of the governmental subdivision, or shall add ~~them~~ the
 7 amount to the levy of the governmental subdivision and make
 8 payment directly to the association. This tax ~~shall~~ must be
 9 levied, collected, and apportioned in the manner that other
 10 taxes are levied, collected, and apportioned.

11 (b) If a governmental subdivision which is not funded
 12 directly from the proceeds of property taxation fails to pay an
 13 amount due under this chapter, the executive director shall
 14 certify the amount to the governmental subdivision for payment.
 15 If the governmental subdivision fails to pay the amount for a
 16 period of 60 days after certification, the executive director
 17 shall certify the amount to the commissioner of finance, who
 18 shall deduct the amount from any subsequent state-aid payment or
 19 state appropriation amount applicable to the governmental
 20 subdivision.

21 Sec. 3. [EFFECTIVE DATE.]

22 Sections 1 and 2 are effective July 1, 2005.

23 ARTICLE 7

24 PENSION BENEFITS UPON PRIVATIZATION

25 Section 1. Minnesota Statutes 2004, section 353F.02,
 26 subdivision 4, is amended to read:

27 Subd. 4. [MEDICAL FACILITY.] "Medical facility" means:

- 28 (1) Bridges Medical Services;
 29 (2) the Fair Oaks Lodge, Wadena;
 30 ~~(2)~~ (3) the Glencoe Area Health Center;
 31 ~~(3)~~ (4) the Hutchinson Area Health Care;
 32 (5) the Kanabec Hospital;
 33 ~~(4)~~ (6) the Luverne Public Hospital;
 34 (7) the Northfield Hospital;
 35 ~~(5)~~ (8) the RenVilla Nursing Home;
 36 ~~(6)~~ (9) the Renville County Hospital in Olivia;

1 ~~(7)~~ (10) the St. Peter Community Healthcare Center; and
2 ~~(8)~~ (11) the Waconia-Ridgeview Medical Center.

3 Sec. 2. Laws 2004, chapter 267, article 12, section 4, is
4 amended to read:

5 Sec. 4. [EFFECTIVE DATE.]

6 (a) Section 1, relating to the Fair Oaks Lodge, Wadena, is
7 effective upon the latter of:

8 (1) the day after the governing body of Todd County and its
9 chief clerical officer timely complete their compliance with
10 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

11 (2) the day after the governing body of Wadena County and
12 its chief clerical officer timely complete their compliance with
13 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

14 (b) Section 1, relating to the RenVilla Nursing Home, is
15 effective upon the latter of:

16 (1) the day after the governing body of the city of
17 Renville and its chief clerical officer timely complete their
18 compliance with Minnesota Statutes, section 645.021,
19 subdivisions 2 and 3, except that the certificate of approval
20 must be filed before January 1, 2006; and

21 (2) the first day of the month next following certification
22 to the governing body of the city of Renville by the executive
23 director of the Public Employees Retirement Association that the
24 actuarial accrued liability of the special benefit coverage
25 proposed for extension to the privatized RenVilla Nursing Home
26 employees under section 1 does not exceed the actuarial gain
27 otherwise to be accrued by the Public Employees Retirement
28 Association, as calculated by the consulting actuary retained by
29 the Legislative Commission on Pensions and Retirement, or the
30 actuary retained under Minnesota Statutes, section 356.214,
31 whichever is applicable.

32 (c) The cost of the actuarial calculations must be borne by
33 the city of Renville or the purchaser of the RenVilla Nursing
34 Home.

35 (d) Section 1, relating to the St. Peter Community
36 Healthcare Center, is effective upon the latter of:

1 (1) the day after the governing body of the city of St.
2 Peter and its chief clerical officer timely complete their
3 compliance with Minnesota Statutes, section 645.021,
4 subdivisions 2 and 3; and

5 (2) the first day of the month next following certification
6 to the governing body of the city of St. Peter by the executive
7 director of the Public Employees Retirement Association that the
8 actuarial accrued liability of the special benefit coverage
9 proposed for extension to the privatized St. Peter Community
10 Healthcare Center employees under section 1 does not exceed the
11 actuarial gain otherwise to be accrued by the Public Employees
12 Retirement Association, as calculated by the consulting actuary
13 retained by the Legislative Commission on Pensions and
14 Retirement, or the actuary retained under Minnesota Statutes,
15 section 356.214, whichever is applicable.

16 (e) The cost of the actuarial calculations must be borne by
17 the city of St. Peter or the purchaser of the St. Peter
18 Community Healthcare Center.

19 (f) If the required actions under paragraphs (b) and (c)
20 occur, section 1 applies retroactively to the RenVilla Nursing
21 Home as of the date of privatization.

22 (g) If the required actions under paragraph (a) occur,
23 section 1 applies retroactively to Fair Oaks Lodge, Wadena, as
24 of January 1, 2004.

25 (h) Sections 2 and 3 are effective on the day following
26 final enactment. of January 1, 2004.

27 Sec. 3. [EFFECTIVE DATE.]

28 (a) Section 1, relating to Bridges Medical Services, is
29 effective upon the later of:

30 (1) the day after the governing body of the city of Ada and
31 its chief clerical officer timely complete their compliance with
32 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

33 (2) the first day of the month next following certification
34 to the governing body of the city of Ada by the executive
35 director of the Public Employees Retirement Association that the
36 actuarial accrued liability of the special benefit coverage

1 proposed for extension to the privatized Bridges Medical
2 Services employees under section 1 does not exceed the actuarial
3 gain otherwise to be accrued by the Public Employees Retirement
4 Association, as calculated by the consulting actuary retained
5 under Minnesota Statutes, section 356.214.

6 (b) Section 1, relating to the Hutchinson Area Health Care,
7 is effective upon the later of:

8 (1) the day after the governing body of the city of
9 Hutchinson and its chief clerical officer timely complete their
10 compliance with Minnesota Statutes, section 645.021,
11 subdivisions 2 and 3; and

12 (2) the first day of the month next following certification
13 to the governing body of the city of Hutchinson by the executive
14 director of the Public Employees Retirement Association that the
15 actuarial accrued liability of the special benefit coverage
16 proposed for extension to the privatized Hutchinson Area Health
17 Care employees under section 1 does not exceed the actuarial
18 gain otherwise to be accrued by the Public Employees Retirement
19 Association, as calculated by the consulting actuary retained by
20 the Legislative Commission on Pensions and Retirement.

21 (c) Section 1, relating to the Northfield Hospital, is
22 effective upon the later of:

23 (1) the day after the governing body of the city of
24 Hutchinson and its chief clerical officer timely complete their
25 compliance with Minnesota Statutes, section 645.021,
26 subdivisions 2 and 3; and

27 (2) the first day of the month next following certification
28 to the governing body of the city of Hutchinson by the executive
29 director of the Public Employees Retirement Association that the
30 actuarial accrued liability of the special benefit coverage
31 proposed for extension to the privatized Hutchinson Area Health
32 Care employees under section 1 does not exceed the actuarial
33 gain otherwise to be accrued by the Public Employees Retirement
34 Association, as calculated by the consulting actuary retained by
35 the Legislative Commission on Pensions and Retirement.

36 (d) The cost of the actuarial calculations must be borne by

1 the facility, the city in which the facility is located, or the
2 purchaser of the facility.

3 (e) If the required actions in paragraphs (a), (b), or (c)
4 and (d) occur, section 1 applies retroactively to the date of
5 privatization.

6 (f) Section 2 is effective on the day following final
7 enactment.

8 ARTICLE 8

9 FIRST CLASS CITY TEACHER

10 RETIREMENT FUND ASSOCIATIONS

11 Section 1. Minnesota Statutes 2004, section 354A.021, is
12 amended by adding a subdivision to read:

13 Subd. 9. [UPDATED ARTICLES OF INCORPORATION AND BYLAWS;
14 FILING.] (a) On or before July 1, 2006, and within six months of
15 the date of the approval of any amendment to the articles of
16 incorporation or bylaws, the chief administrative officer of
17 each first class city teacher retirement fund association shall
18 prepare and publish an updated compilation of the articles of
19 incorporation and the bylaws of the association.

20 (b) The chief administrative officer of the first class
21 city teacher retirement fund association must certify the
22 accuracy and the completeness of the compilation.

23 (c) The compilation of the articles of incorporation and
24 bylaws of a first class city teacher retirement fund association
25 must contain an index.

26 (d) The compilation must be made available to association
27 members and other interested parties. The association may
28 charge a fee for a copy that reflects the price of printing or
29 otherwise producing the copy. Two copies of the compilation
30 must be filed, without charge, by each retirement fund
31 association with the Legislation Commission on Pensions and
32 Retirement, the Legislative Reference Library, the state
33 auditor, the commissioner of education, the chancellor of the
34 Minnesota State Colleges and Universities System, and the
35 superintendent of the applicable school district.

36 (e) A first class city teacher retirement fund association

1 may contract with the revisor of statutes for the preparation of
2 the compilation.

3 (f) If a first class city teacher retirement fund
4 association makes an updated copy of its articles of
5 incorporation and bylaws available on its Web site, the
6 retirement fund association is not obligated to file a hard copy
7 of the documents under paragraph (d) for the applicable filing
8 period.

9 Sec. 2. [EFFECTIVE DATE.]

10 Section 1 is effective July 1, 2005.

11 ARTICLE 9

12 MNSCU IRAP CHANGES

13 Section 1. Minnesota Statutes 2004, section 354B.25,
14 subdivision 2, is amended to read:

15 Subd. 2. [INVESTMENT OPTIONS.] (a) The plan administrator
16 shall arrange for the purchase of investment products.

17 (b) The investment products must be purchased with
18 contributions under section 354B.23 or with money or assets
19 otherwise provided by law by authority of the board.

20 (c) Various investment accounts offered through the
21 Minnesota supplemental investment fund established under section
22 11A.17 and administered by the State Board of Investment ~~is one~~
23 of the ~~may be included as~~ investment products for the individual
24 retirement account plan. Direct access must also be provided to
25 lower expense and no-load mutual funds, as those terms are
26 defined by the federal Securities and Exchange Commission,
27 including stock funds, bond funds, and balanced funds. Other
28 investment products or combination of investment products which
29 may be included are:

30 (1) savings accounts at federally insured financial
31 institutions;

32 (2) life insurance contracts, fixed and variable annuity
33 contracts from companies that are subject to regulation by the
34 commerce commissioner;

35 (3) investment options from open-ended investment companies
36 registered under the federal Investment Company Act of 1940,

1 United States Code, title 15, sections 80a-1 to 80a-64;

2 (4) investment options from a firm that is a registered
3 investment advisor under the federal Investment Advisers Act of
4 1940, United States Code, title 15, sections 80b-1 to 80b-21;
5 and

6 (5) investment options of a bank as defined in United
7 States Code, title 15, section 80b-2, subsection (a), paragraph
8 2, or a bank holding company as defined in the Bank Holding
9 Company Act of 1956, United States Code, title 12, section 1841,
10 subsection (a), paragraph (1).

11 Sec. 2. [EFFECTIVE DATE.]

12 Section 1 is effective the day following final enactment.

13 ARTICLE 10

14 SUPPLEMENTAL RETIREMENT PLANS

15 Section 1. Minnesota Statutes 2004, section 356.24,
16 subdivision 1, is amended to read:

17 Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful
18 for a school district or other governmental subdivision or state
19 agency to levy taxes for, or to contribute public funds to a
20 supplemental pension or deferred compensation plan that is
21 established, maintained, and operated in addition to a primary
22 pension program for the benefit of the governmental subdivision
23 employees other than:

24 (1) to a supplemental pension plan that was established,
25 maintained, and operated before May 6, 1971;

26 (2) to a plan that provides solely for group health,
27 hospital, disability, or death benefits;

28 (3) to the individual retirement account plan established
29 by chapter 354B;

30 (4) to a plan that provides solely for severance pay under
31 section 465.72 to a retiring or terminating employee;

32 (5) for employees other than personnel employed by the
33 Board of Trustees of the Minnesota State Colleges and
34 Universities and covered under the Higher Education Supplemental
35 Retirement Plan under chapter 354C, if the supplemental plan
36 coverage is provided for in a personnel policy of the public

1 employer or in the collective bargaining agreement between the
2 public employer and the exclusive representative of public
3 employees in an appropriate unit, in an amount matching employee
4 contributions on a dollar for dollar basis, but not to exceed an
5 employer contribution of \$2,000 a year per employee;

6 (i) to the state of Minnesota deferred compensation plan
7 under section 352.96; or

8 (ii) in payment of the applicable portion of the
9 contribution made to any investment eligible under section
10 403(b) of the Internal Revenue Code, if the employing unit has
11 complied with any applicable pension plan provisions of the
12 Internal Revenue Code with respect to the tax-sheltered annuity
13 program during the preceding calendar year;

14 (6) for personnel employed by the Board of Trustees of the
15 Minnesota State Colleges and Universities and not covered by
16 clause (5), to the supplemental retirement plan under chapter
17 354C, if the supplemental plan coverage is provided for in a
18 personnel policy or in the collective bargaining agreement of
19 the public employer with the exclusive representative of the
20 covered employees in an appropriate unit, in an amount matching
21 employee contributions on a dollar for dollar basis, but not to
22 exceed an employer contribution of \$2,700 a year for each
23 employee;

24 (7) to a supplemental plan or to a governmental trust to
25 save for postretirement health care expenses qualified for
26 tax-preferred treatment under the Internal Revenue Code, if the
27 supplemental plan coverage is provided for in a personnel policy
28 or in the collective bargaining agreement of a public employer
29 with the exclusive representative of the covered employees in an
30 appropriate unit;

31 (8) to the laborer's national industrial pension fund or to
32 a laborer's local pension fund for the employees of a
33 governmental subdivision who are covered by a collective
34 bargaining agreement that provides for coverage by that fund and
35 that sets forth a fund contribution rate, but not to exceed an
36 employer contribution of ~~\$2,000~~ \$5,000 per year per employee;

1 (9) to the plumbers' and pipefitters' national pension fund
2 or to a plumbers' and pipefitters' local pension fund for the
3 employees of a governmental subdivision who are covered by a
4 collective bargaining agreement that provides for coverage by
5 that fund and that sets forth a fund contribution rate, but not
6 to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per
7 employee;

8 (10) to the international union of operating engineers
9 pension fund for the employees of a governmental subdivision who
10 are covered by a collective bargaining agreement that provides
11 for coverage by that fund and that sets forth a fund
12 contribution rate, but not to exceed an employer contribution of
13 ~~\$2,000~~ \$5,000 per year per employee; or

14 (11) to a supplemental plan organized and operated under
15 the federal Internal Revenue Code, as amended, that is wholly
16 and solely funded by the employee's accumulated sick leave,
17 accumulated vacation leave, and accumulated severance pay at the
18 date of retirement or the termination of active employment.

19 Sec. 2. [EFFECTIVE DATE.]

20 Section 1 is effective on the day following final enactment.

21 ARTICLE 11

22 VOLUNTEER FIREFIGHTER RELIEF

23 ASSOCIATION CHANGES

24 Section 1. Minnesota Statutes 2004, section 69.051,
25 subdivision 1, is amended to read:

26 Subdivision 1. [FINANCIAL REPORT AND AUDIT.] The board of
27 each salaried firefighters' relief association, police relief
28 association, and volunteer firefighters' relief association as
29 defined in section 424A.001, subdivision 4, with assets of at
30 least \$200,000 or liabilities of at least \$200,000 in the prior
31 year or in any previous year, according to the ~~most-recent~~
32 applicable actuarial valuation or financial report if no
33 valuation is required, shall:

34 (1) prepare a financial report covering the special and
35 general funds of the relief association for the preceding fiscal
36 year on a form prescribed by the state auditor. The financial

1 report ~~shall~~ must contain financial statements and disclosures
2 which present the true financial condition of the relief
3 association and the results of relief association operations in
4 conformity with generally accepted accounting principles and in
5 compliance with the regulatory, financing and funding provisions
6 of this chapter and any other applicable laws. The financial
7 report ~~shall~~ must be countersigned by the municipal clerk or
8 clerk-treasurer of the municipality in which the relief
9 association is located if the relief association is a
10 firefighters' relief association which is directly associated
11 with a municipal fire department or is a police relief
12 association, or countersigned by the secretary of the
13 independent nonprofit firefighting corporation and by the
14 municipal clerk or clerk-treasurer of the largest municipality
15 in population which contracts with the independent nonprofit
16 firefighting corporation if the Volunteer Firefighter Relief
17 Association is a subsidiary of an independent nonprofit
18 firefighting corporation;

19 (2) file the financial report in its office for public
20 inspection and present it to the city council after the close of
21 the fiscal year. One copy of the financial report ~~shall~~ must be
22 furnished to the state auditor after the close of the fiscal
23 year; and

24 (3) submit to the state auditor audited financial
25 statements which have been attested to by a certified public
26 accountant, public accountant, or the state auditor within 180
27 days after the close of the fiscal year. The state auditor may
28 accept this report in lieu of the report required in clause (2).

29 Sec. 2. Minnesota Statutes 2004, section 69.051,
30 subdivision 1a, is amended to read:

31 Subd. 1a. [FINANCIAL STATEMENT.] (a) The board of each
32 volunteer firefighters' relief association, as defined in
33 section 424A.001, subdivision 4, ~~with-assets-of-less-than~~
34 ~~\$200,000-and-liabilities-less-than-\$200,000,--according-to-the~~
35 ~~most-recent-financial-report,--shall~~ that is not required to file
36 a financial report and audit under subdivision 1 must prepare a

1 detailed statement of the financial affairs for the preceding
2 fiscal year of the relief association's special and general
3 funds in the style and form prescribed by the state auditor.
4 The detailed statement must show the sources and amounts of all
5 money received; all disbursements, accounts payable and accounts
6 receivable; the amount of money remaining in the treasury; total
7 assets including a listing of all investments; the accrued
8 liabilities; and all items necessary to show accurately the
9 revenues and expenditures and financial position of the relief
10 association.

11 (b) The detailed financial statement required under
12 paragraph (a) must be certified by an independent public
13 accountant or auditor or by the auditor or accountant who
14 regularly examines or audits the financial transactions of the
15 municipality. In addition to certifying the financial condition
16 of the special and general funds of the relief association, the
17 accountant or auditor conducting the examination shall give an
18 opinion as to the condition of the special and general funds of
19 the relief association, and shall comment upon any exceptions to
20 the report. The independent accountant or auditor ~~shall~~ must
21 have at least five years of public accounting, auditing, or
22 similar experience, and ~~shall~~ must not be an active, inactive,
23 or retired member of the relief association or the fire or
24 police department.

25 (c) The detailed statement required under paragraph (a)
26 must be countersigned by the municipal clerk or clerk-treasurer
27 of the municipality, or, where applicable, by the secretary of
28 the independent nonprofit firefighting corporation and by the
29 municipal clerk or clerk-treasurer of the largest municipality
30 in population which contracts with the independent nonprofit
31 firefighting corporation if the relief association is a
32 subsidiary of an independent nonprofit firefighting corporation.

33 (d) The volunteer firefighters' relief association board
34 must file the detailed statement required under paragraph (a) in
35 the relief association office for public inspection and present
36 it to the city council within 45 days after the close of the

1 fiscal year, and must submit a copy of the detailed statement to
2 the state auditor within 90 days of the close of the fiscal year.

3 Sec. 3. Minnesota Statutes 2004, section 69.771, is
4 amended to read:

5 69.771 [VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
6 FINANCING GUIDELINES ACT; APPLICATION.]

7 Subdivision 1. [COVERED RELIEF ASSOCIATIONS.] The
8 applicable provisions of sections 69.771 to 69.776 ~~shall~~ apply
9 to any firefighters' relief association other than a relief
10 association enumerated in section 69.77, subdivision 1a, which
11 is organized under any laws of this state, which is composed of
12 volunteer firefighters or is composed partially of volunteer
13 firefighters and partially of salaried firefighters with
14 retirement coverage provided by the public employees police and
15 fire fund and which, in either case, operates subject to the
16 service pension minimum requirements for entitlement and
17 maximums contained in section 424A.02, or subject to a special
18 law modifying those requirements or maximums.

19 Subd. 2. [AUTHORIZED EMPLOYER SUPPORT FOR A RELIEF
20 ASSOCIATION.] Notwithstanding any law to the contrary, a
21 municipality may lawfully contribute public funds, including the
22 transfer of any applicable fire state aid, or may levy property
23 taxes for the support of a firefighters' relief association
24 specified in subdivision 1, however organized, which provides
25 retirement coverage or pays a service pension to retired
26 firefighter or a retirement benefit to a disabled firefighter or
27 a surviving dependent of either an active or retired firefighter
28 for the operation and maintenance of the relief association only
29 if the municipality and the relief association both comply with
30 the applicable provisions of sections 69.771 to 69.776.

31 Subd. 3. [REMEDY FOR NONCOMPLIANCE; DETERMINATION.]
32 Any (a) A municipality in which there exists a firefighters'
33 relief association as specified in subdivision 1 which does not
34 comply with the applicable provisions of sections 69.771 to
35 69.776 or the provisions of any applicable special law relating
36 to the funding or financing of the association ~~shall~~ does not

1 qualify initially to receive, ~~or-be~~ and is not entitled
2 subsequently to retain, fire state aid ~~pursuant-to~~ under
3 sections 69.011 to 69.051 until the reason for the
4 disqualification specified by the state auditor is remedied,
5 whereupon the municipality or relief association, if otherwise
6 qualified, ~~shall-be~~ is entitled to again receive fire state aid
7 for the year occurring immediately subsequent to the year in
8 which the disqualification is remedied.

9 (b) The state auditor shall determine if a municipality to
10 which a firefighters' relief association is directly associated
11 or a firefighters' relief association fails to comply with the
12 provisions of sections 69.771 to 69.776 or the funding or
13 financing provisions of any applicable special law based upon
14 the information contained in the annual financial report of the
15 firefighters' relief association required ~~pursuant-to~~ under
16 section 69.051, the actuarial valuation of the relief
17 association, if applicable, the relief association officers'
18 financial requirements of the relief association and minimum
19 municipal obligation determination documentation under section
20 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or
21 69.774, subdivision 2, if requested to be filed by the state
22 auditor, the applicable municipal or nonprofit firefighting
23 corporation budget, if requested to be filed by the state
24 auditor, and any other relevant documents or reports obtained by
25 the state auditor.

26 (c) The municipality or nonprofit firefighting corporation
27 and the associated relief association are not eligible to
28 receive or to retain fire state aid if:

29 (1) the relief association fails to prepare or to file the
30 financial report or financial statement under section 69.051;

31 (2) the relief association treasurer is not bonded in the
32 manner and in the amount required by section 69.051, subdivision
33 2;

34 (3) the relief association officers fail to determine or
35 improperly determine the accrued liability and the annual
36 accruing liability of the relief association under section

1 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if
2 applicable;

3 (4) if applicable, the relief association officers fail to
4 obtain and file a required actuarial valuation or the officers
5 file an actuarial valuation that does not contain the special
6 fund actuarial liability calculated under the entry age normal
7 actuarial cost method, the special fund current assets, the
8 special fund unfunded actuarial accrued liability, the special
9 fund normal cost under the entry age normal actuarial cost
10 method, the amortization requirement for the special fund
11 unfunded actuarial accrued liability by the applicable target
12 date, a summary of the applicable benefit plan, a summary of the
13 membership of the relief association, a summary of the actuarial
14 assumptions used in preparing the valuation, and a signed
15 statement by the actuary attesting to its results and certifying
16 to the qualifications of the actuary as an approved actuary
17 under section 356.215, subdivision 1, paragraph (c);

18 (5) the municipality failed to provide a municipal
19 contribution, or the nonprofit firefighting corporation failed
20 to provide a corporate contribution, in the amount equal to the
21 minimum municipal obligation if the relief association is
22 governed under section 69.772, or the amount necessary, when
23 added to the fire state aid actually received in the plan year
24 in question, to at least equal in total the calculated annual
25 financial requirements of the special fund of the relief
26 association if the relief association is governed under section
27 69.773, and, if the municipal or corporate contribution is
28 deficient, the municipality failed to include the minimum
29 municipal obligation certified under section 69.772, subdivision
30 3, or 69.773, subdivision 5, in its budget and tax levy or the
31 nonprofit firefighting corporation failed to include the minimum
32 corporate obligation certified under section 69.774, subdivision
33 2, in the corporate budget;

34 (6) the relief association did not receive municipal
35 ratification for the most recent plan amendment when municipal
36 ratification was required under section 69.772, subdivision 6;

1 69.773, subdivision 6; or 424A.02, subdivision 10;

2 (7) the relief association invested special fund assets in
3 an investment security that is not authorized under section
4 69.775;

5 (8) the relief association had an administrative expense
6 that is not authorized under section 69.80 or 424A.05,
7 subdivision 3, or the municipality had an expenditure that is
8 not authorized under section 424A.08;

9 (9) the relief association officers fail to provide a
10 complete and accurate public pension plan investment portfolio
11 and performance disclosure under section 356.219;

12 (10) the relief association fails to obtain the
13 acknowledgment from a broker of the statement of investment
14 restrictions under section 356A.06, subdivision 8b;

15 (11) the relief association officers permitted to occur a
16 prohibited transaction under section 356A.06, subdivision 9, or
17 424A.001, subdivision 7, or failed to undertake correction of a
18 prohibited transaction that did occur; or

19 (12) the relief association pays a defined benefit service
20 pension in an amount that is in excess of the applicable service
21 pension maximum under section 424A.02, subdivision 3.

22 Sec. 4. Minnesota Statutes 2004, section 69.772,
23 subdivision 3, is amended to read:

24 Subd. 3. [FINANCIAL REQUIREMENTS OF RELIEF ASSOCIATION;
25 MINIMUM OBLIGATION OF MUNICIPALITY.] (a) During the month of
26 July, the officers of the relief association shall determine the
27 overall funding balance of the special fund for the current
28 calendar year, the financial requirements of the special fund
29 for the following calendar year and the minimum obligation of
30 the municipality with respect to the special fund for the
31 following calendar year in accordance with the requirements of
32 this subdivision.

33 ~~(b)~~ (b) The overall funding balance of the special fund for
34 the current calendar year shall must be determined in the
35 following manner:

36 ~~(a)~~ (1) The total accrued liability of the special fund for

1 all active and deferred members of the relief association as of
2 December 31 of the current year ~~shall~~ must be calculated
3 ~~pursuant-to~~ under subdivisions 2 and 2a, if applicable.

4 (b) (2) The total present assets of the special fund
5 projected to December 31 of the current year, including receipts
6 by and disbursements from the special fund anticipated to occur
7 on or before December 31 ~~shall~~, must be calculated. To the
8 extent possible, for those assets for which a market value is
9 readily ascertainable, the current market value as of the date
10 of the calculation for those assets ~~shall~~ must be utilized in
11 making this calculation. For any asset for which no market
12 value is readily ascertainable, the cost value or the book
13 value, whichever is applicable, ~~shall~~ must be utilized in making
14 this calculation.

15 (c) (3) The amount of the total present assets of the
16 special fund calculated ~~pursuant-to~~ under clause (b)-~~shall~~ (2)
17 must be subtracted from the amount of the total accrued
18 liability of the special fund calculated ~~pursuant-to~~ under
19 clause (a) (1). If the amount of total present assets exceeds
20 the amount of the total accrued liability, then the special fund
21 ~~shall-be~~ is considered to have a surplus over full funding. If
22 the amount of the total present assets is less than the amount
23 of the total accrued liability, then the special fund ~~shall-be~~
24 is considered to have a deficit from full funding. If the
25 amount of total present assets is equal to the amount of the
26 total accrued liability, then the special fund ~~shall-be~~ is
27 considered to be fully funded.

28 (2) (c) The financial requirements of the special fund for
29 the following calendar year ~~shall~~ must be determined in the
30 following manner:

31 (a) (1) The total accrued liability of the special fund for
32 all active and deferred members of the relief association as of
33 December 31 of the calendar year next following the current
34 calendar year ~~shall~~ must be calculated ~~pursuant-to~~ under
35 subdivisions 2 and 2a, if applicable.

36 (b) (2) The increase in the total accrued liability of the

1 special fund for the following calendar year over the total
2 accrued liability of the special fund for the current year shall
3 must be calculated.

4 (e) (3) The amount of anticipated future administrative
5 expenses of the special fund shall must be calculated by
6 multiplying the dollar amount of the administrative expenses of
7 the special fund for the most recent prior calendar year by the
8 factor of 1.035.

9 (d) (4) If the special fund is fully funded, the financial
10 ~~requirement~~ requirements of the special fund for the following
11 calendar year shall-be are the ~~figure-which-represents-the~~
12 ~~increase-in-the~~ total ~~accrued-liability~~ of the ~~special-fund-as~~
13 amounts calculated ~~pursuant-to-subclause-(b)~~ under clauses (2)
14 and (3).

15 (e) (5) If the special fund has a deficit from full
16 funding, the financial requirements of the special fund for the
17 following calendar year shall-be are the financial requirements
18 of the special fund calculated as though the special fund were
19 fully funded ~~pursuant-to-subclause-(d)~~ under clause (4) plus an
20 amount equal to one-tenth of the original amount of the deficit
21 from full funding of the special fund as determined ~~pursuant-to~~
22 ~~this-section-for-the-calendar-year-1971-until-that-deficit-from~~
23 ~~full-funding-is-fully-retired, and-plus-an-amount-equal-to~~
24 ~~one-tenth-of-the-increase-in-the-deficit-from-full-funding-of~~
25 ~~the-special-fund~~ under clause (2) resulting either from an
26 increase in the amount of the service pension ~~accruing-after~~
27 ~~December-31, 1971~~ occurring in the last ten years or from a net
28 annual investment loss occurring during the last ten years until
29 each increase in the deficit from full funding is fully
30 retired. The annual amortization contribution under this clause
31 may not exceed the amount of the deficit from full funding.

32 (f) (6) If the special fund has a surplus over full
33 funding, the financial requirements of the special fund for the
34 following calendar year shall-be are the financial requirements
35 of the special fund calculated as though the special fund were
36 fully funded ~~pursuant-to-subclause-(d)~~ under clause (4) reduced

1 by an amount equal to one-tenth of the amount of the surplus
2 over full funding of the special fund.

3 ~~(3)~~ (d) The minimum obligation of the municipality with
4 respect to the special fund ~~shall be~~ is the financial
5 requirements of the special fund reduced by the amount of any
6 fire state aid payable ~~pursuant to~~ under sections 69.011 to
7 69.051 reasonably anticipated to be received by the municipality
8 for transmittal to the special fund during the following
9 calendar year, an amount of interest on the assets of the
10 special fund projected to the beginning of the following
11 calendar year calculated at the rate of five percent per annum,
12 and the amount of any anticipated contributions to the special
13 fund required by the relief association bylaws from the active
14 members of the relief association reasonably anticipated to be
15 received during the following calendar year. A reasonable
16 amount of anticipated fire state aid is an amount that does not
17 exceed the fire state aid actually received in the prior year
18 multiplied by the factor 1.035.

19 Sec. 5. Minnesota Statutes 2004, section 69.772,
20 subdivision 4, is amended to read:

21 Subd. 4. [CERTIFICATION OF FINANCIAL REQUIREMENTS AND
22 MINIMUM MUNICIPAL OBLIGATION; LEVY.] (a) The officers of the
23 relief association shall certify the financial requirements of
24 the special fund of the relief association and the minimum
25 obligation of the municipality with respect to the special fund
26 of the relief association as determined ~~pursuant to~~ under
27 subdivision 3 to the governing body of the municipality on or
28 before August 1 of each year. The financial requirements of the
29 relief association and the minimum municipal obligation must be
30 included in the financial report or financial statement under
31 section 69.051.

32 (b) The municipality shall provide for at least the minimum
33 obligation of the municipality with respect to the special fund
34 of the relief association by tax levy or from any other source
35 of public revenue.

36 (c) The municipality may levy taxes for the payment of the

1 minimum municipal obligation without any limitation as to rate
2 or amount and irrespective of any limitations imposed by other
3 provisions of law upon the rate or amount of taxation until the
4 balance of the special fund or any fund of the relief
5 association has attained a specified level. In addition, any
6 taxes levied ~~pursuant to~~ under this section ~~shall~~ must not cause
7 the amount or rate of any other taxes levied in that year or to
8 be levied in a subsequent year by the municipality which are
9 subject to a limitation as to rate or amount to be reduced.

10 (d) If the municipality does not include the full amount of
11 the minimum municipal obligations in its levy for any year, the
12 officers of the relief association shall certify that amount to
13 the county auditor, who shall spread a levy in the amount of the
14 certified minimum municipal obligation on the taxable property
15 of the municipality.

16 (e) If the state auditor determines that a municipal
17 contribution actually made in a plan year was insufficient under
18 section 69.771, subdivision 3, paragraph (c), clause (5), the
19 state auditor may request a copy of the certifications under
20 this subdivision from the relief association or from the city.
21 The relief association or the city, whichever applies, must
22 provide the certifications within 14 days of the date of the
23 request from the state auditor.

24 Sec. 6. Minnesota Statutes 2004, section 69.773,
25 subdivision 4, is amended to read:

26 Subd. 4. [FINANCIAL REQUIREMENTS OF SPECIAL FUND.] Prior
27 to (a) On or before August 1 of each year, the officers of the
28 relief association shall determine the financial requirements of
29 the special fund of the relief association in accordance with
30 the requirements of this subdivision.

31 (b) The financial requirements of the relief
32 association ~~shall~~ must be based on the most recent actuarial
33 valuation of the special fund prepared in accordance with
34 subdivision 2. If the relief association has an unfunded
35 actuarial accrued liability as reported in the most recent
36 actuarial valuation, the financial requirements ~~shall~~ must be

1 determined by adding the figures calculated ~~pursuant-to~~ under
2 paragraph (d), clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(c)~~ (3). If
3 the relief association does not have an unfunded actuarial
4 accrued liability as reported in the most recent actuarial
5 valuation, the financial requirements ~~shall~~ must be an amount
6 equal to the figure calculated ~~pursuant-to~~ under paragraph (d),
7 clauses ~~(a)~~ (1) and ~~(b)~~ (2), reduced by an amount equal to
8 one-tenth of the amount of any assets in excess of the actuarial
9 accrued liability of the relief association.

10 (c) The determination of whether or not the relief
11 association has an unfunded actuarial accrued liability
12 ~~shall~~ must be based on the current market value of assets for
13 which a market value is readily ascertainable and the cost or
14 book value, whichever is applicable, for assets for which no
15 market value is readily ascertainable.

16 ~~(a)~~ (d) The components of the financial requirements of the
17 relief association are the following:

18 (1) The normal level cost requirement for the following
19 year, expressed as a dollar amount, ~~shall-be~~ is the figure for
20 the normal level cost of the relief association as reported in
21 the actuarial valuation.

22 ~~(b)~~ (2) The amount of anticipated future administrative
23 expenses of the special fund ~~shall~~ must be calculated by
24 multiplying the dollar amount of the administrative expenses of
25 the special fund for the most recent prior calendar year by the
26 factor of 1.035.

27 ~~(c)~~ (3) The amortization contribution requirement to retire
28 the current unfunded actuarial accrued liability by the
29 established date for full funding ~~shall-be~~ is the figure for the
30 amortization contribution as reported in the actuarial
31 valuation. If there has not been a change in the actuarial
32 assumptions used for calculating the actuarial accrued liability
33 of the special fund, a change in the bylaws of the relief
34 association governing the service pensions, retirement benefits,
35 or both, payable from the special fund, or a change in the
36 actuarial cost method used to value all or a portion of the

1 special fund which change or changes, which by themselves,
2 without inclusion of any other items of increase or decrease,
3 produce a net increase in the unfunded actuarial accrued
4 liability of the special fund ~~since-December-31-1970~~, the
5 established date for full funding ~~shall-be~~ is the December 31-
6 ~~1990~~ occurring ten years later. If there has been a change in
7 the actuarial assumptions used for calculating the actuarial
8 accrued liability of the special fund, a change in the bylaws of
9 the relief association governing the service pensions,
10 retirement benefits, or both payable from the special fund or a
11 change in the actuarial cost method used to value all or a
12 portion of the special fund and the change or changes, by
13 themselves and without inclusion of any other items of increase
14 or decrease, produce a net increase in the unfunded actuarial
15 accrued liability of the special fund ~~since-December-31-1970~~
16 ~~but-prior-to-January-1-1979~~ within the past 20 years, the
17 established date for full funding ~~shall-be-December-31-1998~~
18 ~~and-if-there-has-been-a-change-since-December-31-1978~~ ~~the~~
19 ~~established-date-for-full-funding-shall~~ must be determined using
20 the following procedure:

21 (i) the unfunded actuarial accrued liability of the special
22 fund attributable to experience losses that have occurred since
23 the most recent prior actuarial valuation must be determined and
24 the level annual dollar contribution needed to amortize the
25 experience loss over a period of ten years ending on the
26 December 31 occurring ten years later must be calculated;

27 (ii) the unfunded actuarial accrued liability of the
28 special fund ~~shall~~ must be determined in accordance with the
29 provisions governing service pensions, retirement benefits, and
30 actuarial assumptions in effect before an applicable change;

31 ~~(ii)~~ (iii) the level annual dollar contribution needed to
32 amortize this unfunded actuarial accrued liability amount by the
33 date for full funding in effect ~~prior-to~~ before the change ~~shall~~
34 must be calculated using the interest assumption specified in
35 section 356.215, subdivision 8, in effect before any applicable
36 change;

1 ~~(iii)~~ (iv) the unfunded actuarial accrued liability of the
2 special fund ~~shall~~ must be determined in accordance with any new
3 provisions governing service pensions, retirement benefits, and
4 actuarial assumptions and the remaining provisions governing
5 service pensions, retirement benefits, and actuarial assumptions
6 in effect before an applicable change;

7 ~~(iv)~~ (v) the level annual dollar contribution needed to
8 amortize the difference between the unfunded actuarial accrued
9 liability amount calculated ~~pursuant-to-subclause-(i)~~ under item
10 (ii) and the unfunded actuarial accrued liability amount
11 calculated ~~pursuant-to-subclause-(iii)~~ under item (iv) over a
12 period of 20 years starting December 31 of the year in which the
13 change is effective ~~shall~~ must be calculated using the interest
14 assumption specified in section 356.215, subdivision 8, in
15 effect after any applicable change;

16 ~~(v)~~ (vi) the annual amortization contribution calculated
17 ~~pursuant-to-subclause-(iv)-shall~~ under item (v) must be added to
18 the annual amortization contribution calculated ~~pursuant-to~~
19 ~~subclause-(iii)~~ under items (i) and (iii);

20 ~~(vi)~~ (vii) the period in which the unfunded actuarial
21 accrued liability amount determined in ~~subclause-(iii)~~ item (iv)
22 will be amortized by the total annual amortization contribution
23 computed ~~pursuant-to-subclause-(v)-shall~~ under item (vi) must be
24 calculated using the interest assumption specified in section
25 356.215, subdivision 8, in effect after any applicable change,
26 rounded to the nearest integral number of years, but which ~~shall~~
27 must not exceed a period of 20 years from the end of the year in
28 which the determination of the date for full funding using this
29 procedure is made and which ~~shall~~ must not be less than the
30 period of years beginning in the year in which the determination
31 of the date for full funding using this procedure is made and
32 ending by the date for full funding in effect before the change;

33 ~~(vii)~~ (viii) the period determined ~~pursuant-to-subclause~~
34 ~~(vi)-shall~~ under item (vii) must be added to the date as of
35 which the actuarial valuation was prepared and the resulting
36 date ~~shall-be~~ is the new date for full funding.

1 Sec. 7. Minnesota Statutes 2004, section 69.773,
2 subdivision 5, is amended to read:

3 Subd. 5. [MINIMUM MUNICIPAL OBLIGATION.] (a) The officers
4 of the relief association shall determine the minimum obligation
5 of the municipality with respect to the special fund of the
6 relief association for the following calendar year ~~prior-to~~ on
7 or before August 1 of each year in accordance with the
8 requirements of this subdivision.

9 (b) The minimum obligation of the municipality with respect
10 to the special fund ~~shall-be~~ is an amount equal to the financial
11 requirements of the special fund of the relief association
12 determined ~~pursuant-to~~ under subdivision 4, reduced by the
13 estimated amount of any fire state aid payable ~~pursuant-to~~ under
14 sections 69.011 to 69.051 reasonably anticipated to be received
15 by the municipality for transmittal to the special fund of the
16 relief association during the following year and the amount of
17 any anticipated contributions to the special fund required by
18 the relief association bylaws from the active members of the
19 relief association reasonably anticipated to be received during
20 the following calendar year. A reasonable amount of anticipated
21 fire state aid is an amount that does not exceed the fire state
22 aid actually received in the prior year multiplied by the factor
23 1.035.

24 (c) The officers of the relief association shall certify
25 the financial requirements of the special fund of the relief
26 association and the minimum obligation of the municipality with
27 respect to the special fund of the relief association as
28 determined ~~pursuant-to~~ under subdivision 4 and this subdivision
29 to the governing body of the municipality by August 1 of each
30 year. The financial requirements of the relief association and
31 the minimum municipal obligation must be included in the
32 financial report or financial statement under section 69.051.

33 (d) The municipality shall provide for at least the minimum
34 obligation of the municipality with respect to the special fund
35 of the relief association by tax levy or from any other source
36 of public revenue. The municipality may levy taxes for the

1 payment of the minimum municipal obligation without any
2 limitation as to rate or amount and irrespective of any
3 limitations imposed by other provisions of law or charter upon
4 the rate or amount of taxation until the balance of the special
5 fund or any fund of the relief association has attained a
6 specified level. In addition, any taxes levied ~~pursuant-to~~
7 under this section shall must not cause the amount or rate of
8 any other taxes levied in that year or to be levied in a
9 subsequent year by the municipality which are subject to a
10 limitation as to rate or amount to be reduced.

11 (e) If the municipality does not include the full amount of
12 the minimum municipal obligation in its levy for any year, the
13 officers of the relief association shall certify that amount to
14 the county auditor, who shall spread a levy in the amount of the
15 minimum municipal obligation on the taxable property of the
16 municipality.

17 (f) If the state auditor determines that a municipal
18 contribution actually made in a plan year was insufficient under
19 section 69.771, subdivision 3, paragraph (c), clause (5), the
20 state auditor may request from the relief association or from
21 the city a copy of the certifications under this subdivision.
22 The relief association or the city, whichever applies, must
23 provide the certifications within 14 days of the date of the
24 request from the state auditor.

25 Sec. 8. Minnesota Statutes 2004, section 69.775, is
26 amended to read:

27 69.775 [INVESTMENTS.]

28 (a) The special fund assets of the a relief associations
29 association governed by sections 69.771 to 69.776 must be
30 invested in securities that are authorized investments under
31 section 356A.06, subdivision 6 or 7.

32 (b) Notwithstanding the foregoing, up to 75 percent of the
33 market value of the assets of the special fund, not including
34 any money market mutual funds, may be invested in open-end
35 investment companies registered under the federal Investment
36 Company Act of 1940, if the portfolio investments of the

1 investment companies comply with the type of securities
2 authorized for investment under section 356A.06, subdivision 7.

3 (c) Securities held by the associations before June 2,
4 1989, that do not meet the requirements of this section may be
5 retained after that date if they were proper investments for the
6 association on that date.

7 (d) The governing board of the association may select and
8 appoint investment agencies to act for and in its behalf or may
9 certify special fund assets for investment by the State Board of
10 Investment under section 11A.17.

11 (e) The governing board of the association may certify
12 general fund assets of the relief association for investment by
13 the State Board of Investment in fixed income pools or in a
14 separately managed account at the discretion of the State Board
15 of Investment as provided in section 11A.14.

16 (f) The governing board of the association may select and
17 appoint a qualified private firm to measure management
18 performance and return on investment, and the firm shall use the
19 formula or formulas developed by the state board under section
20 11A.04, clause (11).

21 Sec. 9. Minnesota Statutes 2004, section 356A.06,
22 subdivision 7, is amended to read:

23 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
24 SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise
25 authorized by law or bylaws, a covered pension plan not
26 described by subdivision 6, paragraph (a), may invest its assets
27 only in accordance with this subdivision.

28 (b) [SECURITIES GENERALLY.] The covered pension plan has
29 the authority to purchase, sell, lend, or exchange the
30 securities specified in paragraphs (c) to ~~(g)~~ (h), including
31 puts and call options and future contracts traded on a contract
32 market regulated by a governmental agency or by a financial
33 institution regulated by a governmental agency. These
34 securities may be owned as units in commingled trusts that own
35 the securities described in paragraphs (c) to ~~(g)~~ (h).

36 (c). [GOVERNMENT OBLIGATIONS.] The covered pension plan may

1 invest funds in governmental bonds, notes, bills, mortgages, and
2 other evidences of indebtedness provided the issue is backed by
3 the full faith and credit of the issuer or the issue is rated
4 among the top four quality rating categories by a nationally
5 recognized rating agency. The obligations in which funds may be
6 invested under this paragraph include guaranteed or insured
7 issues of (1) the United States, its agencies, its
8 instrumentalities, or organizations created and regulated by an
9 act of Congress; (2) Canada and its provinces, provided the
10 principal and interest is payable in United States dollars; (3)
11 the states and their municipalities, political subdivisions,
12 agencies, or instrumentalities; (4) the International Bank for
13 Reconstruction and Development, the Inter-American Development
14 Bank, the Asian Development Bank, the African Development Bank,
15 or any other United States government sponsored organization of
16 which the United States is a member, provided the principal and
17 interest is payable in United States dollars.

18 (d) [CORPORATE OBLIGATIONS.] The covered pension plan may
19 invest funds in bonds, notes, debentures, transportation
20 equipment obligations, or any other longer term evidences of
21 indebtedness issued or guaranteed by a corporation organized
22 under the laws of the United States or any state thereof, or the
23 Dominion of Canada or any province thereof if they conform to
24 the following provisions:

25 (1) the principal and interest of obligations of
26 corporations incorporated or organized under the laws of the
27 Dominion of Canada or any province thereof must be payable in
28 United States dollars; and

29 (2) obligations must be rated among the top four quality
30 categories by a nationally recognized rating agency.

31 (e) [OTHER OBLIGATIONS.] (1) The covered pension plan may
32 invest funds in bankers acceptances, certificates of deposit,
33 deposit notes, commercial paper, mortgage participation
34 certificates and pools, asset backed securities, repurchase
35 agreements and reverse repurchase agreements, guaranteed
36 investment contracts, savings accounts, and guaranty fund

1 certificates, surplus notes, or debentures of domestic mutual
2 insurance companies if they conform to the following provisions:

3 (i) bankers acceptances and deposit notes of United States
4 banks are limited to those issued by banks rated in the highest
5 four quality categories by a nationally recognized rating
6 agency;

7 (ii) certificates of deposit are limited to those issued by
8 (A) United States banks and savings institutions that are rated
9 in the highest four quality categories by a nationally
10 recognized rating agency or whose certificates of deposit are
11 fully insured by federal agencies; or (B) credit unions in
12 amounts up to the limit of insurance coverage provided by the
13 National Credit Union Administration;

14 (iii) commercial paper is limited to those issued by United
15 States corporations or their Canadian subsidiaries and rated in
16 the highest two quality categories by a nationally recognized
17 rating agency;

18 (iv) mortgage participation or pass through certificates
19 evidencing interests in pools of first mortgages or trust deeds
20 on improved real estate located in the United States where the
21 loan to value ratio for each loan as calculated in accordance
22 with section 61A.28, subdivision 3, does not exceed 80 percent
23 for fully amortizable residential properties and in all other
24 respects meets the requirements of section 61A.28, subdivision
25 3;

26 (v) collateral for repurchase agreements and reverse
27 repurchase agreements is limited to letters of credit and
28 securities authorized in this section;

29 (vi) guaranteed investment contracts are limited to those
30 issued by insurance companies or banks rated in the top four
31 quality categories by a nationally recognized rating agency or
32 to alternative guaranteed investment contracts where the
33 underlying assets comply with the requirements of this
34 subdivision;

35 (vii) savings accounts are limited to those fully insured
36 by federal agencies; and

1 (viii) asset backed securities must be rated in the top
2 four quality categories by a nationally recognized rating agency.

3 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do
4 not apply to certificates of deposit and collateralization
5 agreements executed by the covered pension plan under clause
6 (1), item (ii).

7 (3) In addition to investments authorized by clause (1),
8 item (iv), the covered pension plan may purchase from the
9 Minnesota Housing Finance Agency all or any part of a pool of
10 residential mortgages, not in default, that has previously been
11 financed by the issuance of bonds or notes of the agency. The
12 covered pension plan may also enter into a commitment with the
13 agency, at the time of any issue of bonds or notes, to purchase
14 at a specified future date, not exceeding 12 years from the date
15 of the issue, the amount of mortgage loans then outstanding and
16 not in default that have been made or purchased from the
17 proceeds of the bonds or notes. The covered pension plan may
18 charge reasonable fees for any such commitment and may agree to
19 purchase the mortgage loans at a price sufficient to produce a
20 yield to the covered pension plan comparable, in its judgment,
21 to the yield available on similar mortgage loans at the date of
22 the bonds or notes. The covered pension plan may also enter
23 into agreements with the agency for the investment of any
24 portion of the funds of the agency. The agreement must cover
25 the period of the investment, withdrawal privileges, and any
26 guaranteed rate of return.

27 (f) [CORPORATE STOCKS.] The covered pension plan may
28 invest funds in stocks or convertible issues of any corporation
29 organized under the laws of the United States or the states
30 thereof, any corporation organized under the laws of the
31 Dominion of Canada or its provinces, or any corporation listed
32 on the-New-York-Stock-Exchange-or-the-American-Stock-Exchange an
33 exchange regulated by an agency of the United States or of the
34 Canadian national government, if they conform to the following
35 provisions:

36 (1) the aggregate value of corporate stock investments, as

1 adjusted for realized profits and losses, must not exceed 85
2 percent of the market or book value, whichever is less, of a
3 fund, less the aggregate value of investments according to
4 subdivision-6 paragraph (h);

5 (2) investments must not exceed five percent of the total
6 outstanding shares of any one corporation.

7 (g) [EXCHANGE TRADED FUNDS.] The covered pension plan may
8 invest funds in exchange traded funds, subject to the maximums,
9 the requirements, and the limitations set forth in paragraph
10 (d), (e), (f), or (h), whichever applies.

11 (h) [OTHER INVESTMENTS.] (1) In addition to the
12 investments authorized in paragraphs (b) to ~~(f)~~ (g), and subject
13 to the provisions in clause (2), the covered pension plan may
14 invest funds in:

15 (i) venture capital investment businesses through
16 participation in limited partnerships and corporations;

17 (ii) real estate ownership interests or loans secured by
18 mortgages or deeds of trust through investment in limited
19 partnerships, bank sponsored collective funds, trusts, and
20 insurance company commingled accounts, including separate
21 accounts;

22 (iii) regional and mutual funds through bank sponsored
23 collective funds and open-end investment companies registered
24 under the Federal Investment Company Act of 1940;

25 (iv) resource investments through limited partnerships,
26 private placements, and corporations; and

27 (v) international securities.

28 (2) The investments authorized in clause (1) must conform
29 to the following provisions:

30 (i) the aggregate value of all investments made according
31 to clause (1) may not exceed 35 percent of the market value of
32 the fund for which the covered pension plan is investing;

33 (ii) there must be at least four unrelated owners of the
34 investment other than the state board for investments made under
35 clause (1), item (i), (ii), (iii), or (iv);

36 (iii) covered pension plan participation in an investment

1 vehicle is limited to 20 percent thereof for investments made
2 under clause (1), item (i), (ii), (iii), or (iv); and
3 (iv) covered pension plan participation in a limited
4 partnership does not include a general partnership interest or
5 other interest involving general liability. The covered pension
6 plan may not engage in any activity as a limited partner which
7 creates general liability.

8 Sec. 10. Minnesota Statutes 2004, section 424A.02,
9 subdivision 3, is amended to read:

10 Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) Annually
11 on or before August 1 as part of the certification of the
12 financial requirements and minimum municipal obligation
13 determined under section 69.772, subdivision 4, or 69.773,
14 subdivision 5, as applicable, the secretary or some other
15 official of the relief association designated in the bylaws of
16 each relief association shall calculate and certify to the
17 governing body of the applicable qualified municipality the
18 average amount of available financing per active covered
19 firefighter for the most recent three-year period. The amount
20 of available financing shall include any amounts of fire state
21 aid received or receivable by the relief association, any
22 amounts of municipal contributions to the relief association
23 raised from levies on real estate or from other available
24 revenue sources exclusive of fire state aid, and one-tenth of
25 the amount of assets in excess of the accrued liabilities of the
26 relief association calculated under section 69.772, subdivision
27 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if
28 any.

29 (b) The maximum service pension which the relief
30 association has authority to provide for in its bylaws for
31 payment to a member retiring after the calculation date when the
32 minimum age and service requirements specified in subdivision 1
33 are met must be determined using the table in paragraph (c) or
34 (d), whichever applies.

35 (c) For a relief association where the governing bylaws
36 provide for a monthly service pension to a retiring member, the

1 maximum monthly service pension amount per month for each year
 2 of service credited that may be provided for in the bylaws is
 3 the greater of the service pension amount provided for in the
 4 bylaws on the date of the calculation of the average amount of
 5 the available financing per active covered firefighter or the
 6 maximum service pension figure corresponding to the average
 7 amount of available financing per active covered firefighter:

8	Minimum Average Amount of	Maximum Service Pension
9	Available Financing per	Amount Payable per Month
10	Firefighter	for Each Year of Service
11	\$...	\$.25
12	42 <u>41</u>	.50
13	84 <u>81</u>	1.00
14	126 <u>122</u>	1.50
15	168 <u>162</u>	2.00
16	209 <u>203</u>	2.50
17	252 <u>243</u>	3.00
18	294 <u>284</u>	3.50
19	335 <u>324</u>	4.00
20	378 <u>365</u>	4.50
21	420 <u>405</u>	5.00
22	503 <u>486</u>	6.00
23	587 <u>567</u>	7.00
24	672 <u>648</u>	8.00
25	755 <u>729</u>	9.00
26	839 <u>810</u>	10.00
27	923 <u>891</u>	11.00
28	1007 <u>972</u>	12.00
29	1090 <u>1053</u>	13.00
30	1175 <u>1134</u>	14.00
31	1259 <u>1215</u>	15.00
32	1342 <u>1296</u>	16.00
33	1427 <u>1377</u>	17.00
34	1510 <u>1458</u>	18.00
35	1594 <u>1539</u>	19.00
36	1677 <u>1620</u>	20.00

1	1762 <u>1701</u>	21.00
2	1845 <u>1782</u>	22.00
3	1888 <u>1823</u>	22.50
4	1929 <u>1863</u>	23.00
5	2014 <u>1944</u>	24.00
6	2098 <u>2025</u>	25.00
7	2183 <u>2106</u>	26.00
8	2267 <u>2187</u>	27.00
9	2351 <u>2268</u>	28.00
10	2436 <u>2349</u>	29.00
11	2520 <u>2430</u>	30.00
12	2604 <u>2511</u>	31.00
13	2689 <u>2592</u>	32.00
14	2773 <u>2673</u>	33.00
15	2857 <u>2754</u>	34.00
16	2942 <u>2834</u>	35.00
17	3026 <u>2916</u>	36.00
18	3110 <u>2997</u>	37.00
19	3194 <u>3078</u>	38.00
20	3278 <u>3159</u>	39.00
21	3362 <u>3240</u>	40.00
22	3446 <u>3321</u>	41.00
23	3530 <u>3402</u>	42.00
24	3614 <u>3483</u>	43.00
25	3698 <u>3564</u>	44.00
26	3782 <u>3645</u>	45.00
27	3866 <u>3726</u>	46.00
28	3950 <u>3807</u>	47.00
29	4034 <u>3888</u>	48.00
30	4118 <u>3969</u>	49.00
31	4202 <u>4050</u>	50.00
32	4286 <u>4131</u>	51.00
33	4370 <u>4212</u>	52.00
34	Effective beginning December 31, 2003:	
35	4454 <u>4293</u>	53.00
36	4538 <u>4374</u>	54.00

1 M moves to amend S.F. No.; H.F. No.
2, as follows:

3 Page ..., after line ..., insert:

4 "Sec. .. [CROSBY-IRONTON PUBLIC SCHOOL STRIKE PROVISION.]

5 Notwithstanding the payment deadline specified in proposed
6 section 356.095, subdivision 2, paragraph (b), a Crosby-Ironton
7 public school teacher covered by the Teachers Retirement
8 Association who was on strike during a period that included
9 April 1, 2005, and before the effective date of this section, is
10 authorized to make a payment under that paragraph on or before
11 one year after the effective date of this section."

12 Page ⁵¹!, after line ³⁰., insert:

13 "Sec. .. [EFFECTIVE DATE.] *pg 52 after line 1*

14 Section .. [the Crosby-Ironton public school strike
15 provision] is effective on the day following final enactment."

16 Renumber the sections in sequence

17 Correct the internal references

18 Amend the title accordingly

1 M moves to amend S.F. No. 427; H.F. No.
2 2092 (Document LCPR05-231), as follows:

3 Page 50, after line 36, insert:

4 "Sec. 2. Laws 1999, chapter 222, article 16, section 16,
5 as amended by Laws 2002, chapter 392, article 7, section 1, and
6 Laws 2003, First Special Session chapter 12, article 6, section
7 2, and Laws 2004, chapter 267, article 17, section 6, is amended
8 to read:

9 Sec. 16. [REPEALER.]

10 (a) Sections 2 to 6 and 8 to 13 are repealed on May 16,
11 2004.

12 (b) Sections 1 and 7 are repealed on May 16, 2006 2007.

13 Sec. 3. Laws 2000, chapter 461, article 4, section 4, as
14 amended by Laws 2003, First Special Session chapter 12, article
15 6, section 3, and Laws 2004, chapter 267, article 17, section 7,
16 is amended to read:

17 Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

18 (a) Sections 1, 2, and 3 are effective on the day following
19 final enactment.

20 (b) Sections 1, 2, and 3, are repealed on May 16, 2006
21 2007."

22 Page 51, line 32, delete "3" and insert "5"

23 Page 51, line 34, after "(b)" insert "Sections 2 and 3 are
24 effective on the day following final enactment.

25 (c)" and delete "2" and insert "4"

26 Renumber the sections in sequence and correct internal
27 references

28 Amend the title accordingly

- 1 M moves to amend the amendment to S.F. No.
- 2 427; H.F. No. 2092 (Document LCPR05-231), as follows:
- 3 Page 16, line 24, delete "trustees" and insert "directors
- 4 of the Minnesota State Retirement System"
- 5 Page 16, line 25, after "356.214" insert "and approved
- 6 under section 356.215, subdivision 18,
- 7 Page 18, line 32, strike "payable" and insert "paid"
- 8 Page 49, line 28, after the first "years" insert "out"
- 9 Page 49, line 29, strike "event of maturity of benefits"
- 10 and insert "termination of judicial service"
- 11 Page 49, line 30, delete the underscored period and after
- 12 "service" insert "by the judge equals or exceeds ten. If the
- 13 number of years of service by the judge"
- 14 Page 49, line 31, after "ten," insert "but more than five,"
- 15 Page 49, line 32, after "service" insert "by the judge"
- 16 Page 49, line 33, delete "during" and insert "for" and
- 17 before "must" insert "of service"

1 M moves to amend S.F. No. 427; H.F. No.
2 2092 (Document LCPR05-231), as follows:

3 Page 51, line 1, after "date." insert "For a person for
4 whom section 2 is retroactive, the equivalent contribution
5 payment must be made on or before July 1, 2006."

6 Page 57, line 26, after "to" insert "be a member of"

7 Page 59, line 11, after "Commerce" insert "as a peace
8 officer"

9 Page 59, line 12, after "Prevention" insert "Division"

10 Page 61, line 30, delete "a commerce" and insert "an" and
11 after "employee" insert "of the Department of Commerce"

12 Page 61, line 31, before "employed" insert "who is" and
13 delete "with" and insert "by"

14 Page 63, line 6, before "police" insert "public employees"

15 Page 63, line 11, delete "fund" and insert "retirement plan"

16 Page 95, strike line 34

17 Page 99, strike line 1

18 Page 104, line 34, strike "who are the elected officials"

19 Page 108, line 28, delete "and 14 to 17" and insert ", 14,
20 15, and 17"

21 Page 108, after line 31, insert:

22 "(c) Section 16 is effective on the day following final
23 enactment."

24 Page 108, line 17, delete ", Economic Development, and
25 Judiciary"

26 Page 108, line 19, delete "Policy"

27 Page 120, line 25, strike "shall" and insert "must" and
28 before the second "state" insert "general"

29 Page 124, line 19, strike "shall" and insert "must"

30 Page 125, line 22, delete the underscored language and
31 insert "applicable preretirement interest actuarial assumption
32 rate"

33 Page 151, line 32, strike "is" and insert "was"

34 Page 159, after line 54, insert:

35 "Bloomington Fire Department Relief

36 Association

4.0"

1 Senator moves to amend S.F. No. 427 (LCPR05-231) as
2 follows:

3 Page 157, after line 35, insert:

4 "Sec. 80. [POLICE AND FIRE FUND SURVIVOR BENEFITS.]

5 Notwithstanding any provision of Minnesota Statutes,
6 section 353.657, subdivision 1, requiring a specified period of
7 marriage to obtain survivor benefits, the surviving spouse of a
8 St. Louis Park police officer killed while serving on active
9 duty in Iraq is entitled to survivor benefits provided under
10 Minnesota Statutes, section 353.657, through the public
11 employees police and fire plan.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment."

14 Renumber the sections in sequence and correct the internal
15 references

16 Amend the title accordingly

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 427: A bill for an act relating to retirement;
4 elective state officers retirement plan; amending Minnesota
5 Statutes 2004, section 352C.091, subdivision 1; proposing coding
6 for new law in Minnesota Statutes, chapter 352C; repealing
7 Minnesota Statutes 2004, sections 352C.01; 352C.011; 352C.021;
8 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091,
9 subdivisions 2, 3.

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

12 Delete everything after the enacting clause and insert:

13 "2005 OMNIBUS RETIREMENT BILL

14 ARTICLE 1

15 CLARIFICATION/RECODIFICATION OF

16 STATEWIDE SPECIALTY RETIREMENT PLANS

17 Section 1. Minnesota Statutes 2004, section 3A.01,
18 subdivision 1, is amended to read:

19 Subdivision 1. [PURPOSES.] Each of the terms defined in
20 this section, for the purposes of this chapter shall be
21 given has the meanings meaning ascribed to them.

22 Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended
23 by adding a subdivision to read:

24 Subd. 1a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
25 means the condition of one allowance or benefit having an equal
26 actuarial present value to another allowance or benefit,
27 determined by the actuary retained under section 356.214 as of a
28 given date at a specified age with each actuarial present value
29 based on the mortality table applicable for the plan and
30 approved under section 356.215, subdivision 18, and using the
31 applicable preretirement or postretirement interest rate
32 assumption specified in section 356.215, subdivision 8.

33 Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended
34 by adding a subdivision to read:

35 Subd. 1b. [AVERAGE MONTHLY SALARY.] "Average monthly
36 salary" means the average of the member's highest five
37 successive years of salary that was received as a member of the
38 legislature and upon which the member has made contributions
39 under section 3A.03, subdivision 1, or for which the member of
40 the legislature has made payments for past service under section

1 3A.02, subdivision 2, or has made, before July 1, 1994, payments
2 in lieu of contributions under Minnesota Statutes 1992, section
3 3A.031.

4 Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended
5 by adding a subdivision to read:

6 Subd. 1c. [CONSTITUTIONAL OFFICER.] "Constitutional
7 officer" means a person who was duly elected, qualifies for, and
8 serves as the governor, the lieutenant governor, the attorney
9 general, the secretary of state, or the state auditor of the
10 state of Minnesota.

11 Sec. 5. Minnesota Statutes 2004, section 3A.01,
12 subdivision 2, is amended to read:

13 Subd. 2. [DEPENDENT CHILD.] (a) "Dependent child" means
14 any natural or adopted child of a deceased member of the
15 legislature or a former legislator who is under the age of 18,
16 or who is under the age of 22 and is a full-time student, and
17 who, in either case, is unmarried and was actually dependent for
18 more than one-half of support upon ~~such~~ the legislator for a
19 period of at least 90 days immediately ~~prior-to~~ before the
20 legislator's death. ~~It~~

21 (b) The term also includes any child of the member of the
22 legislature or former legislator who was conceived during the
23 lifetime of, and who was born after the death of, the member or
24 former legislator. ~~This-subdivision-shall-be-retroactive-as-to~~
25 ~~any-dependent-child-under-the-age-of-22-years-as-of-April-1,~~
26 ~~1975-~~

27 Sec. 6. Minnesota Statutes 2004, section 3A.01,
28 subdivision 6, is amended to read:

29 Subd. 6. [DIRECTOR.] "Director" means the executive
30 director of the Minnesota State Retirement System who was
31 appointed under section 352.03, subdivision 5.

32 Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended
33 by adding a subdivision to read:

34 Subd. 6b. [FORMER LEGISLATOR.] "Former legislator" means a
35 legislator who has ceased to be a member of the legislature for
36 any reason, including, but not limited to, the expiration of the

1 term for which a member of the legislature was elected or the
2 death of the member.

3 Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended
4 by adding a subdivision to read:

5 Subd. 6c. [MEMBER OF THE LEGISLATURE.] "Member of the
6 legislature" means a person who was a member of the House of
7 Representatives or of the Senate of the state of Minnesota who
8 has subscribed to the oath of office after July 1, 1965, and who
9 was first elected to a legislative office before July 1, 1997,
10 and retained coverage by the plan under Laws 1997, chapter 233,
11 article 2, section 15.

12 Sec. 9. Minnesota Statutes 2004, section 3A.01,
13 subdivision 8, is amended to read:

14 Subd. 8. [NORMAL RETIREMENT AGE.] "Normal retirement age"
15 means the age of 60-years-with-regard-to-any-member-of-the
16 legislature-whose-service-terminates-prior-to-the-beginning-of
17 the-1981-legislative-session,-and-the-age-of 62 years with
18 regard-to-any-member-of-the-legislature-whose-service-terminates
19 after-the-beginning-of-the-1981-session.

20 Sec. 10. Minnesota Statutes 2004, section 3A.01, is
21 amended by adding a subdivision to read:

22 Subd. 9. [RETIREMENT.] "Retirement" means the period of
23 time after which a former legislator is entitled to a retirement
24 allowance.

25 Sec. 11. Minnesota Statutes 2004, section 3A.01, is
26 amended by adding a subdivision to read:

27 Subd. 10. [SALARY.] (a) "Salary" means the regular
28 compensation payable under law to a member of the legislature
29 and paid to the person for service as a legislator.

30 (b) The term includes the monthly compensation paid to the
31 member of the legislature and the per diem payments paid during
32 a regular or special session to the member of the legislature.

33 (c) The term does not include per diem payments paid to a
34 member of the legislature other than during the regular or
35 special session; additional compensation attributable to a
36 leadership position under section 3.099, subdivision 3; living

1 expense payments under section 3.101; and special session living
2 expense payments under section 3.103.

3 Sec. 12. Minnesota Statutes 2004, section 3A.011, is
4 amended to read:

5 3A.011 [ADMINISTRATION OF PLAN.]

6 The executive director and the board of directors of the
7 Minnesota State Retirement System shall administer the
8 legislators retirement plan in accordance with this chapter and
9 chapter 356A.

10 Sec. 13. Minnesota Statutes 2004, section 3A.02,
11 subdivision 1, is amended to read:

12 Subdivision 1. [QUALIFICATIONS.] (a) A former legislator
13 is entitled, upon written application to the director, to
14 receive a retirement allowance monthly, if the person:

15 (1) has either served at least six full years, without
16 regard to the application of section 3A.10, subdivision 2, or
17 has served during all or part of four regular sessions as a
18 member of the legislature, which service need not be continuous;

19 (2) has attained the normal retirement age;

20 (3) has retired as a member of the legislature; and

21 (4) has made all contributions provided for in section
22 3A.03, has made payments for past service under subdivision 2,
23 or has made payments in lieu of contributions under Minnesota
24 Statutes 1992, section 3A.031, ~~prior to~~ before July 1, 1994.

25 ~~(b) This paragraph applies to members of the legislature~~
26 ~~who terminate service as a legislator before July 1, 1997. For~~
27 ~~service rendered before the beginning of the 1979 legislative~~
28 ~~session, but not to exceed eight years of service, the~~
29 ~~retirement allowance is an amount equal to five percent per year~~
30 ~~of service of that member's average monthly salary. For service~~
31 ~~in excess of eight years rendered before the beginning of the~~
32 ~~1979 legislative session, and for service rendered after the~~
33 ~~beginning of the 1979 legislative session, Unless the former~~
34 ~~legislator has legislative service before January 1, 1979, the~~
35 ~~retirement allowance is an amount equal to 2-1/2 percent per~~
36 ~~year of service of that member's average monthly salary.~~

1 ~~(e)~~-This-paragraph-applies-to-members-of-the-legislature
2 who-terminate-service-as-a-legislator-after-June-30,-1997---The
3 retirement-allowance-is-an-amount-equal-to-the-applicable-rate
4 or-rates-under-paragraph-(b)-per-year-of-service-of-the-member's
5 average-monthly-salary and adjusted for that person on an
6 actuarial equivalent basis to reflect the change in the
7 postretirement interest rate actuarial assumption under section
8 356.215, subdivision 8, from five percent to six percent. The
9 adjustment must be calculated by or, alternatively, the
10 adjustment procedure must be specified by, the actuary retained
11 ~~by-the-Legislative-Commission-on-Pensions-and-Retirement~~ under
12 section 356.214. The purpose of this adjustment is to ensure
13 that the total amount of benefits that the actuary predicts an
14 individual member will receive over the member's lifetime under
15 this paragraph will be the same as the total amount of benefits
16 the actuary predicts the individual member would receive over
17 the member's lifetime under the law in effect before enactment
18 of this paragraph. If the former legislator has legislative
19 service before January 1, 1979, the person's benefit must
20 include the additional benefit amount in effect on January 1,
21 1979, and adjusted as otherwise provided in this paragraph.

22 ~~(d)~~ (c) The retirement allowance accrues beginning with the
23 first day of the month of receipt of the application, but not
24 before age 60, and for the remainder of the former legislator's
25 life, if the former legislator is not serving as a member of the
26 legislature or as a constitutional officer ~~or-commissioner~~ as
27 defined in section ~~352C-0217-subdivisions-2-and-3~~ 3A.01,
28 subdivision 1c. The annuity does not begin to accrue ~~prior-to~~
29 before the person's retirement as a legislator. No annuity
30 payment may be made retroactive for more than 180 days before
31 the date that the annuity application is filed with the director.

32 ~~(e)~~ (d) Any member who has served during all or part of
33 four regular sessions is considered to have served eight years
34 as a member of the legislature.

35 ~~(f)~~ (e) The retirement allowance ceases with the last
36 payment that accrued to the retired legislator during the

1 retired legislator's lifetime, except that the surviving spouse,
2 if any, is entitled to receive the retirement allowance of the
3 retired legislator for the calendar month in which the retired
4 legislator died.

5 Sec. 14. Minnesota Statutes 2004, section 3A.02,
6 subdivision 1b, is amended to read:

7 Subd. 1b. [REDUCED RETIREMENT ALLOWANCE.] (a) Upon
8 separation from service after the beginning of the 1981
9 legislative session, a former member of the legislature who has
10 attained the age set by the board of directors of the Minnesota
11 State Retirement System and who is otherwise qualified in
12 accordance with under subdivision 1 is entitled, upon making
13 written application on ~~forms-supplied~~ a form prescribed by the
14 director, to a reduced retirement allowance in. The reduced
15 retirement allowance is an amount equal to the retirement
16 allowance specified in subdivision 1, paragraph (b), that is
17 reduced so that the reduced annuity allowance is the actuarial
18 equivalent of the annuity allowance that would be payable if the
19 former member of the legislature deferred receipt of the annuity
20 allowance and the annuity allowance amount were was augmented
21 at an annual rate of three percent compounded annually from the
22 date the annuity allowance begins to accrue until age 62.

23 (b) The age set by the board of directors under paragraph
24 (a) cannot be ~~less~~ an earlier age than the early retirement age
25 under section 352.116, subdivision 1a.

26 (c) If there is an actuarial cost to the plan of resetting
27 the early retirement age under paragraph (a), the retired
28 legislator is required to pay an additional amount to cover the
29 full actuarial value. The additional amount must be paid in a
30 lump sum within 30 days of the certification of the amount by
31 the executive director.

32 (d) The executive director of the Minnesota State
33 Retirement System shall report to the Legislative Commission on
34 Pensions and Retirement on the utilization of this
35 provision annually on or before September 17-2000.

36 Sec. 15. Minnesota Statutes 2004, section 3A.02,

1 subdivision 3, is amended to read:

2 Subd. 3. [APPROPRIATION.] The amounts required for payment
 3 of retirement allowances provided by this section are
 4 appropriated annually to the director from the participation of
 5 the legislators retirement plan in the Minnesota postretirement
 6 investment fund ~~and shall~~. The retirement allowance must be
 7 paid monthly to the recipients entitled thereto to those
 8 retirement allowances.

9 Sec. 16. Minnesota Statutes 2004, section 3A.02,
 10 subdivision 4, is amended to read:

11 Subd. 4. [DEFERRED ANNUITIES AUGMENTATION.] (a) The
 12 deferred annuity retirement allowance of any former legislator
 13 must be augmented as provided herein.

14 (b) The required reserves applicable to the
 15 deferred annuity retirement allowance, determined as of the date
 16 the benefit begins to accrue using an appropriate mortality
 17 table and an interest assumption of six percent, must be
 18 augmented from the first of the month following the termination
 19 of active service, or July 1, 1973, whichever is later, to the
 20 first day of the month in which the annuity allowance begins to
 21 accrue, at the following annually compounded rate of five
 22 ~~percent-per-annum-compounded-annually-until-January-1, 1981, and~~
 23 ~~thereafter-at-the-rate-of-three-percent-per-annum-compounded~~
 24 ~~annually-until-January-1-of-the-year-in-which-the-former~~
 25 ~~legislator-attains-age-55.---From-that-date-to-the-effective-date~~
 26 ~~of-retirement, the rate is five-percent-compounded-annually. or~~
 27 rates:

<u>rate</u>	<u>period</u>
(1) <u>five percent</u>	<u>until January 1, 1981</u>
(2) <u>three percent</u>	<u>from January 1, 1981, or from the</u> <u>first day of the month following</u> <u>the termination of active service,</u> <u>whichever is later, until January 1</u> <u>of the year in which the former</u> <u>legislator attains age 55</u>

36

1 at least age 60 and who dies while a member of the legislature
2 may elect an optional joint and survivor annuity under paragraph
3 (a), in lieu of surviving spouse benefits under section 3A.04,
4 subdivision 1.

5 Sec. 18. Minnesota Statutes 2004, section 3A.03,
6 subdivision 1, is amended to read:

7 Subdivision 1. [PERCENTAGE.] (a) Every member of the
8 legislature shall contribute nine percent of total salary~~7~~.

9 (b) The contribution must be made by payroll deduction~~7~~
10 ~~to~~ and must be paid into the state treasury and deposited in the
11 general fund. ~~It shall be the duty of~~

12 (c) The director ~~to~~ must record the periodic contributions
13 of each member of the legislature and must credit ~~such~~ each
14 contribution to the member's account.

15 Sec. 19. Minnesota Statutes 2004, section 3A.03,
16 subdivision 2, is amended to read:

17 Subd. 2. [REFUND.] (a) A former member who has made
18 contributions under subdivision 1 and who is no longer a member
19 of the legislature is entitled to receive, upon written
20 application to the executive director on a form prescribed by
21 the executive director, a refund from the general fund of all
22 contributions credited to the member's account with interest
23 computed as provided in section 352.22, subdivision 2.

24 (b) The refund of contributions as provided in paragraph (a)
25 terminates all rights of a former member of the legislature and
26 the survivors of the former member under this chapter.

27 (c) If the former member of the legislature again becomes a
28 member of the legislature after having taken a refund as
29 provided in paragraph (a), the member ~~must be considered~~ is a
30 new member of ~~this plan~~ the unclassified employees retirement
31 program of the Minnesota State Retirement System.

32 (d) However, the member may reinstate the rights and credit
33 for service previously forfeited under this chapter if the
34 member repays all refunds taken, plus interest at an annual rate
35 of 8.5 percent compounded annually from the date on which the
36 refund was taken to the date on which the refund is repaid.

1 ~~(d)~~ (e) No person may be required to apply for or to accept
2 a refund.

3 Sec. 20. Minnesota Statutes 2004, section 3A.04,
4 subdivision 1, is amended to read:

5 Subdivision 1. [SURVIVING SPOUSE.] (a) Upon the death of a
6 member of the legislature while serving as such a member after
7 ~~June-30-1973~~, or upon the death of a former member of the
8 legislature with at least ~~the-number-of~~ six full years of
9 ~~service as-required-by-section-3A-02,-subdivision-1,-clause~~
10 ~~(1)~~ or service in all or part of four regular legislative
11 sessions, the surviving spouse ~~shall-be-paid~~ is entitled to a
12 survivor benefit in-the-amount-of.

13 (b) The surviving spouse benefit is one-half of the
14 retirement allowance of the member of the legislature computed
15 as though the member were at least normal retirement age on the
16 date of death and based upon the member's allowable service
17 or upon eight years, whichever is greater. The augmentation
18 provided in section 3A.02, subdivision 4, if applicable, shall
19 must be applied for the period up to, and including, the month
20 of death.

21 (c) Upon the death of a former legislator receiving a
22 retirement allowance, the surviving spouse ~~shall-be~~ is entitled
23 to one-half of the amount of the retirement allowance being paid
24 to the legislator. ~~Such~~

25 (d) The surviving spouse benefit shall-be-paid-during is
26 payable for the lifetime of the surviving spouse.

27 Sec. 21. Minnesota Statutes 2004, section 3A.04,
28 subdivision 2, is amended to read:

29 Subd. 2. [DEPENDENT CHILDREN.] (a) Upon the death of a
30 member of the legislature while serving as a member, or upon the
31 death of a former member of the legislature who has rendered at
32 least ~~the-number-of~~ six full years of service ~~as-required-by~~
33 ~~section-3A-02,-subdivision-1,-clause-(1)~~ or service in all or
34 part of four regular legislative sessions and who was not
35 receiving a retirement allowance, each dependent child of the
36 member or former legislator ~~shall-be~~ is entitled to receive a

1 survivor benefit in the following amount:

2 (1) for the first dependent child, a monthly allowance
3 which-equals benefit equal to 25 percent of the monthly
4 retirement allowance of the member of the legislature or the
5 former legislator computed as though the member or the former
6 legislator had attained at least the normal retirement age on
7 the date of death and based upon the average monthly salary as
8 of the date of death or as of the date of termination, whichever
9 is-applicable applies, and the member's allowable service or
10 eight years, whichever is greater;

11 (2) for each additional dependent child, a monthly
12 allowance-which-equals benefit equal to 12-1/2 percent of the
13 monthly retirement allowance of the member or the former
14 legislator computed as provided in the-case-of-the-first-child
15 clause (1); but and

16 (3) the total amount paid to the surviving spouse and to
17 the dependent child or children shall may not exceed, in any
18 one month, 100 percent of the monthly retirement allowance of
19 the member or of the former legislator computed as provided in
20 the-case-of-the-first-child clause (1).

21 (b) The augmentation provided in section 3A.02, subdivision
22 4, if applicable, shall-be-applied applies from the first day of
23 the month next following the date of the termination of the
24 person from service as a member of the legislature to the month
25 of the death of the person.

26 (c) Upon the death of a former legislator who was receiving
27 a retirement allowance, the a surviving dependent child shall-be
28 is entitled to the applicable percentage specified above in
29 paragraph (a), clause (1) or (2), whichever applies, of the
30 amount of the allowance which was paid to the former legislator
31 for the month immediately prior-to before the date of death of
32 the former legislator.

33 (d) The payments for dependent children shall must be made
34 to the surviving spouse or to the guardian of the estate of the
35 dependent children, if there is one.

36 Sec. 22. Minnesota Statutes 2004, section 3A.04,

1 subdivision 3, is amended to read:

2 Subd. 3. [PAYMENT.] The surviving ~~spouse's~~ spouse and
3 dependent ~~children's~~ child or children survivor benefits payable
4 under this section ~~shall-be-paid~~ are payable by the director
5 monthly in the same manner as retirement allowances are
6 authorized to be paid by this chapter.

7 Sec. 23. Minnesota Statutes 2004, section 3A.04,
8 subdivision 4, is amended to read:

9 Subd. 4. [DEATH REFUNDS.] (a) Upon the death of a member
10 of the legislature or of a former legislator who was not
11 receiving a retirement allowance, without leaving either a
12 surviving spouse or a dependent child or dependent children, the
13 last designated beneficiary named on a form that was filed with
14 the director before the death of the legislator, or if no
15 designation is filed, the estate of the member or the former
16 legislator, upon application, ~~shall-be~~ is entitled to a refund.

17 (b) The refund is the amount of contributions credited to
18 the person's account plus interest as provided in section 3A.03,
19 subdivision 2, clause-(2) paragraph (a).

20 Sec. 24. Minnesota Statutes 2004, section 3A.04, is
21 amended by adding a subdivision to read:

22 Subd. 5. [APPROPRIATION.] The survivor benefits and the
23 death refunds authorized by this section are appropriated to the
24 director from the general fund when they are due and payable.

25 Sec. 25. Minnesota Statutes 2004, section 3A.05, is
26 amended to read:

27 3A.05 [APPLICATION FOR SURVIVOR BENEFIT.]

28 (a) Applications for survivor benefits pursuant-to under
29 section 3A.04 shall must be filed with the director by the
30 surviving spouse and dependent child or children entitled to
31 benefits ~~pursuant-to~~ under section 3A.04, or by the guardian of
32 the estate, if there is one, of the dependent child or children.

33 (b) Survivor benefits shall accrue as of the first day of
34 the month following the death of the member of the legislature
35 or former legislator and payments ~~shall~~ commence as of the first
36 of the month next following the filing of the application,

1 and ~~shall-be~~ are retroactive to the date the benefit accrues,
2 ~~provided,-however,-that-no-payment-shall-be-retroactive-for-more~~
3 ~~than~~ or the first of the month occurring 12 months ~~prior~~
4 ~~to~~ before the month in which the application is filed with the
5 director, whichever is earlier.

6 Sec. 26. Minnesota Statutes 2004, section 3A.07, is
7 amended to read:

8 3A.07 [APPLICATION.]

9 (a) Except as provided in paragraph (b), this chapter
10 applies to members of the legislature in service after July 1,
11 1965, who otherwise meet the requirements of this chapter.

12 (b) Members of the legislature who were elected for the
13 first time after June 30, 1997, or members of the legislature
14 who were elected before July 1, 1997, and who, after July 1,
15 1998, elect not to be members of the plan established by this
16 chapter are covered by the unclassified employees retirement
17 program governed by chapter 352D.

18 (c) The post-July 1, 1998, coverage election under
19 paragraph (b) is irrevocable and must be made on a form
20 prescribed by the director. The second chance referendum
21 election under Laws 2002, chapter 392, article 15, also is
22 irrevocable.

23 Sec. 27. Minnesota Statutes 2004, section 3A.10,
24 subdivision 1, is amended to read:

25 Subdivision 1. [SERVICE CREDIT FOR LEGISLATIVE TERM.] (a)
26 In the case of a member of the house of representatives, one
27 full term of office ~~shall~~ must be considered two full years of
28 service, notwithstanding the fact that the oath of office ~~may-be~~
29 was taken on different days each biennium.

30 (b) In the case of a member of the senate, one full term of
31 office ~~shall~~ must be considered four full years of service,
32 notwithstanding the fact that the oath of office ~~may-be~~ was
33 taken on different days at the start of each term.

34 (c) For purposes of this chapter, a legislative term ~~shall~~
35 must be deemed to commence on January ~~1st~~ 1 and to end on
36 December ~~31st~~ 31.

1 Sec. 28. Minnesota Statutes 2004, section 3A.12, is
2 amended to read:

3 3A.12 [COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR
4 ASSOCIATION.]

5 Subdivision 1. [ENTITLEMENT TO ANNUITY.] (a) Any
6 legislator who has been ~~an-employee-covered-by~~ a member of a
7 retirement plan listed in paragraph (b) is entitled, when
8 otherwise qualified, to a retirement allowance or annuity from
9 each plan if the total allowable service in all plans or in any
10 two of these plans totals ten or more years.

11 (b) This section applies to any retirement plan or program
12 administered by the Minnesota State Retirement System, or a
13 member-of any retirement plan administered by the Public
14 Employees Retirement Association, including the Public Employees
15 Retirement Association police and fire fund, or the Teachers
16 Retirement Association, or the Minneapolis employees
17 retirement Fund plan, or the State Patrol retirement fund plan,
18 or any other public employee retirement system in the state of
19 Minnesota having a like provision ~~but-excluding-all.~~

20 (c) This section does not apply to other funds retirement
21 plans providing benefits for police or firefighters, ~~shall-be~~
22 entitled-when-qualified-to-an-annuity-from-each-fund-if-the
23 total-allowable-service-for-which-the-legislator-has-credit-in
24 all-funds-or-in-any-two-of-these-funds-totals-ten-or-more-years,
25 provided.

26 (d) No portion of the allowable service upon which the
27 retirement annuity from one fund plan is based is again used in
28 the computation for benefits from another fund plan. The
29 annuity from each fund ~~shall~~ plan must be determined by the
30 appropriate provisions of the law, except that the requirement
31 that a person must have ~~at-least-ten~~ a minimum number of years
32 of allowable service in the respective system or
33 association shall does not apply for the purposes of this
34 section provided if the combined service in two or more of these
35 funds plans equals ten or more years. The augmentation of
36 deferred annuities provided in section 3A.02, subdivision

1 4, ~~shall-apply~~ applies to the annuities accruing ~~hereunder~~ under
2 this section.

3 Subd. 2. [REFUND REPAYMENT.] Any A former legislator who
4 has received a refund as provided in section 3A.03, subdivision
5 2, who is a currently contributing member of a retirement ~~fund~~
6 plan specified in subdivision 1, paragraph (b), may repay the
7 refund as provided in section 3A.03, subdivision 2. Any A
8 member of the legislature who has received a refund from any of
9 the ~~funds~~ retirement plans specified in subdivision 1, may repay
10 the refund to the respective ~~fund~~ plan under such terms and
11 conditions consistent with the law governing ~~such-fund~~ the
12 retirement plan if the law governing ~~such-fund~~ the plan permits
13 the repayment of refunds. If the total amount to be repaid,
14 including principal and interest exceeds \$2,000, repayment may
15 be made in three equal installments over a period of 18 months,
16 with the interest accrued during the period of the repayment
17 added to the final installment.

18 Sec. 29. Minnesota Statutes 2004, section 3A.13, is
19 amended to read:

20 3A.13 [EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM
21 DEDUCTION.]

22 (a) The provisions of section 352.15 ~~shall~~ apply to the
23 legislators retirement plan, chapter 3A.

24 (b) The executive director of the Minnesota State
25 Retirement System must, at the request of a retired legislator
26 who is enrolled in a health insurance plan covering state
27 employees, deduct the person's health insurance premiums from
28 the person's annuity and transfer the amount of the premium to a
29 health insurance carrier covering state employees.

30 Sec. 30. [352C.001] [RETIREMENT PLAN; APPLICATION.]

31 (a) The retirement plan applicable to a former
32 constitutional officer who was first elected to a constitutional
33 office after July 1, 1967, and before July 1, 1997, is the
34 applicable portions of this chapter and chapter 356 in effect on
35 the date on which the person terminated active service as a
36 constitutional officer.

1 (b) Nothing in this section or section 31 or 77,
2 subdivision 2, is intended to reduce the benefits of former
3 constitutional officers or to adversely modify their eligibility
4 for benefits in effect as of the day before the effective date
5 of this section.

6 Sec. 31. Minnesota Statutes 2004, section 352C.091,
7 subdivision 1, is amended to read:

8 Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] ~~This~~
9 ~~chapter~~ (a) The elected officers retirement plan must be
10 administered by the board of directors and the executive
11 director of the Minnesota State Retirement System.

12 (b) The elected state officers retirement plan must be
13 administered consistent with ~~this-chapter~~ the applicable
14 statutory provisions governing the plan and chapters 356 and
15 356A.

16 Sec. 32. Minnesota Statutes 2004, section 490.121,
17 subdivision 1, is amended to read:

18 Subdivision 1. [SCOPE.] For purposes of sections 490.121
19 to 490.132, unless the context clearly indicates otherwise, each
20 of the terms defined in this section have has the meanings
21 meaning given ~~them-unless-the-context-clearly-indicates~~
22 otherwise it.

23 Sec. 33. Minnesota Statutes 2004, section 490.121, is
24 amended by adding a subdivision to read:

25 Subd. 2a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
26 means the condition of one annuity or benefit having an equal
27 actuarial present value as another annuity or benefit,
28 determined as of a given date with each actuarial present value
29 based on the appropriate mortality table adopted by the board of
30 directors of the Minnesota State Retirement System based on the
31 experience of the fund as recommended by the actuary retained
32 under section 356.214 and approved under section 356.215,
33 subdivision 18, and using the applicable preretirement or
34 postretirement interest rate assumption specified in section
35 356.215, subdivision 8.

36 Sec. 34. Minnesota Statutes 2004, section 490.121,

1 subdivision 4, is amended to read:

2 Subd. 4. [ALLOWABLE SERVICE.] (a) "Allowable service"
3 means any calendar month, subject to the service credit limit in
4 subdivision 22, served as a judge at any time, ~~or~~ during which
5 the judge received compensation for that service from the state,
6 municipality, or county, whichever applies, and for which the
7 judge made any required member contribution. It also includes
8 any month served as a referee in probate for all referees in
9 probate who were in office ~~prior-to~~ before January 1, 1974.

10 (b) "Allowable service" does not mean service as a retired
11 judge.

12 Sec. 35. Minnesota Statutes 2004, section 490.121,
13 subdivision 6, is amended to read:

14 Subd. 6. [ANNUITY.] "Annuity" means the payments that are
15 made each year to an annuitant from the judges' retirement fund,
16 ~~pursuant-to-the-provisions-of~~ under sections 490.121 to 490.132.

17 Sec. 36. Minnesota Statutes 2004, section 490.121,
18 subdivision 7, is amended to read:

19 Subd. 7. [ANNUITANT.] "Annuitant" means a former judge, a
20 surviving spouse, or a dependent child who is entitled to and is
21 receiving an annuity under ~~the-provisions-of~~ sections 490.121 to
22 490.132.

23 Sec. 37. Minnesota Statutes 2004, section 490.121, is
24 amended by adding a subdivision to read:

25 Subd. 7a. [APPROVED ACTUARY.] "Approved actuary" means an
26 actuary as defined in section 356.215, subdivision 1, paragraph
27 (c).

28 Sec. 38. Minnesota Statutes 2004, section 490.121, is
29 amended by adding a subdivision to read:

30 Subd. 7b. [COURT.] "Court" means any court of this state
31 that is established by the Minnesota Constitution.

32 Sec. 39. Minnesota Statutes 2004, section 490.121, is
33 amended by adding a subdivision to read:

34 Subd. 7c. [DEPENDENT SURVIVING CHILD.] "Dependent
35 surviving child" means any natural or adopted child of a
36 deceased judge who has not reached the age of 18 years, or

1 having reached the age of 18, is under age 22 and who is a
2 full-time student throughout the normal school year, is
3 unmarried, and is actually dependent for more than one-half of
4 the child's support upon the judge for a period of at least 90
5 days before the judge's death. It also includes any natural
6 child of the judge who was born after the death of the judge.

7 Sec. 40. Minnesota Statutes 2004, section 490.121,
8 subdivision 13, is amended to read:

9 Subd. 13. [DISABILITY.] "Disability" means the permanent
10 inability of a judge to continue to perform the functions of
11 judge by reason of a physical or mental impairment resulting
12 from a sickness or an injury.

13 Sec. 41. Minnesota Statutes 2004, section 490.121,
14 subdivision 14, is amended to read:

15 Subd. 14. [DISABILITY RETIREMENT DATE.] "Disability
16 retirement date" means the last day of the first month after the
17 date on which the governor determines, upon receipt of the
18 voluntary application by the judge or otherwise, that a judge
19 suffers from a disability.

20 Sec. 42. Minnesota Statutes 2004, section 490.121,
21 subdivision 15, is amended to read:

22 Subd. 15. [DISABILITY RETIREMENT ANNUITY.] "Disability
23 retirement annuity" means an annuity to which a judge is
24 entitled under section 490.124, subdivisions 1 and 4, after the
25 retirement for-reason of the judge because of a disability.

26 Sec. 43. Minnesota Statutes 2004, section 490.121, is
27 amended by adding a subdivision to read:

28 Subd. 15a. [EARLY RETIREMENT DATE.] "Early retirement date"
29 means the last day of the month after a judge attains the age of
30 60 but before the judge reaches the normal retirement date.

31 Sec. 44. Minnesota Statutes 2004, section 490.121, is
32 amended by adding a subdivision to read:

33 Subd. 15b. [EARLY RETIREMENT ANNUITY.] "Early retirement
34 annuity" means an annuity to which a judge is entitled under
35 section 490.124, subdivisions 1 and 3, upon retirement by the
36 judge at an early retirement date.

1 Sec. 45. Minnesota Statutes 2004, section 490.121,
2 subdivision 21, is amended to read:

3 Subd. 21. [FINAL AVERAGE COMPENSATION.] "Final average
4 compensation" means the total amount of the salary payable paid
5 to a judge in the highest five years out of the last ten years
6 ~~prior to~~ before the ~~event-of-maturity-of-benefits~~ termination of
7 judicial service, divided by five~~;-provided;-however;-that~~ if
8 the number of years of service by the judge equals or exceeds
9 ten. If the number of years of service by the judge is less
10 than ten, but more than five, the highest five shall years of
11 salary must be counted ~~;-and~~. If the number of years of service
12 by the judge is less than five, the aggregate salary in-such for
13 the period shall of service must be divided by the number of
14 months in such the period and multiplied by 12.

15 Sec. 46. Minnesota Statutes 2004, section 490.121, is
16 amended by adding a subdivision to read:

17 Subd. 21a. [JUDGE.] "Judge" means a judge or a justice of
18 any court as defined under subdivision 7b.

19 Sec. 47. Minnesota Statutes 2004, section 490.121, is
20 amended by adding a subdivision to read:

21 Subd. 21b. [JUDGES' RETIREMENT FUND; RETIREMENT FUND;
22 FUND.] "Judges' retirement fund," "retirement fund," or "fund"
23 means the fund created by section 490.123.

24 Sec. 48. Minnesota Statutes 2004, section 490.121, is
25 amended by adding a subdivision to read:

26 Subd. 21c. [MANDATORY RETIREMENT DATE.] "Mandatory
27 retirement date" means the last day of the month in which a
28 judge has attained 70 years of age.

29 Sec. 49. Minnesota Statutes 2004, section 490.121, is
30 amended by adding a subdivision to read:

31 Subd. 21d. [NORMAL RETIREMENT ANNUITY.] Except as
32 otherwise provided in sections 490.121 to 490.132, "normal
33 retirement annuity" means an annuity to which a judge is
34 entitled under section 490.124, subdivision 1, upon retirement
35 on or after the normal retirement date of the judge.

36 Sec. 50. Minnesota Statutes 2004, section 490.121, is

1 amended by adding a subdivision to read:

2 Subd. 21e. [NORMAL RETIREMENT DATE.] "Normal retirement
3 date" means the last day of the month in which a judge attains
4 the age of 65.

5 Sec. 51. Minnesota Statutes 2004, section 490.121,
6 subdivision 22, is amended to read:

7 Subd. 22. [SERVICE CREDIT LIMIT.] "Service credit limit"
8 means the greater of: (1) 24 years of allowable service
9 under this chapter 490; or (2) for judges with allowable service
10 rendered ~~prior-to~~ before July 1, 1980, the number of years of
11 allowable service under chapter 490, which, when multiplied by
12 the percentage listed in section 356.315, subdivision 7 or 8,
13 whichever is applicable to each year of service, equals 76.8.

14 Sec. 52. Minnesota Statutes 2004, section 490.121, is
15 amended by adding a subdivision to read:

16 Subd. 23. [SURVIVING SPOUSE.] "Surviving spouse" means the
17 surviving legally married spouse of a deceased judge.

18 Sec. 53. Minnesota Statutes 2004, section 490.121, is
19 amended by adding a subdivision to read:

20 Subd. 24. [SURVIVOR'S ANNUITY.] "Survivor's annuity" means
21 an annuity to which a surviving spouse or dependent child is
22 entitled under section 490.124, subdivision 9.

23 Sec. 54. Minnesota Statutes 2004, section 490.122, is
24 amended to read:

25 490.122 [ADMINISTRATION OF JUDGES' RETIREMENT.]

26 Subdivision 1. [ADMINISTRATION.] The policy-making,
27 management, and administrative functions governing the operation
28 of the judges' retirement fund and the administration
29 of ~~sections-490-121-to-490-132~~ this chapter are vested in the
30 board of directors and executive director of the Minnesota State
31 Retirement System ~~with-such.~~ In administering the plan and
32 fund, the board and the director have the same duties,
33 authority, and responsibility as are provided in chapter 352.

34 Subd. 2. [INAPPLICABILITY OF CERTAIN LAWS.] Except as
35 otherwise specified, no provision of chapter 352 applies to the
36 judges' retirement fund or any judge.

1 Subd. 3. [FIDUCIARY RESPONSIBILITY.] Fiduciary
2 activities of relating to the uniform judges' retirement and
3 ~~Survivors'-Annuities-for-Judges plan~~ must be undertaken in a
4 manner consistent with chapter 356A.

5 Sec. 55. Minnesota Statutes 2004, section 490.123,
6 subdivision 1, is amended to read:

7 Subdivision 1. [FUND CREATION; REVENUE AND AUTHORIZED
8 DISBURSEMENTS.] (a) There is created a special fund to be known
9 as the "judges' retirement fund."

10 (b) The judges' retirement fund must be credited with all
11 contributions; all interest, dividends, and other investment
12 proceeds; and all other income authorized by this chapter or
13 other applicable law.

14 (c) From this fund there are appropriated the payments
15 authorized by sections 490.121 to 490.132, in the amounts and at
16 the times provided, including the necessary and reasonable
17 expenses of the Minnesota State Retirement System in
18 administering the fund and the transfers to the Minnesota
19 postretirement investment fund.

20 Sec. 56. Minnesota Statutes 2004, section 490.123,
21 subdivision 1a, is amended to read:

22 Subd. 1a. [MEMBER CONTRIBUTION RATES.] (a) A judge who is
23 covered by the federal Old Age, Survivors, Disability, and
24 Health Insurance Program and whose service does not exceed the
25 service credit limit in section 490.121, subdivision 22, shall
26 contribute to the fund from each salary payment a sum equal to
27 8.00 percent of salary.

28 ~~(b) A-judge-not-so-covered-whose-service-does-not-exceed~~
29 ~~the-service-credit-limit-in-section-490-121,-subdivision-22,~~
30 ~~shall-contribute-to-the-fund-from-each-salary-payment-a-sum~~
31 ~~equal-to-8-15-percent-of-salary.~~

32 ~~(c)~~ The contribution under this subdivision is payable by
33 salary deduction. The deduction must be made by the state court
34 administrator under section 352.04, subdivisions 4, 5, and 8.

35 Sec. 57. Minnesota Statutes 2004, section 490.123,
36 subdivision 1b, is amended to read:

1 Subd. 1b. [EMPLOYER CONTRIBUTION RATE.] (a) The employer
2 contribution rate to the fund on behalf of a judge is 20.5
3 percent of salary and. The employer obligation continues after
4 a judge exceeds the service credit limit in section 490.121,
5 subdivision 22.

6 (b) The employer contribution must be paid by the state
7 court administrator and. The employer contribution is payable
8 at the same time as member contributions are made under
9 subdivision 1a or as employee contributions are made to the
10 unclassified ~~plan-in~~ program governed by chapter 352D for judges
11 whose service exceeds the limit in section 490.121, subdivision
12 22, are remitted.

13 Sec. 58. Minnesota Statutes 2004, section 490.123,
14 subdivision 1c, is amended to read:

15 Subd. 1c. [ADDITIONAL EMPLOYER CONTRIBUTION.] ~~In-the-event~~
16 ~~that~~ If the employer contribution under subdivision 1b and the
17 assets of the judges retirement fund are insufficient to meet
18 reserve transfers to the Minnesota postretirement investment
19 fund or payments of survivor benefits ~~before-July-17-1993~~ in a
20 month, the necessary amount is appropriated from the general
21 fund to the executive director of the Minnesota State Retirement
22 System, upon the certification of the required amount by the
23 executive director to the commissioner of finance.

24 Sec. 59. Minnesota Statutes 2004, section 490.123,
25 subdivision 2, is amended to read:

26 Subd. 2. [COMMISSIONER OF FINANCE.] The commissioner of
27 finance ~~shall-be~~ is the ex officio treasurer of the judges'
28 retirement fund ~~and-the~~. The commissioner's general bond to the
29 state ~~shall~~ must be so conditioned as to cover all liability for
30 acting as the treasurer of ~~this~~ the fund. All ~~moneys~~ money
31 received by the commissioner ~~pursuant-to~~ under this section
32 ~~shall~~ must be set aside in the state treasury to the credit of
33 the judges' retirement fund. ~~The-commissioner-shall-transmit~~
34 ~~monthly-to-the-executive-director-described-in-section-352-037~~
35 ~~subdivision-57-a-detailed-statement-of-all-amounts-so-received~~
36 ~~and-credited-to-the-fund---The-commissioner-shall-pay-out-the~~

1 ~~fund-only-upon-vouchers-signed-by-said-executive-director,~~
2 ~~provided-that-vouchers-for-investment-may-be-signed-by-the~~
3 ~~secretary-of-the-State-Board-of-Investment.~~

4 Sec. 60. Minnesota Statutes 2004, section 490.123,
5 subdivision 3, is amended to read:

6 Subd. 3. [INVESTMENT.] (a) The executive director referred
7 ~~to-in-subdivision-2~~ of the Minnesota State Retirement System
8 shall, from time to time, certify to the State Board of
9 Investment such portions of the judges' retirement fund as in
10 the director's judgment may not be required for immediate use.

11 (b) Assets from the judges' retirement fund shall must be
12 transferred to the Minnesota postretirement investment fund for
13 retirement and disability benefits as provided in sections
14 11A.18 and 352.119.

15 (c) The State Board of Investment shall thereupon invest
16 and reinvest sums so transferred, or certified, in such
17 securities as are duly authorized legal investments for such
18 purposes under section 11A.24 in compliance with sections
19 356A.04 and 356A.06.

20 Sec. 61. Minnesota Statutes 2004, section 490.124,
21 subdivision 1, is amended to read:

22 Subdivision 1. [BASIC RETIREMENT ANNUITY.] (a) Except as
23 qualified hereinafter from and after the mandatory retirement
24 date, the normal retirement date, the early retirement date, or
25 one year from the disability retirement date, as the case may
26 be, a retiring judge is eligible to receive a retirement annuity
27 ~~shall-be-payable-to-a-retiring-judge~~ from the judges' retirement
28 fund in.

29 (b) The retirement annuity is an amount equal to: (1) the
30 percent specified in section 356.315, subdivision 7, multiplied
31 by the judge's final average compensation with that result then
32 multiplied by the number of years and fractions of years of
33 allowable service rendered ~~prior-to~~ before July 1, 1980; plus
34 (2) the percent specified in section 356.315, subdivision 8,
35 multiplied by the judge's final average compensation with that
36 result then multiplied by the number of years and fractions of

1 years of allowable service rendered after June 30, 1980.

2 (c) Service that exceeds the service credit limit in
3 section 490.121, subdivision 22, must be excluded in calculating
4 the retirement annuity, but the compensation earned by the judge
5 during this period of judicial service must be used in
6 determining a judge's final average compensation and calculating
7 the retirement annuity.

8 Sec. 62. Minnesota Statutes 2004, section 490.124,
9 subdivision 2, is amended to read:

10 Subd. 2. [MINIMUM SERVICE REQUIREMENT;~~-EXTENSION-OF-TERM.~~]
11 ~~No~~ (a) Unless section 356.30 applies, a judge shall-be is not
12 eligible for an annuity at the normal retirement date or the
13 early retirement date if the judge has less than five years of
14 allowable service.

15 (b) A judge who ~~shall-retire~~ retires on or, as permitted
16 under sections 490.121 to 490.132, after the judge's mandatory
17 retirement date, ~~shall-be~~ is entitled to a proportionate annuity
18 based upon the allowable service of the judge at the date of
19 retirement.

20 ~~A judge who was in office on December 31, 1973, and~~
21 ~~thereafter and who, by the date on which the current term~~
22 ~~expires, would not be eligible to retire with full benefits~~
23 ~~under statutes in effect on December 31, 1973, may apply to the~~
24 ~~governor for an extension to serve up to three additional years,~~
25 ~~stating the intention of the judge to retire upon attaining~~
26 ~~eligibility to receive a retirement allowance. Notwithstanding~~
27 ~~section 490.125, the governor shall forthwith make a written~~
28 ~~order accepting the retirement application, and extending the~~
29 ~~term of office of the judge for the period of time, not to~~
30 ~~exceed three years, as may be necessary to make the judge~~
31 ~~eligible for retirement, solely for purposes of computing~~
32 ~~benefits hereunder.~~

33 Sec. 63. Minnesota Statutes 2004, section 490.124,
34 subdivision 3, is amended to read:

35 Subd. 3. [EARLY REDUCED RETIREMENT.] The retirement
36 annuity ~~provided by~~ provided by under subdivision 1 of any judge ~~elected~~

1 who elects to retire at an early retirement date ~~shall~~ must be
2 reduced by one-half of one percent per month from the retirement
3 date to the normal retirement date.

4 Sec. 64. Minnesota Statutes 2004, section 490.124,
5 subdivision 4, is amended to read:

6 Subd. 4. [DISABILITY RETIREMENT.] (a) When the governor
7 determines that a judge is disabled under section 490.121,
8 subdivision 13, notice of the governor's determination must be
9 sent to the judge, to the chief justice of the Supreme Court, to
10 the state court administrator, and to the executive director of
11 the Minnesota State Retirement System.

12 (b) From and after disability retirement date, a disabled
13 judge shall-be is entitled to continuation of the judge's full
14 salary payable by the judge's employer, as if the judge's office
15 were not vacated by retirement, for a period of up to one full
16 year, but in no event beyond the judge's mandatory retirement
17 date. During this year the judge ~~will~~ is entitled to earn
18 additional service credit in the judges' retirement plan. The
19 salary ~~earned-will-be~~ payable to a disabled judge is subject to
20 retirement deductions and ~~will~~ must be included in computing
21 final average compensation of the judge. ~~Thereafter~~

22 (c) At the conclusion of the year of continued salary
23 following a disability or upon the judge's mandatory retirement
24 date, whichever is earlier, the disabled judge is entitled to a
25 disability retirement annuity computed as provided in
26 subdivision 1 shall-be-paid,-provided-that. If the computed
27 retirement annuity is a smaller amount, the judge shall is
28 entitled to receive a minimum annuity of 25 percent of the
29 judge's final average compensation.

30 Sec. 65. Minnesota Statutes 2004, section 490.124,
31 subdivision 5, is amended to read:

32 Subd. 5. [DEFERRED BENEFITS.] (a) Any A benefit to which a
33 judge is entitled under this section may be deferred until the
34 early or normal retirement date or later, notwithstanding the
35 termination of ~~such~~ the judge's service prior thereto.

36 (b) The retirement annuity of, or the survivor benefit

1 payable on behalf of, a former judge, who terminated service
 2 before July 1, 1997, which is not first payable until after June
 3 30, 1997, must be increased on an actuarial equivalent basis to
 4 reflect the change in the postretirement interest rate actuarial
 5 assumption under section 356.215, subdivision 8, from five
 6 percent to six percent under a calculation procedure and tables
 7 adopted by the board of directors of the Minnesota State
 8 Retirement System and approved by the actuary retained ~~by the~~
 9 ~~Legislative-Commission-on-Pensions-and-Retirement~~ under section
 10 356.214.

11 Sec. 66. Minnesota Statutes 2004, section 490.124,
 12 subdivision 8, is amended to read:

13 Subd. 8. [EXCLUSIVE NORMAL RETIREMENT BENEFITS.] Any (a)
 14 Except as provided in paragraph (b), a judge who retires after
 15 December 31, 1973, shall-be is entitled to a retirement pension,
 16 retirement compensation or other retirement payment under
 17 statutes applicable solely to judges ~~pursuant-to~~ under this
 18 section only, ~~except that any such.~~

19 (b) A judge who was in office prior-to before January 1,
 20 1974, who retires at or after normal retirement age may then
 21 elect to receive during the judge's lifetime a normal retirement
 22 annuity computed on the basis of retirement compensation
 23 provided for such judge under statutes in effect on December 31,
 24 1973, in lieu of the amount of normal retirement annuity
 25 otherwise computed under sections 490.121 to 490.132.

26 ~~For purposes of this subdivision, the Conciliation Court of~~
 27 ~~the city of Duluth shall be deemed to have been a court of~~
 28 ~~record by the statutes in effect on December 31, 1973.~~

29 Sec. 67. Minnesota Statutes 2004, section 490.124,
 30 subdivision 9, is amended to read:

31 Subd. 9. [SURVIVORS' ANNUITY.] (a) Upon the death of a
 32 judge ~~prior-to~~ before retirement, or upon the death of a person
 33 who has qualified for an annuity under this section but who
 34 ceases to be a judge ~~prior-to~~ before retirement and has who not
 35 received a refund of contributions ~~pursuant-to~~ under subdivision
 36 12, a surviving spouse is entitled to, or, if there be no

1 surviving spouse, dependent children, ~~shall~~ are entitled to
 2 receive an annuity, payable monthly, equal in total to 60
 3 percent of the normal retirement annuity which would have been
 4 payable to the judge or former judge had the date of death been
 5 the normal retirement date, ~~provided that the.~~

6 (b) The annuity payable to a surviving spouse or to
 7 dependent children shall receive an annuity is an amount of not
 8 less than 25 percent of the judge's or the former judge's final
 9 average compensation.

10 ~~If a judge, whose surviving spouse was not entitled to~~
 11 ~~survivors benefits provided solely for judges under statutes in~~
 12 ~~effect prior to January 1, 1974, shall have died prior to~~
 13 ~~retirement on or after May 23, 1973 and before January 1, 1974,~~
 14 ~~a surviving spouse and dependent children, if any, shall be~~
 15 ~~entitled to survivors benefits as provided hereunder as if such~~
 16 ~~judge had died on January 1, 1974.~~

17 Sec. 68. Minnesota Statutes 2004, section 490.124,
 18 subdivision 10, is amended to read:

19 Subd. 10. [PRIOR SURVIVORS' BENEFITS; LIMITATION.] (a)
 20 Benefits provided ~~pursuant to~~ under Minnesota Statutes 2004,
 21 section 490.102, subdivision 6, or 490.1091, for a surviving
 22 spouse of a retired judge, payable after the death of the judge,
 23 ~~shall be~~ are limited to:

24 ~~(a) spouses of judges who have retired prior to~~ before
 25 ~~January 1, 1974, and.~~

26 ~~(b) spouses of judges in office on December 31, 1973 and~~
 27 ~~thereafter who elect to continue contributions pursuant to~~
 28 ~~section 490.102, subdivision 6 or 490.109. The contributions~~
 29 ~~shall be in addition to contributions pursuant to section~~
 30 ~~490.123, and upon retirement the judge may not elect to receive~~
 31 ~~any optional annuity pursuant to subdivision 11 unless the judge~~
 32 ~~and the spouse shall waive any benefits pursuant to section~~
 33 ~~490.102, subdivision 6 or 490.1091.~~

34 No other judge in office on or after January 1, 1974, shall
 35 be is required to contribute ~~pursuant to~~ under Minnesota
 36 Statutes 2004, section 490.102, subdivision 6, or 490.109.

1 Sec. 69. Minnesota Statutes 2004, section 490.124,
2 subdivision 11, is amended to read:

3 Subd. 11. [LIMITATION ON SURVIVOR BENEFITS; OPTIONAL
4 ANNUITIES.] (a) No survivor or death benefits may be paid in
5 connection with the death of a judge who retires after December
6 31, 1973, except as otherwise provided in sections 490.121 to
7 490.132.

8 (b) Except as provided in subdivision 10, a judge may elect
9 to receive, instead of the normal retirement annuity, an
10 optional retirement annuity in the form of either (1) an annuity
11 payable for a period certain and for life after that period, (2)
12 a joint and survivor annuity without reinstatement ~~in-the-event~~
13 ~~of~~ if the designated beneficiary ~~predeceasing~~ predeceases the
14 retired judge, or (3) a joint and survivor annuity with
15 reinstatement ~~in-the-event-of~~ if the designated beneficiary
16 ~~predeceasing~~ predeceases the retired judge.

17 (c) An optional retirement annuity must be actuarially
18 equivalent to a single-life annuity with no term certain and
19 must be established by the board of directors of the Minnesota
20 State Retirement System. In establishing these optional
21 retirement annuity forms, the board shall obtain the written
22 recommendation of the actuary retained ~~by-the-Legislative~~
23 ~~Commission-on-Pensions-and-Retirement~~ under section 356.214.
24 The recommendations must be retained as a part of the permanent
25 records of the board.

26 Sec. 70. Minnesota Statutes 2004, section 490.124,
27 subdivision 12, is amended to read:

28 Subd. 12. [REFUND.] (a) A person who ceases to be a
29 judge ~~but-who-does-not-qualify-for-a-retirement-annuity-or-other~~
30 ~~benefit-under-section-490-121~~ is entitled to a refund in an
31 amount that is equal to all of the member's employee
32 contributions to the judges' retirement fund plus interest
33 computed under section 352.22, subdivision 2.

34 (b) A refund of contributions under paragraph (a)
35 terminates all service credits and all rights and benefits of
36 the judge and the judge's survivors under this chapter.

1 (c) A person who becomes a judge again after taking a
2 refund under paragraph (a) may reinstate the previously
3 terminated allowable service credits credit, rights, and
4 benefits by repaying the total amount of the previously received
5 refund. The refund repayment must include interest on the total
6 amount previously received at an annual rate of 8.5 percent,
7 compounded annually, from the date on which the refund was
8 received until the date on which the refund is repaid.

9 Sec. 71. Minnesota Statutes 2004, section 490.124,
10 subdivision 13, is amended to read:

11 Subd. 13. [DEATH REFUND.] If a judge who has not received
12 other benefits under this chapter dies and there are no survivor
13 benefits payable under this chapter, a refund plus interest as
14 provided in subdivision 12 is payable to the last designated
15 beneficiary named on a form filed with the director before the
16 death of the judge, or, if no designation is on file, ~~the refund~~
17 ~~is payable~~ to the estate of the deceased judge.

18 Sec. 72. Minnesota Statutes 2004, section 490.125,
19 subdivision 1, is amended to read:

20 Subdivision 1. [MANDATORY RETIREMENT AGE.] Except as
21 otherwise provided in sections 490.121 to 490.132, each a judge
22 shall ~~retire~~ terminate active service as a judge on the judge's
23 mandatory retirement date.

24 Sec. 73. Minnesota Statutes 2004, section 490.126, is
25 amended to read:

26 490.126 [PROCEDURES.]

27 Subdivision 1. [COMPULSORY RETIREMENT.] Proceedings for
28 compulsory retirement of a judge, if necessary, shall ~~shall~~ must be
29 conducted in accordance with rules issued by the Supreme Court
30 ~~pursuant to~~ under section 490.16.

31 Subd. 2. [VACANCIES.] Any judge may make written
32 application to the governor for retirement. The governor
33 thereupon shall direct the judge's retirement by written order
34 which, when filed in the Office of the Secretary of State, shall
35 ~~effect~~ effects a vacancy in the office to be filled as provided
36 by law.

1 Subd. 3. [APPLICATION FOR ANNUITY OR REFUND.] An
2 application for an annuity or a refund under sections 490.121 to
3 490.132 may be made by the potential annuitant or by someone
4 authorized to act for the potential annuitant. Every
5 application for an annuity or refund, ~~with~~ accompanied by a
6 proof of age and by a record of years of service when
7 required, ~~shall~~ must be submitted to the governing
8 body executive director of the Minnesota State Retirement System
9 in a form prescribed by ~~it~~ the director.

10 Subd. 4. [MANNER OF PAYMENT.] Unless otherwise
11 specifically provided by statute or agreed upon by the annuitant
12 and the ~~governing-body~~ board of directors of the Minnesota State
13 Retirement System, annuities payable under sections 490.121 to
14 490.132 ~~shall~~ must be paid in the manner and at the intervals as
15 prescribed by the executive director of the Minnesota State
16 Retirement System. The annuity ~~shall-cess~~ ceases with the last
17 payment received by the annuitant while living.

18 Subd. 5. [EXEMPTION FROM PROCESS; NO ASSIGNMENT.] None of
19 the money, annuities, or other benefits provided in this chapter
20 is assignable either in law or equity or is subject to state
21 estate tax, or to execution, levy, attachment, garnishment, or
22 other legal process, except as provided in section 518.58,
23 518.581, or 518.6111.

24 Sec. 74. Minnesota Statutes 2004, section 490.133, is
25 amended to read:

26 490.133 [RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO
27 COURT OF APPEALS.]

28 (a) If a judge to whom or to whose survivors benefits would
29 be payable under Minnesota Statutes 2004, sections 490.101 to
30 490.12, is elected or appointed to the Court of Appeals, that
31 judge and the judge's survivors, ~~shall~~ continue to be eligible
32 for benefits under those sections and not under sections 490.121
33 to 490.132.

34 (b) In ~~that~~ the case of a judge to whom paragraph (a)
35 applies, the service of the judge in the Court of Appeals ~~shall~~
36 must be added to the prior service as district judge, probate

1 judge, or judge of any other court of record in determining
2 eligibility and the compensation of a judge of the Court of
3 Appeals at the time of the judge's death, disability, or
4 retirement ~~shall-be~~ is the "compensation allotted to the office"
5 for the purposes of calculating benefit amounts.

6 (c) All other judges of the Court of Appeals and their
7 survivors ~~shall-be~~ are subject to the retirement and survivor's
8 annuity provisions of sections 490.121 to 490.132.

9 Sec. 75. [490A.01] [BOARD OF JUDICIAL STANDARDS;
10 ESTABLISHMENT.]

11 Subdivision 1. [ESTABLISHMENT; COMPOSITION.] The Board on
12 Judicial Standards is established. The board is a continuation
13 of the board established by Laws 1971, chapter 909, sections 1
14 and 2, as amended.

15 Subd. 2. [COMPOSITION; APPOINTMENT.] (a) The board
16 consists of one judge of the Court of Appeals, three trial court
17 judges, two lawyers who have practiced law in the state for at
18 least ten years, and four citizens who are not judges, retired
19 judges, or lawyers.

20 (b) All members must be appointed by the governor with the
21 advice and consent of the senate. Senate confirmation is not
22 required for judicial members.

23 Subd. 3. [TERM MAXIMUM; MEMBERSHIP TERMINATION.] No member
24 may serve more than two full four-year terms or their equivalent.
25 Membership terminates if a member ceases to hold the position
26 that qualified the member for appointment.

27 Subd. 4. [MEMBER TERMS; COMPENSATION; REMOVAL.] The
28 membership terms, compensation, removal of members, and filling
29 of vacancies on the board are as provided in section 15.0575.

30 Subd. 5. [EXECUTIVE SECRETARY APPOINTMENT; SALARY.] (a)
31 The board shall appoint the executive secretary.

32 (b) The salary of the executive secretary of the board is
33 85 percent of the maximum salary provided for an administrative
34 law judge under section 15A.083, subdivision 6a.

35 Sec. 76. [490A.02] [JUDICIAL STANDARDS BOARD; POWERS.]

36 Subdivision 1. [JUDICIAL DISQUALIFICATION.] A judge is

1 disqualified from acting as a judge, without a loss of salary,
2 while there is pending an indictment or any information charging
3 the judge with a crime that is punishable as a felony under
4 either Minnesota law or federal law, or while there is pending a
5 recommendation to the Supreme Court by the Board on Judicial
6 Standards for the judge's removal or retirement.

7 Subd. 2. [JUDICIAL SUSPENSION.] On receipt of a
8 recommendation of the Board on Judicial Standards or on its own
9 motion, the Supreme Court may suspend a judge from office
10 without salary when the judge pleads guilty to or no contest to
11 or is found guilty of a crime that is punishable as a felony
12 under either Minnesota law or federal law or any other crime
13 that involves moral turpitude. If the conviction is reversed,
14 the suspension terminates and the judge must be paid a salary
15 for the period of suspension. If the judge is suspended and the
16 conviction becomes final, the Supreme Court shall remove the
17 judge from office.

18 Subd. 3. [JUDICIAL DISABILITY.] On receipt of a
19 recommendation of the Board on Judicial Standards, the Supreme
20 Court may retire a judge for a disability that the court
21 determines seriously interferes with the performance of the
22 judge's duties and is or is likely to become permanent, and
23 censure or remove a judge for an action or inaction that may
24 constitute persistent failure to perform the judge's duties,
25 incompetence in performing the judge's duties, habitual
26 intemperance, or conduct prejudicial to the administration of
27 justice that brings the judicial office into disrepute.

28 Subd. 4. [AUTHORITY TO REOPEN MATTERS.] The board is
29 specifically empowered to reopen any matter wherein any
30 information or evidence was previously precluded by a statute of
31 limitations or by a previously existing provision of time
32 limitation.

33 Subd. 5. [RETIREMENT STATUS.] (a) A judge who is retired
34 by the Supreme Court must be considered to have retired
35 voluntarily.

36 (b) This section and section 490A.01 must not affect the

1 right of a judge who is suspended, retired, or removed hereunder
2 from qualifying for any pension or other retirement benefits to
3 which the judge would otherwise be entitled by law to receive.

4 Subd. 6. [ELIGIBILITY FOR JUDICIAL OFFICE; PRACTICE
5 LAW.] A judge removed by the Supreme Court is ineligible for any
6 future service in a judicial office. The question of the right
7 of a removed judge to practice law in this state must be
8 referred to the proper authority for review.

9 Subd. 7. [SUPREME COURT RULES.] The Supreme Court shall
10 make rules to implement this section.

11 Sec. 77. [REPEALER; EFFECT ON BENEFIT COVERAGE.]

12 Subdivision 1. [LEGISLATORS RETIREMENT PLAN; REPEALED AS
13 OBSOLETE.] Minnesota Statutes 2004, sections 3A.01, subdivisions
14 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04, subdivision 1; and
15 3A.09, are repealed.

16 Subd. 2. [ELECTIVE STATE OFFICERS RETIREMENT PLAN;
17 REPEALED AS OBSOLETE.] Minnesota Statutes 2004, sections
18 352C.01; 352C.011; 352C.021; 352C.031; 352C.033; 352C.04;
19 352C.051; 352C.09; and 352C.091, subdivisions 2 and 3, are
20 repealed.

21 Subd. 3. [JUDICIAL RETIREMENT PLANS; REPEALED AS
22 OBSOLETE.] Minnesota Statutes 2004, sections 490.021; 490.025,
23 subdivisions 1, 2, 3, 4, and 6; 490.101; 490.102; 490.103;
24 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12;
25 and 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18,
26 19, and 20, are repealed.

27 Subd. 4. [JUDICIAL STANDARDS BOARD; REPEALED FOR
28 RELOCATION AS MINNESOTA STATUTES, CHAPTER 490A.] Minnesota
29 Statutes 2004, sections 490.021; 490.025, subdivisions 1, 2, 3,
30 4, and 6; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107;
31 490.108; 490.109; 490.1091; 490.12; and 490.121, subdivisions 2,
32 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19, and 20, are repealed.

33 Subd. 5. [UNIFORM JUDICIAL RETIREMENT PLAN; NO BENEFIT
34 DIMINISHMENT INTENDED; PROCEDURE.] Sections 32 to 76 are not
35 intended to reduce or increase the entitlement of active,
36 deferred, or retired judges to retirement annuities or benefits

1 as of July 1, 2005, as reflected in the records of the Minnesota
2 State Retirement System. If the executive director of the
3 Minnesota State Retirement System determines that any provisions
4 of sections 32 to 76 functions to modify, impair, or diminish
5 the retirement annuity or benefit entitlement of any judge that
6 had accrued or earned before July 1, 2005, the executive
7 director shall certify that determination and a recommendation
8 as to the required legislative correction to the chair of the
9 Legislative Commission on Pensions and Retirement, the chair of
10 the senate State and Local Government Operations Committee, the
11 chair of the house Governmental Operations and Veterans Affairs
12 Policy Committee, and the executive director of the Legislative
13 Commission on Pensions and Retirement on or before the October 1
14 next following that determination.

15 Sec. 78. [EFFECTIVE DATE.]

16 Sections 1 to 77 are effective on July 1, 2005.

17 ARTICLE 2

18 COVERED SALARY; AVERAGE SALARY

19 Section 1. Minnesota Statutes 2004, section 352.01, is
20 amended by adding a subdivision to read:

21 Subd. 14a. [AVERAGE SALARY.] (a) "Average salary" means
22 the average of the highest five successive years of salary upon
23 which the employee has made contributions to the retirement fund
24 by payroll deductions. Average salary must be based upon all
25 allowable service if this service is less than five years.

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

32 (c) For an employee covered by the correctional state
33 employees retirement plan, "average salary" means the average of
34 the monthly salary during the employee's highest five successive
35 years of salary as an employee covered by the general state
36 employees retirement plan, or the correctional state employees

1 retirement plan, or by a combination of the two. If the total
2 of the covered service is less than five years, the
3 determination of average salary must be based on all allowable
4 service.

5 Sec. 2. Minnesota Statutes 2004, section 352.115,
6 subdivision 2, is amended to read:

7 Subd. 2. [~~AVERAGE-SALARY~~ NORMAL RETIREMENT ANNUITY.] The
8 retirement annuity hereunder payable at normal retirement age or
9 thereafter must be computed in accordance with the applicable
10 provisions of the formula stated in subdivision 3, on the basis
11 of the employee's average salary for the period of allowable
12 service. This retirement annuity is known as the "normal"
13 retirement annuity.

14 ~~For each year of allowable service, "average salary" of an~~
15 ~~employee in determining a retirement annuity means the average~~
16 ~~of the highest five successive years of salary upon which the~~
17 ~~employee has made contributions to the retirement fund by~~
18 ~~payroll deductions. Average salary must be based upon all~~
19 ~~allowable service if this service is less than five years.~~

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

26 Sec. 3. Minnesota Statutes 2004, section 352.115,
27 subdivision 3, is amended to read:

28 Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph,
29 in conjunction with section 352.116, subdivision 1, applies to a
30 person who became a covered employee or a member of a pension
31 fund listed in section 356.30, subdivision 3, before July 1,
32 1989, unless paragraph (b), in conjunction with section 352.116,
33 subdivision 1a, produces a higher annuity amount, in which case
34 paragraph (b) will apply. The employee's average salary, as
35 defined in section 352.01, subdivision 2 14a, multiplied by the
36 percent specified in section 356.315, subdivision 1, per year of

1 allowable service for the first ten years and the percent
2 specified in section 356.315, subdivision 2, for each later year
3 of allowable service and pro rata for completed months less than
4 a full year shall determine the amount of the retirement annuity
5 to which the employee is entitled.

6 (b) This paragraph applies to a person who has become at
7 least 55 years old and first became a covered employee after
8 June 30, 1989, and to any other covered employee who has become
9 at least 55 years old and whose annuity amount, when calculated
10 under this paragraph and in conjunction with section 352.116,
11 subdivision 1a, is higher than it is when calculated under
12 paragraph (a), in conjunction with section 352.116, subdivision
13 1. The employee's average salary, as defined in section 352.01,
14 subdivision 2 14a, multiplied by the percent specified in
15 section 356.315, subdivision 2, for each year of allowable
16 service and pro rata for months less than a full year shall
17 determine the amount of the retirement annuity to which the
18 employee is entitled.

19 Sec. 4. Minnesota Statutes 2004, section 352.87,
20 subdivision 3, is amended to read:

21 Subd. 3. [RETIREMENT ANNUITY FORMULA.] A person specified
22 in subdivision 1 ~~will have~~ is entitled to receive a retirement
23 annuity applicable for allowable service credit under this
24 section calculated by multiplying the employee's average salary,
25 as defined in section ~~352.115~~ 352.01, subdivision 2 14a, by the
26 percent specified in section 356.315, subdivision 2a, for each
27 year or portions of a year of allowable service credit. No
28 reduction for retirement ~~prior to~~ before the normal retirement
29 age, as specified in section 352.01, subdivision 25, applies to
30 service to which this section applies.

31 Sec. 5. Minnesota Statutes 2004, section 352.93,
32 subdivision 1, is amended to read:

33 Subdivision 1. [BASIS OF ANNUITY; WHEN TO APPLY.] After
34 separation from state service, an employee covered under section
35 352.91 who has reached age 55 years and has credit for at least
36 three years of covered correctional service or a combination of

1 covered correctional service and regular-Minnesota general
2 employees state retirement system plan service is entitled upon
3 application to a retirement annuity under this section, based
4 only on covered correctional employees' service. Application
5 may be made no earlier than 60 days before the date the employee
6 is eligible to retire by reason of both age and service
7 requirements.

8 ~~In this section, "average salary" means the average of the~~
9 ~~monthly salary during the employee's highest five successive~~
10 ~~years of salary as an employee covered by the Minnesota State~~
11 ~~Retirement System. Average salary must be based upon all~~
12 ~~allowable service if this service is less than five years.~~

13 Sec. 6. Minnesota Statutes 2004, section 352C.021, is
14 amended by adding a subdivision to read:

15 Subd. 1a. [AVERAGE SALARY.] "Average salary," for purposes
16 of calculating the normal retirement annuity under section
17 352C.031, subdivision 4, means the average of the highest five
18 successive years of salary upon which contributions have been
19 made under section 352C.09.

20 Sec. 7. Minnesota Statutes 2004, section 353.01,
21 subdivision 10, is amended to read:

22 Subd. 10. [SALARY.] (a) "Salary" means:

23 (1) the periodic compensation of a public employee, before
24 deductions for deferred compensation, supplemental retirement
25 plans, or other voluntary salary reduction programs, and also
26 means "wages" and includes net income from fees;

27 (2) for a public employee who is covered by a supplemental
28 retirement plan under section 356.24, subdivision 1, clause (8),
29 (9), or (10), which require all plan contributions be made by
30 the employer, the contribution to the applicable supplemental
31 retirement plan when the contribution is from mandatory
32 withholdings from employees' wages; and

33 ~~(2)~~ (3) for a public employee who has prior service covered
34 by a local police or firefighters relief association that has
35 consolidated with the Public Employees Retirement Association or
36 to which section 353.665 applies and who has elected coverage

1 either under the public employees police and fire fund benefit
2 plan under section 353A.08 following the consolidation or under
3 section 353.665, subdivision 4, the rate of salary upon which
4 member contributions to the special fund of the relief
5 association were made prior to the effective date of the
6 consolidation as specified by law and by bylaw provisions
7 governing the relief association on the date of the initiation
8 of the consolidation procedure and the actual periodic
9 compensation of the public employee after the effective date of
10 consolidation.

11 (b) Salary does not mean:

12 (1) the fees paid to district court reporters, unused
13 annual vacation or sick leave payments, in lump-sum or periodic
14 payments, severance payments, reimbursement of expenses,
15 lump-sum settlements not attached to a specific earnings period,
16 or workers' compensation payments;

17 (2) employer-paid amounts used by an employee toward the
18 cost of insurance coverage, employer-paid fringe benefits,
19 flexible spending accounts, cafeteria plans, health care expense
20 accounts, day care expenses, or any payments in lieu of any
21 employer-paid group insurance coverage, including the difference
22 between single and family rates that may be paid to a member
23 with single coverage and certain amounts determined by the
24 executive director to be ineligible;

25 (3) the amount equal to that which the employing
26 governmental subdivision would otherwise pay toward single or
27 family insurance coverage for a covered employee when, through a
28 contract or agreement with some but not all employees, the
29 employer:

30 (i) discontinues, or for new hires does not provide,
31 payment toward the cost of the employee's selected insurance
32 coverages under a group plan offered by the employer;

33 (ii) makes the employee solely responsible for all
34 contributions toward the cost of the employee's selected
35 insurance coverages under a group plan offered by the employer,
36 including any amount the employer makes toward other employees'

1 selected insurance coverages under a group plan offered by the
2 employer; and

3 (iii) provides increased salary rates for employees who do
4 not have any employer-paid group insurance coverages;

5 (4) except as provided in section 353.86 or 353.87,
6 compensation of any kind paid to volunteer ambulance service
7 personnel or volunteer firefighters, as defined in subdivision
8 35 or 36; and

9 (5) the amount of compensation that exceeds the limitation
10 provided in section 356.611.

11 (c) Amounts provided to an employee by the employer through
12 a grievance proceeding or a legal settlement are salary only if
13 the settlement is reviewed by the executive director and the
14 amounts are determined by the executive director to be
15 consistent with paragraph (a) and prior determinations.

16 Sec. 8. Minnesota Statutes 2004, section 353.01, is
17 amended by adding a subdivision to read:

18 Subd. 17a. [AVERAGE SALARY.] (a) "Average salary," for
19 purposes of calculating a retirement annuity under section
20 353.29, subdivision 3, means an amount equivalent to the average
21 of the highest salary of the member, police officer, or
22 firefighter, whichever applies, upon which employee
23 contributions were paid for any five successive years of
24 allowable service, based on dates of salary periods as listed on
25 salary deduction reports. Average salary must be based upon all
26 allowable service if this service is less than five years.

27 (b) "Average salary" may not include any reduced salary
28 paid during a period in which the employee is entitled to
29 benefit payments from workers' compensation for temporary
30 disability, unless the average salary is higher, including this
31 period.

32 Sec. 9. Minnesota Statutes 2004, section 353.29,
33 subdivision 3, is amended to read:

34 Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph,
35 in conjunction with section 353.30, subdivisions 1, 1a, 1b, and
36 1c, applies to any member who first became a public employee or

1 a member of a pension fund listed in section 356.30, subdivision
2 3, before July 1, 1989, unless paragraph (b), in conjunction
3 with section 353.30, subdivision 5, produces a higher annuity
4 amount, in which case paragraph (b) will apply. The average
5 salary as defined in section 353.01, subdivision 2 17a,
6 multiplied by the percent specified in section 356.315,
7 subdivision 3, for each year of allowable service for the first
8 ten years and thereafter by the percent specified in section
9 356.315, subdivision 4, per year of allowable service and
10 completed months less than a full year for the "basic member,"
11 and the percent specified in section 356.315, subdivision 1, for
12 each year of allowable service for the first ten years and
13 thereafter by the percent specified in section 356.315,
14 subdivision 2, per year of allowable service and completed
15 months less than a full year for the "coordinated member," shall
16 determine the amount of the "normal" retirement annuity.

17 (b) This paragraph applies to a member who has become at
18 least 55 years old and first became a public employee after June
19 30, 1989, and to any other member whose annuity amount, when
20 calculated under this paragraph and in conjunction with section
21 353.30, subdivision 5, is higher than it is when calculated
22 under paragraph (a), in conjunction with section 353.30,
23 subdivisions 1, 1a, 1b, and 1c. The average salary, as defined
24 in section 353.01, subdivision 2 17a, multiplied by the percent
25 specified in section 356.315, subdivision 4, for each year of
26 allowable service and completed months less than a full year for
27 a basic member and the percent specified in section 356.315,
28 subdivision 2, per year of allowable service and completed
29 months less than a full year for a coordinated member, shall
30 determine the amount of the normal retirement annuity.

31 Sec. 10. Minnesota Statutes 2004, section 353.33,
32 subdivision 3, is amended to read:

33 Subd. 3. [COMPUTATION OF BENEFITS.] This disability
34 benefit is an amount equal to the normal annuity payable to a
35 member who has reached normal retirement age with the same
36 number of years of allowable service and the same average

1 salary, as provided in section 353.01, subdivision 17a, and
2 section 353.29, subdivisions-2-and subdivision 3.

3 A basic member shall receive a supplementary monthly
4 benefit of \$25 to age 65 or the five-year anniversary of the
5 effective date of the disability benefit, whichever is later.

6 If the disability benefits under this subdivision exceed
7 the average salary as defined in ~~section 353.29~~ 353.01,
8 subdivision 2 17a, the disability benefits must be reduced to an
9 amount equal to ~~said~~ the average salary.

10 Sec. 11. Minnesota Statutes 2004, section 353.651,
11 subdivision 3, is amended to read:

12 Subd. 3. [RETIREMENT ANNUITY FORMULA.] The average salary
13 as defined in section 353.01, subdivision 2 17a, multiplied by
14 the percent specified in section 356.315, subdivision 6, per
15 year of allowable service determines the amount of the normal
16 retirement annuity. If the member has earned allowable service
17 for performing services other than those of a police officer or
18 firefighter, the annuity representing ~~such that~~ service is must
19 be computed under sections 353.29 and 353.30.

20 Sec. 12. Minnesota Statutes 2004, section 353.656,
21 subdivision 1, is amended to read:

22 Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.]
23 A member of the police and fire plan who becomes disabled and
24 physically unfit to perform duties as a police officer,
25 firefighter, or paramedic as defined under section 353.64,
26 subdivision 10, as a direct result of an injury, sickness, or
27 other disability incurred in or arising out of any act of duty,
28 which has or is expected to render the member physically or
29 mentally unable to perform the duties as a police officer,
30 firefighter, or paramedic as defined under section 353.64,
31 subdivision 10, for a period of at least one year, shall receive
32 disability benefits during the period of such disability. The
33 benefits must be in an amount equal to 60 percent of the
34 "average salary" as defined in ~~section 353.651~~ 353.01,
35 subdivision 2 17a, plus an additional percent specified in
36 section 356.315, subdivision 6, of that average salary for each

1 year of service in excess of 20 years. If the disability under
2 this subdivision occurs before the member has at least five
3 years of allowable service credit in the police and fire plan,
4 the disability benefit must be computed on the "average salary"
5 from which deductions were made for contribution to the police
6 and fire fund.

7 Sec. 13. Minnesota Statutes 2004, section 354.05, is
8 amended by adding a subdivision to read:

9 Subd. 13a. [AVERAGE SALARY.] (a) "Average salary," for the
10 purpose of determining the member's retirement annuity, means
11 the average salary upon which contributions were made for the
12 highest five successive years of formula service credit.

13 (b) "Average salary" may not include any more than the
14 equivalent of 60 monthly salary payments.

15 (c) "Average salary" must be based upon all years of
16 formula service credit if this service credit is less than five
17 years.

18 Sec. 14. Minnesota Statutes 2004, section 354.44,
19 subdivision 6, is amended to read:

20 Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT
21 ANNUITY.] (a) The formula retirement annuity must be computed in
22 accordance with the applicable provisions of the formulas stated
23 in paragraph (b) or (d) on the basis of each member's average
24 salary under section 354.05, subdivision 13a, for the period of
25 the member's formula service credit.

26 ~~For-all-years-of-formula-service-credit,-"average-salary,"~~
27 ~~for-the-purpose-of-determining-the-member's-retirement-annuity,~~
28 ~~means-the-average-salary-upon-which-contributions-were-made-and~~
29 ~~upon-which-payments-were-made-to-increase-the-salary-limitation~~
30 ~~provided-in-Minnesota-Statutes-1971,-section-354.511,-for-the~~
31 ~~highest-five-successive-years-of-formula-service-credit~~
32 ~~provided,-however,-that-such-"average-salary"-shall-not-include~~
33 ~~any-more-than-the-equivalent-of-60-monthly-salary-payments.~~
34 ~~Average-salary-must-be-based-upon-all-years-of-formula-service~~
35 ~~credit-if-this-service-credit-is-less-than-five-years.~~

36 (b) This paragraph, in conjunction with paragraph (c),

1 applies to a person who first became a member of the association
 2 or a member of a pension fund listed in section 356.30,
 3 subdivision 3, before July 1, 1989, unless paragraph (d), in
 4 conjunction with paragraph (e), produces a higher annuity
 5 amount, in which case paragraph (d) applies. The average salary
 6 as defined in ~~paragraph (a)~~ section 354.05, subdivision 13a,
 7 multiplied by the following percentages per year of formula
 8 service credit shall determine the amount of the annuity to
 9 which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
11 Each year of service	the percent	the percent
12 during first ten	specified in	specified in
13	section 356.315,	section 356.315,
14	subdivision 1,	subdivision 3,
15	per year	per year
16 Each year of service	the percent	the percent
17 thereafter	specified in	specified in
18	section 356.315,	section 356.315,
19	subdivision 2,	subdivision 4,
20	per year	per year

21 (c) (i) This paragraph applies only to a person who first
 22 became a member of the association or a member of a pension fund
 23 listed in section 356.30, subdivision 3, before July 1, 1989,
 24 and whose annuity is higher when calculated under paragraph (b),
 25 in conjunction with this paragraph than when calculated under
 26 paragraph (d), in conjunction with paragraph (e).

27 (ii) Where any member retires prior to normal retirement
 28 age under a formula annuity, the member shall be paid a
 29 retirement annuity in an amount equal to the normal annuity
 30 provided in paragraph (b) reduced by one-quarter of one percent
 31 for each month that the member is under normal retirement age at
 32 the time of retirement except that for any member who has 30 or
 33 more years of allowable service credit, the reduction shall be
 34 applied only for each month that the member is under age 62.

35 (iii) Any member whose attained age plus credited allowable
 36 service totals 90 years is entitled, upon application, to a

1 retirement annuity in an amount equal to the normal annuity
2 provided in paragraph (b), without any reduction by reason of
3 early retirement.

4 (d) This paragraph applies to a member who has become at
5 least 55 years old and first became a member of the association
6 after June 30, 1989, and to any other member who has become at
7 least 55 years old and whose annuity amount when calculated
8 under this paragraph and in conjunction with paragraph (e), is
9 higher than it is when calculated under paragraph (b), in
10 conjunction with paragraph (c). The average salary, as defined
11 in ~~paragraph-(a)~~ section 354.05, subdivision 13a, multiplied by
12 the percent specified by section 356.315, subdivision 4, for
13 each year of service for a basic member and by the percent
14 specified in section 356.315, subdivision 2, for each year of
15 service for a coordinated member shall determine the amount of
16 the retirement annuity to which the member is entitled.

17 (e) This paragraph applies to a person who has become at
18 least 55 years old and first becomes a member of the association
19 after June 30, 1989, and to any other member who has become at
20 least 55 years old and whose annuity is higher when calculated
21 under paragraph (d) in conjunction with this paragraph than when
22 calculated under paragraph (b), in conjunction with paragraph
23 (c). An employee who retires under the formula annuity before
24 the normal retirement age shall be paid the normal annuity
25 provided in paragraph (d) reduced so that the reduced annuity is
26 the actuarial equivalent of the annuity that would be payable to
27 the employee if the employee deferred receipt of the annuity and
28 the annuity amount were augmented at an annual rate of three
29 percent compounded annually from the day the annuity begins to
30 accrue until the normal retirement age.

31 (f) No retirement annuity is payable to a former employee
32 with a salary that exceeds 95 percent of the governor's salary
33 unless and until the salary figures used in computing the
34 highest five successive years average salary under paragraph (a)
35 have been audited by the Teachers Retirement Association and
36 determined by the executive director to comply with the

1 requirements and limitations of section 354.05, subdivisions 35
2 and 35a.

3 Sec. 15. Minnesota Statutes 2004, section 354A.011, is
4 amended by adding a subdivision to read:

5 Subd. 7a. [AVERAGE SALARY.] "Average salary," for purposes
6 of computing a normal coordinated program retirement annuity
7 under section 354A.31, subdivision 4 or 4a, means an amount
8 equal to the average salary upon which contributions were made
9 for the highest five successive years of service credit but may
10 not in any event include any more than the equivalent of 60
11 monthly salary payments. Average salary must be based upon all
12 years of service credit if this service credit is less than five
13 years.

14 Sec. 16. Minnesota Statutes 2004, section 354A.31,
15 subdivision 4, is amended to read:

16 Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT
17 ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.] (a) This subdivision
18 applies to the coordinated programs of the Minneapolis Teachers
19 Retirement Fund Association and the St. Paul Teachers Retirement
20 Fund Association.

21 (b) The normal coordinated retirement annuity ~~shall-be~~ is
22 an amount equal to a retiring coordinated member's average
23 salary under section 354A.011, subdivision 7a, multiplied by the
24 retirement annuity formula percentage. ~~Average-salary-for~~
25 ~~purposes-of-this-section-shall-mean-an-amount-equal-to-the~~
26 ~~average-salary-upon-which-contributions-were-made-for-the~~
27 ~~highest-five-successive-years-of-service-credit,-but-which-shall~~
28 ~~not-in-any-event-include-any-more-than-the-equivalent-of-60~~
29 ~~monthly-salary-payments---Average-salary-must-be-based-upon-all~~
30 ~~years-of-service-credit-if-this-service-credit-is-less-than-five~~
31 ~~years-~~

32 (c) This paragraph, in conjunction with subdivision 6,
33 applies to a person who first became a member or a member in a
34 pension fund listed in section 356.30, subdivision 3, before
35 July 1, 1989, unless paragraph (d), in conjunction with
36 subdivision 7, produces a higher annuity amount, in which case

1 paragraph (d) will apply. The retirement annuity formula
2 percentage for purposes of this paragraph is the percent
3 specified in section 356.315, subdivision 1, per year for each
4 year of coordinated service for the first ten years and the
5 percent specified in section 356.315, subdivision 2, for each
6 year of coordinated service thereafter.

7 (d) This paragraph applies to a person who has become at
8 least 55 years old and who first becomes a member after June 30,
9 1989, and to any other member who has become at least 55 years
10 old and whose annuity amount, when calculated under this
11 paragraph and in conjunction with subdivision 7 is higher than
12 it is when calculated under paragraph (c), in conjunction with
13 the provisions of subdivision 6. The retirement annuity formula
14 percentage for purposes of this paragraph is the percent
15 specified in section 356.315, subdivision 2, for each year of
16 coordinated service.

17 Sec. 17. Minnesota Statutes 2004, section 354A.31,
18 subdivision 4a, is amended to read:

19 Subd. 4a. [COMPUTATION OF THE NORMAL COORDINATED
20 RETIREMENT ANNUITY; DULUTH FUND.] (a) This subdivision applies
21 to the new law coordinated program of the Duluth Teachers
22 Retirement Fund Association.

23 (b) The normal coordinated retirement annuity is an amount
24 equal to a retiring coordinated member's average salary under
25 section 354A.011, subdivision 7a, multiplied by the retirement
26 annuity formula percentage. ~~Average-salary-for-purposes-of-this~~
27 ~~section-means-an-amount-equal-to-the-average-salary-upon-which~~
28 ~~contributions-were-made-for-the-highest-five-successive-years-of~~
29 ~~service-credit,-but-may-not-in-any-event-include-any-more-than~~
30 ~~the-equivalent-of-60-monthly-salary-payments.--Average-salary~~
31 ~~must-be-based-upon-all-years-of-service-credit-if-this-service~~
32 ~~credit-is-less-than-five-years.~~

33 (c) This paragraph, in conjunction with subdivision 6,
34 applies to a person who first became a member or a member in a
35 pension fund listed in section 356.30, subdivision 3, before
36 July 1, 1989, unless paragraph (d), in conjunction with

1 subdivision 7, produces a higher annuity amount, in which case
2 paragraph (d) applies. The retirement annuity formula
3 percentage for purposes of this paragraph is the percent
4 specified in section 356.315, subdivision 1, per year for each
5 year of coordinated service for the first ten years and the
6 percent specified in section 356.315, subdivision 2, for each
7 subsequent year of coordinated service.

8 (d) This paragraph applies to a person who is at least 55
9 years old and who first becomes a member after June 30, 1989,
10 and to any other member who is at least 55 years old and whose
11 annuity amount, when calculated under this paragraph and in
12 conjunction with subdivision 7, is higher than it is when
13 calculated under paragraph (c) in conjunction with subdivision
14 6. The retirement annuity formula percentage for purposes of
15 this paragraph is the percent specified in section 356.315,
16 subdivision 2, for each year of coordinated service.

17 Sec. 18. Minnesota Statutes 2004, section 422A.01, is
18 amended by adding a subdivision to read:

19 Subd. 4a. [AVERAGE SALARY.] (a) "Average salary" means the
20 arithmetic average annual salary, wages, or compensation of the
21 member from the city for any five calendar years out of the last
22 ten calendar years of service, except as provided for in section
23 422A.16, which may include the year in which the employee
24 retires, as selected by the employee.

25 (b) A member with more than five calendar years of service
26 but less than ten calendar years may select any five calendar
27 years of service to determine the average salary. A member with
28 less than five years of service with the city shall use all
29 earnings to determine the average salary.

30 Sec. 19. Minnesota Statutes 2004, section 422A.15,
31 subdivision 1, is amended to read:

32 Subdivision 1. [FORMULA PENSION AND ANNUITY.] Except as
33 otherwise provided in subdivision 3, each contributing member
34 who, at the time of retirement, fulfills the conditions
35 necessary to enable the member to retire, ~~shall~~ is entitled to
36 receive ~~what shall be known as~~ a "formula pension and annuity"

1 equal to two percent for each year of allowable service for the
2 first ten years and thereafter 2.5 percent per year of allowable
3 service of the arithmetic average annual salary, wages or
4 ~~compensation of the member from the city for any five calendar~~
5 ~~years out of the last ten calendar years of service except as~~
6 ~~provided for in section 422A.16, which may include the year in~~
7 ~~which the employee retires, as selected by the employee,~~
8 multiplied by the years of service credited by the retirement
9 fund. The formula pension and annuity shall must be computed on
10 the single life plan but subject to the option selections
11 provided for in section 422A.17.

12 In order to be entitled to the formula pension and annuity
13 herein provided for, the retiring employee at the time of
14 cessation of employment and of actual retirement shall must have
15 attained the age of 60 years or have been employed by the city
16 not less than 30 years, or meet the qualifications provided for
17 in section 422A.16, and in addition thereto have contributed to
18 the retirement fund at the percentage rate prescribed by the
19 retirement law applicable when the salary, wages or compensation
20 was paid on all salaries, wages, or compensation received from
21 the city or from an applicable employing unit. The years of
22 service to be applied in the formula pension and annuity shall
23 must be found and determined by the retirement board, except
24 that no credit shall may be allowed for any year in which a back
25 charge is owing at time of retirement and the earnings from any
26 year in which a back charge is owing shall may not be used in
27 determining the average annual salary.

28 Sec. 20. Minnesota Statutes 2004, section 422A.16,
29 subdivision 9, is amended to read:

30 Subd. 9. [INCOMPETENCY OR DEATH OF MEMBER.] Any member of
31 the contributing class who becomes permanently separated from
32 the service of the city under subdivision 8, may, by an
33 instrument in writing, filed with the municipal employees
34 retirement board within 30 days after such the separation
35 becomes permanent, elect to allow the member contributions
36 to such the fund to the date of separation to remain on deposit

1 in such the fund, and in such the event the member ~~shall-be~~
2 is entitled to receive a retirement allowance at age 65,
3 provided the member, or someone acting in the member's behalf if
4 the member be incompetent, ~~shall~~ must make a written application
5 for such the retirement allowance in the same manner provided
6 for in section 422A.17 and in accordance with the provisions of
7 section 422A.15, subdivision 1, except for determining
8 average annual salary. ~~A-member-with-more-than-five-calendar~~
9 ~~years-of-service-but-less-than-ten-calendar-years-may-select-any~~
10 ~~five-calendar-years-of-service-to-determine-the-average-annual~~
11 ~~salary.--A-member-with-less-than-five-years-of-service-with-the~~
12 ~~city-shall-use-all-earnings-to-determine-the-average-annual~~
13 ~~salary.~~

14 If the contributing member dies before reaching the age of
15 65 years, or having attained the age of 65 years without having
16 made the election provided for herein, the net accumulated
17 amount of deductions from the member's salary, pay or
18 compensation, plus interest, to the member's credit on date of
19 death ~~shall-be-paid~~ is payable to such the person or persons as
20 have been nominated by written designation filed with the
21 retirement board, in such the form as that the retirement board
22 ~~shall-require~~ requires.

23 If the employee fails to make a designation, or if the
24 person or persons designated by such the employee predeceases
25 such the employee, the net accumulated credit to such the
26 employee's account on date of death ~~shall-be-paid~~ is payable to
27 such the employee's estate.

28 The provisions of subdivisions 4, 5, and 6 ~~shall~~ also apply
29 to any member qualifying for benefits under this subdivision,
30 except for purposes of this subdivision the age referred to in
31 subdivision 4 ~~shall-be~~ is 65 years.

32 Sec. 21. Minnesota Statutes 2004, section 490.121,
33 subdivision 21, is amended to read:

34 Subd. 21. [FINAL AVERAGE COMPENSATION.] "Final average
35 compensation" means the total amount of salary ~~payable~~ paid to a
36 judge in the highest five years out of the last ten years ~~prior~~

1 ~~to before~~ the ~~event-of-maturity-of-benefits~~ termination of
2 judicial service, divided by five~~,-provided,-however,-that~~ if
3 the number of years of service by the judge equals or exceeds
4 ten. If the number of years of service by the judge is less
5 than ten, but more than five, the highest five ~~shall~~ years of
6 salary must be counted~~,-and~~. If the number of years of service
7 by the judge is less than five, the aggregate salary ~~in-such~~ for
8 the period shall of service must be divided by the number of
9 months in ~~such~~ the period and multiplied by 12.

10 Sec. 22. [REPEALER.]

11 Minnesota Statutes 2004, sections 352C.031, subdivision 3;
12 353.29, subdivision 2; and 353.651, subdivision 2, are repealed.

13 Sec. 23. [EFFECTIVE DATE.]

14 Sections 1 to 22 are effective July 1, 2005.

15 ARTICLE 3

16 ALLOWABLE SERVICE CREDIT

17 Section 1. [356.195] [SERVICE CREDIT PURCHASE PROCEDURES
18 FOR STRIKE PERIODS.]

19 Subdivision 1. [COVERED PLANS.] This section applies to
20 all defined benefit plans specified in section 356.30,
21 subdivision 3.

22 Subd. 2. [PURCHASE PROCEDURE FOR STRIKE PERIODS.] (a) An
23 employee covered by a plan specified in subdivision 1 may
24 purchase allowable service credit in the applicable plan for any
25 period of time during which the employee was on a public
26 employee strike without pay, not to exceed a period of one year,
27 if the employee makes a payment in lieu of salary deductions as
28 specified in paragraphs (b) and (c), whichever is applicable.
29 The employing unit, at its option, may pay the employer portion
30 of the amount specified in paragraph (b) on behalf of its
31 employees.

32 (b) If payment is received by the applicable pension plan
33 executive director within one year from the end of the strike,
34 the payment amount is equal to the applicable employee and
35 employer contribution rates specified in law for the applicable
36 plan during the strike period, applied to the employee's rate of

1 salary in effect at the conclusion of the strike for the period
2 of the strike without pay, plus compound interest at a monthly
3 rate of 0.71 percent from the last day of the strike period
4 until the date payment is received.

5 (c) If payment is received by the applicable pension fund
6 director after one year and before five years from the end of
7 the strike, the payment amount is the amount determined under
8 section 356.551.

9 (d) Payments may not be made more than five years after the
10 end of the strike.

11 Sec. 2. Minnesota Statutes 2004, section 490.121,
12 subdivision 4, is amended to read:

13 Subd. 4. [ALLOWABLE SERVICE.] (a) "Allowable service"
14 means any calendar month, subject to the service credit limit in
15 subdivision 22, served as a judge at any time, or served as a
16 referee in probate for all referees in probate who were in
17 office prior to January 1, 1974.

18 (b) "Allowable service" also means a period of authorized
19 leave of absence for which the judge has made a payment in lieu
20 of contributions, not in an amount in excess of the service
21 credit limit under subdivision 22. To obtain the service
22 credit, the judge shall pay an amount equal to the member and
23 employer contribution rates under section 490.123, subdivisions
24 1a and 1b, applied to the judge's average monthly salary rate
25 during the authorized leave of absence and multiplied by the
26 number of months of the authorized leave of absence, plus annual
27 compound interest at the rate of 8.5 percent from the date of
28 the termination of the leave to the date on which payment is
29 made. The payment must be made within one year of the date on
30 which the authorized leave of absence terminated. Service
31 credit for an authorized leave of absence is in addition to a
32 uniformed service leave under section 490.1211.

33 Sec. 3. Laws 1999, chapter 222, article 16, section 16, as
34 amended by Laws 2002, chapter 392, article 7, section 1, and
35 Laws 2003, First Special Session chapter 12, article 6, section
36 2, and Laws 2004, chapter 267, article 17, section 6, is amended

1 to read:

2 Sec. 16. [REPEALER.]

3 (a) Sections 2 to 6 and 8 to 13 are repealed on May 16,
4 2004.

5 (b) Sections 1 and 7 are repealed on May 16, ~~2006~~ 2007.

6 Sec. 4. Laws 2000, chapter 461, article 4, section 4, as
7 amended by Laws 2003, First Special Session chapter 12, article
8 6, section 3, and Laws 2004, chapter 267, article 17, section 7,
9 is amended to read:

10 Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

11 (a) Sections 1, 2, and 3 are effective ~~on~~ the day following
12 final enactment.

13 (b) Sections 1, 2, and 3, are repealed on May 16, ~~2006~~ 2007.

14 Sec. 5. [METRO TRANSIT STRIKE PROVISION.]

15 Notwithstanding the payment deadline specified in Minnesota
16 Statutes, section 356.195, subdivision 2, paragraph (b), a Metro
17 Transit employee covered by the general state employees
18 retirement plan of the Minnesota State Retirement System who was
19 on strike on or after January 1, 2004, and before the effective
20 date of this section, is authorized to make a payment under that
21 paragraph on or before one year after the effective date of this
22 section.

23 Sec. 6. [CROSBY-IRONTON PUBLIC SCHOOL STRIKE PROVISION.]

24 Notwithstanding the payment deadline specified in Minnesota
25 Statutes, section 356.195, subdivision 2, paragraph (b), a
26 Crosby-Ironton public school teacher covered by the Teachers
27 Retirement Association who was on strike during a period that
28 included April 1, 2005, and before the effective date of this
29 section, is authorized to make a payment under that paragraph on
30 or before one year after the effective date of this section.

31 Sec. 7. [EFFECTIVE DATE.]

32 (a) Sections 1, 3, 4, 5, and 6 [the Crosby-Ironton public
33 school strike provision] are effective the day following final
34 enactment.

35 (b) Section 2 is effective retroactively from January 1,
36 2005, and applies to any person who was in active service as a

1 judge on or after that date and applies to an authorized leave
2 of absence that occurred before or after that date. For a
3 person for whom section 2 is retroactive, the equivalent
4 contribution payment must be made on or before July 1, 2006.

5 ARTICLE 4

6 ACTUARIAL AND FINANCIAL

7 REPORTING CHANGES

8 Section 1. Minnesota Statutes 2004, section 352.01,
9 subdivision 12, is amended to read:

10 Subd. 12. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
11 means the condition of one annuity or benefit having an equal
12 actuarial present value as another annuity or benefit,
13 determined as of a given date at a specified age with each
14 actuarial present value based on the appropriate mortality table
15 adopted by the board of directors based on the experience of the
16 fund as recommended by the actuary retained ~~by the Legislative~~
17 ~~Commission on Pensions and Retirement~~ under section 356.214, and
18 approved under section 356.215, subdivision 18, and using the
19 applicable preretirement or postretirement interest rate
20 assumption specified in section 356.215, subdivision 8.

21 Sec. 2. Minnesota Statutes 2004, section 353.01,
22 subdivision 14, is amended to read:

23 Subd. 14. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
24 means the condition of one annuity or benefit having an equal
25 actuarial present value as another annuity or benefit,
26 determined as of a given date with each actuarial present value
27 based on the appropriate mortality table adopted by the board of
28 trustees based on the experience of the fund as recommended by
29 the actuary retained ~~by the Legislative Commission on Pensions~~
30 ~~and Retirement~~ under section 356.214, and approved under section
31 356.215, subdivision 18, and using the applicable preretirement
32 or postretirement interest rate assumption specified in section
33 356.215, subdivision 8.

34 Sec. 3. Minnesota Statutes 2004, section 354.05,
35 subdivision 7, is amended to read:

36 Subd. 7. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"

1 means the condition of one annuity or benefit having an equal
 2 actuarial present value as another annuity or benefit,
 3 determined as of a given date with each actuarial present value
 4 based on the appropriate mortality table adopted by the board of
 5 trustees based on the experience of the association as
 6 recommended by the actuary retained ~~by the Legislative~~
 7 ~~Commission on Pensions and Retirement~~ under section 356.214, and
 8 approved under section 356.215, subdivision 18, and using the
 9 applicable preretirement or postretirement interest rate
 10 assumption specified in section 356.215, subdivision 8.

11 Sec. 4. Minnesota Statutes 2004, section 354A.011,
 12 subdivision 3a, is amended to read:

13 Subd. 3a. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
 14 means the condition of one annuity or benefit having an equal
 15 actuarial present value as another annuity or benefit,
 16 determined as of a given date with each actuarial present value
 17 based on the appropriate mortality table adopted by the
 18 appropriate board of trustees based on the experience of that
 19 retirement fund association as recommended by the actuary
 20 retained ~~by the Legislative Commission on Pensions and~~
 21 ~~Retirement~~ under section 356.214, and approved under section
 22 356.215, subdivision 18, and using the applicable preretirement
 23 or postretirement interest rate assumption specified in section
 24 356.215, subdivision 8.

25 Sec. 5. Minnesota Statutes 2004, section 356.20,
 26 subdivision 4, is amended to read:

27 Subd. 4. [CONTENTS OF FINANCIAL REPORT.] (a) The financial
 28 report required by this section must contain financial
 29 statements and disclosures that indicate the financial
 30 operations and position of the retirement plan and fund. The
 31 report must conform with generally accepted governmental
 32 accounting principles, applied on a consistent basis. The
 33 report must be audited. The report must include, as part of its
 34 exhibits or its footnotes, an actuarial disclosure item based on
 35 the actuarial valuation calculations prepared by the
 36 ~~commission-retained~~ actuary retained under section 356.214 or by

1 the actuary retained by the retirement fund or plan, if
 2 applicable whichever applies, according to applicable actuarial
 3 requirements enumerated in section 356.215, and specified in the
 4 most recent standards for actuarial work adopted by the
 5 Legislative Commission on Pensions and Retirement. The accrued
 6 assets, the accrued liabilities, including accrued reserves, and
 7 the unfunded actuarial accrued liability of the fund or plan
 8 must be disclosed. The disclosure item must contain a
 9 declaration by the actuary retained ~~by the Legislative~~
 10 ~~Commission on Pensions and Retirement~~ under section 356.214 or
 11 the actuary retained by the fund or plan, whichever applies,
 12 specifying that the required reserves for any retirement,
 13 disability, or survivor benefits provided under a benefit
 14 formula are computed in accordance with the entry age actuarial
 15 cost method and in accordance with the most recent applicable
 16 standards for actuarial work adopted by the Legislative
 17 Commission on Pensions and Retirement.

18 (b) Assets of the fund or plan contained in the disclosure
 19 item must include the following statement of the actuarial value
 20 of current assets as defined in section 356.215, subdivision 1:

	Value	Value
	at cost	at market
23 Cash, cash equivalents, and		
24 short-term securities
25 Accounts receivable
26 Accrued investment income
27 Fixed income investments
28 Equity investments other		
29 than real estate
30 Real estate investments
31 Equipment
32 <u>Equity Participation</u> in the Minnesota		
33 postretirement investment		
34 <u>fund or the retirement</u>		
35 <u>benefit fund</u>
36 Other

1

2 Total assets

3 Value at cost

4 Value at market

5 Actuarial value of current assets

6 (c) The unfunded actuarial accrued liability of the fund or
7 plan contained in the disclosure item must include the following
8 measures of unfunded actuarial accrued liability, using
9 the actuarial value of current assets:

10 (1) the unfunded actuarial accrued liability, determined by
11 subtracting the current assets and the present value of future
12 normal costs from the total current and expected future benefit
13 obligations; and

14 (2) the unfunded pension benefit obligation, determined by
15 subtracting the current assets from the actuarial present value
16 of credited projected benefits.

17 If the current assets of the fund or plan exceed the
18 actuarial accrued liabilities, the excess must be disclosed and
19 indicated as a surplus.

20 (d) The pension benefit obligations schedule included in
21 the disclosure must contain the following information on the
22 benefit obligations:

23 (1) the pension benefit obligation, determined as the
24 actuarial present value of credited projected benefits on
25 account of service rendered to date, separately identified as
26 follows:

- 27 (i) for annuitants;
 - 28 retirement annuities;
 - 29 disability benefits;
 - 30 surviving spouse and child benefits;
- 31 (ii) for former members without vested rights;
- 32 (iii) for deferred annuitants' benefits, including
 - 33 any augmentation;
- 34 (iv) for active employees;
 - 35 accumulated employee contributions,
 - 36 including allocated investment income;

1 employer-financed benefits vested;
2 employer-financed benefits nonvested;
3 total pension benefit obligation; and

4 (2) if there are additional benefits not appropriately
5 covered by the foregoing items of benefit obligations, a
6 separate identification of the obligation.

7 (e) The report must contain an itemized exhibit describing
8 the administrative expenses of the plan, including, but not
9 limited to, the following items, classified on a consistent
10 basis from year to year, and with any further meaningful detail:

- 11 (1) personnel expenses;
12 (2) communication-related expenses;
13 (3) office building and maintenance expenses;
14 (4) professional services fees; and
15 (5) other expenses.

16 (f) The report must contain an itemized exhibit describing
17 the investment expenses of the plan, including, but not limited
18 to, the following items, classified on a consistent basis from
19 year to year, and with any further meaningful detail:

- 20 (1) internal investment-related expenses; and
21 (2) external investment-related expenses.

22 (g) Any additional statements or exhibits or more detailed
23 or subdivided itemization of a disclosure item that will enable
24 the management of the fund to portray a true interpretation of
25 the fund's financial condition must be included in the
26 additional statements or exhibits.

27 Sec. 6. Minnesota Statutes 2004, section 422A.01,
28 subdivision 6, is amended to read:

29 Subd. 6. [PRESENT WORTH OR PRESENT VALUE.] "Present worth"
30 or "present value" means that the present amount of money if
31 increased at the applicable postretirement or preretirement
32 interest rate assumption specified in section 356.215,
33 subdivision 8, and based on the mortality table adopted by the
34 board of trustees based on the experience of the fund as
35 recommended by the actuary retained ~~by the Legislative~~
36 ~~Commission on Pensions and Retirement~~ under section 356.214, and

1 approved under section 356.215, subdivision 18, will at
2 retirement equal the actuarial accrued liability of the annuity
3 already earned.

4 Sec. 7. Minnesota Statutes 2004, section 490.121,
5 subdivision 20, is amended to read:

6 Subd. 20. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"
7 means the condition of one annuity or benefit having an equal
8 actuarial present value as another annuity or benefit,
9 determined as of a given date with each actuarial present value
10 based on the appropriate mortality table adopted by the board of
11 ~~trustees~~ directors of the Minnesota State Retirement System
12 based on the experience of the fund as recommended by
13 the ~~commission-retained~~ actuary retained under section 356.214,
14 and approved under section 356.215, subdivision 18, and using
15 the applicable preretirement or postretirement interest rate
16 assumption specified in section 356.215, subdivision 8.

17 Sec. 8. [EFFECTIVE DATE.]

18 (a) Sections 1 to 4, 6, and 7 are effective on July 1, 2005.

19 (b) Section 5 is effective the day following final
20 enactment and applies to annual financial reporting occurring on
21 or after June 30, 2005.

22 ARTICLE 5

23 MEMBERSHIP INCLUSIONS

24 AND EXCLUSIONS

25 Section 1. Minnesota Statutes 2004, section 69.011, is
26 amended by adding a subdivision to read:

27 Subd. 2c. [INELIGIBILITY OF CERTAIN POLICE OFFICERS.] A
28 police officer employed by the University of Minnesota who is
29 required by the Board of Regents to be a member of the
30 University of Minnesota faculty retirement plan is not eligible
31 to be included in any police state aid certification under this
32 section.

33 Sec. 2. Minnesota Statutes 2004, section 352.01,
34 subdivision 2a, is amended to read:

35 Subd. 2a. [INCLUDED EMPLOYEES.] (a) "State employee"
36 includes:

- 1 (1) employees of the Minnesota Historical Society;
- 2 (2) employees of the State Horticultural Society;
- 3 (3) employees of the Disabled American Veterans, Department
4 of Minnesota, Veterans of Foreign Wars, Department of Minnesota,
5 if employed before July 1, 1963;
- 6 (4) employees of the Minnesota Crop Improvement
7 Association;
- 8 (5) employees of the adjutant general who are paid from
9 federal funds and who are not covered by any federal civilian
10 employees retirement system;
- 11 (6) employees of the Minnesota State Colleges and
12 Universities employed under the university or college activities
13 program;
- 14 (7) currently contributing employees covered by the system
15 who are temporarily employed by the legislature during a
16 legislative session or any currently contributing employee
17 employed for any special service as defined in subdivision 2b,
18 clause (8);
- 19 (8) employees of the Armory Building Commission;
- 20 (9) employees of the legislature appointed without a limit
21 on the duration of their employment and persons employed or
22 designated by the legislature or by a legislative committee or
23 commission or other competent authority to conduct a special
24 inquiry, investigation, examination, or installation;
- 25 (10) trainees who are employed on a full-time established
26 training program performing the duties of the classified
27 position for which they will be eligible to receive immediate
28 appointment at the completion of the training period;
- 29 (11) employees of the Minnesota Safety Council;
- 30 (12) any employees on authorized leave of absence from the
31 Transit Operating Division of the former Metropolitan Transit
32 Commission who are employed by the labor organization which is
33 the exclusive bargaining agent representing employees of the
34 Transit Operating Division;
- 35 (13) employees of the Metropolitan Council, Metropolitan
36 Parks and Open Space Commission, Metropolitan Sports Facilities

1 Commission, Metropolitan Mosquito Control Commission, or
2 Metropolitan Radio Board unless excluded or covered by another
3 public pension fund or plan under section 473.415, subdivision
4 3;

5 (14) judges of the Tax Court;

6 (15) personnel employed on June 30, 1992, by the University
7 of Minnesota in the management, operation, or maintenance of its
8 heating plant facilities, whose employment transfers to an
9 employer assuming operation of the heating plant facilities, so
10 long as the person is employed at the University of Minnesota
11 heating plant by that employer or by its successor organization;
12 and

13 (16) seasonal help in the classified service employed by
14 the Department of Revenue; and

15 (17) persons employed by the Department of Commerce as a
16 peace officer in the Insurance Fraud Prevention Division under
17 section 45.0135 who have attained the mandatory retirement age
18 specified in section 43A.34, subdivision 4.

19 (b) Employees specified in paragraph (a), clause (15), are
20 included employees under paragraph (a) if employer and employee
21 contributions are made in a timely manner in the amounts
22 required by section 352.04. Employee contributions must be
23 deducted from salary. Employer contributions are the sole
24 obligation of the employer assuming operation of the University
25 of Minnesota heating plant facilities or any successor
26 organizations to that employer.

27 Sec. 3. Minnesota Statutes 2004, section 352.91, is
28 amended by adding a subdivision to read:

29 Subd. 4a. [PROCESS FOR EVALUATING AND RECOMMENDING
30 POTENTIAL EMPLOYMENT POSITIONS FOR MEMBERSHIP INCLUSION.] (a)
31 The Department of Corrections and the Department of Human
32 Services must establish a procedure for evaluating periodic
33 requests by department employees for qualification for
34 recommendation by the commissioner for inclusion of the
35 employment position in the correctional facility or human
36 services facility in the correctional retirement plan and for

1 periodically determining employment positions that no longer
2 qualify for continued correctional retirement plan coverage.

3 (b) The procedure must provide for an evaluation of the
4 extent of the employee's working time spent in direct contact
5 with patients or inmates, the extent of the physical hazard that
6 the employee is routinely subjected to in the course of
7 employment, and the extent of intervention routinely expected of
8 the employee in the event of a facility incident. The
9 percentage of routine direct contact with inmates or patients
10 may not be less than 75 percent.

11 (c) The applicable commissioner shall notify the employee
12 of the determination of the appropriateness of recommending the
13 employment position for inclusion in the correctional retirement
14 plan, if the evaluation procedure results in a finding that the
15 employee:

16 (1) routinely spends 75 percent of the employee's time in
17 direct contact with inmates or patients; and

18 (2) is regularly engaged in the rehabilitation, treatment,
19 custody, or supervision of inmates or patients.

20 (d) After providing the affected employee an opportunity to
21 dispute or clarify any evaluation determinations, if the
22 commissioner determines that the employment position is
23 appropriate for inclusion in the correctional retirement plan,
24 the commissioner shall forward that recommendation and
25 supporting documentation to the chair of the Legislative
26 Commission on Pensions and Retirement, the chair of the State
27 and Local Governmental Operations Committee of the senate, the
28 chair of the Governmental Operations and Veterans Affairs Policy
29 Committee of the house of representatives, and the executive
30 director of the Legislative Commission on Pensions and
31 Retirement in the form of the appropriate proposed legislation.
32 The recommendation must be forwarded to the legislature before
33 January 15 for the recommendation to be considered in that
34 year's legislative session.

35 Sec. 4. Minnesota Statutes 2004, section 352B.01,
36 subdivision 2, is amended to read:

1 Subd. 2. [MEMBER.] "Member" means:

2 (1) a State Patrol member currently employed after June 30,
3 1943, under section 299D.03 by the state, who is a peace officer
4 under section 626.84, and whose salary or compensation is paid
5 out of state funds;

6 (2) a conservation officer employed under section 97A.201,
7 currently employed by the state, whose salary or compensation is
8 paid out of state funds;

9 (3) a crime bureau officer who was employed by the crime
10 bureau and was a member of the Highway Patrolmen's retirement
11 fund on July 1, 1978, whether or not that person has the power
12 of arrest by warrant after that date, or who is employed as
13 police personnel, with powers of arrest by warrant under section
14 299C.04, and who is currently employed by the state, and whose
15 salary or compensation is paid out of state funds;

16 (4) a person who is employed by the state in the Department
17 of Public Safety in a data processing management position with
18 salary or compensation paid from state funds, who was a crime
19 bureau officer covered by the State Patrol retirement plan on
20 August 15, 1987, and who was initially hired in the data
21 processing management position within the department during
22 September 1987, or January 1988, with membership continuing for
23 the duration of the person's employment in that position,
24 whether or not the person has the power of arrest by warrant
25 after August 15, 1987;

26 (5) a public safety employee defined as a peace officer in
27 section 626.84, subdivision 1, paragraph (c), and employed with
28 the Division of Alcohol and Gambling Enforcement under section
29 299L.01; and

30 (6) a Fugitive Apprehension Unit officer after October 31,
31 2000, employed by the Office of Special Investigations of the
32 Department of Corrections who is a peace officer under section
33 626.84; and

34 (7) an employee of the Department of Commerce defined as a
35 peace officer in section 626.84, subdivision 1, paragraph (c),
36 who is employed by the Division of Insurance Fraud Prevention

1 under section 45.0135 after January 1, 2005, and who has not
2 attained the mandatory retirement age specified in section
3 43A.34, subdivision 4.

4 Sec. 5. Minnesota Statutes 2004, section 353.01,
5 subdivision 6, is amended to read:

6 Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental
7 subdivision" means a county, city, town, school district within
8 this state, or a department or unit of state government, or any
9 public body whose revenues are derived from taxation, fees,
10 assessments or from other sources.

11 (b) Governmental subdivision also means the Public
12 Employees Retirement Association, the League of Minnesota
13 Cities, the Association of Metropolitan Municipalities, public
14 hospitals owned or operated by, or an integral part of, a
15 governmental subdivision or governmental subdivisions, the
16 Association of Minnesota Counties, the Metropolitan Intercounty
17 Association, the Minnesota Municipal Utilities Association, the
18 Metropolitan Airports Commission, the University of Minnesota
19 with respect to police officers covered by the public employees
20 police and fire retirement plan, the Minneapolis Employees
21 Retirement Fund for employment initially commenced after June
22 30, 1979, the Range Association of Municipalities and Schools,
23 soil and water conservation districts, economic development
24 authorities created or operating under sections 469.090 to
25 469.108, the Port Authority of the city of St. Paul, the Spring
26 Lake Park Fire Department, incorporated, the Lake Johanna
27 Volunteer Fire Department, incorporated, the Red Wing
28 Environmental Learning Center, and the Dakota County
29 Agricultural Society.

30 (c) Governmental subdivision does not mean any municipal
31 housing and redevelopment authority organized under the
32 provisions of sections 469.001 to 469.047; or any port authority
33 organized under sections 469.048 to 469.089 other than the Port
34 Authority of the city of St. Paul; or any hospital district
35 organized or reorganized prior to July 1, 1975, under sections
36 447.31 to 447.37 or the successor of the district, nor the

1 Minneapolis Community Development Agency.

2 Sec. 6. Minnesota Statutes 2004, section 353.64, is
3 amended by adding a subdivision to read:

4 Subd. 6a. [UNIVERSITY OF MINNESOTA POLICE OFFICERS;
5 EXCLUSION.] (a) Unless paragraph (b) applies, a person who is
6 employed as a peace officer by the University of Minnesota at
7 any campus or facility of the university, who is required by the
8 university to be and is licensed as a peace officer by the
9 Minnesota Peace Officer Standards and Training Board under
10 sections 626.84 to 626.863, and who has the full power of arrest
11 is a member of the public employees police and fire retirement
12 plan.

13 (b) A police officer employed by the University of
14 Minnesota who is required by the Board of Regents to contribute
15 to the University of Minnesota faculty retirement plan is not
16 eligible to be a member of the public employees police and fire
17 retirement plan.

18 Sec. 7. [EFFECTIVE DATE.]

19 (a) Sections 1, 3, 5, and 6 are effective July 1, 2005.

20 (b) Sections 2 and 4 are effective retroactively from
21 January 1, 2005.

22 ARTICLE 6

23 RETIREMENT CONTRIBUTIONS

24 Section 1. Minnesota Statutes 2004, section 353.28,
25 subdivision 5, is amended to read:

26 Subd. 5. [~~INTEREST CHARGES CHARGEABLE ON AMOUNTS DUE.~~] Any
27 amount due under this section or section 353.27, subdivision 4,
28 is payable with interest at an annual compound rate of 8.5
29 percent ~~compounded-annually~~ from the date due until the date
30 payment is received by the association, with a minimum interest
31 charge of \$10. ~~Interest-for-past-due-payments-of-excess-police~~
32 ~~state-aid-under-section-69-0317,-subdivision-5,-must-be-charged~~
33 ~~at-an-annual-rate-of-8.5-percent-compounded-annually.~~

34 Sec. 2. Minnesota Statutes 2004, section 353.28,
35 subdivision 6, is amended to read:

36 Subd. 6. [~~FAILURE-TO-PAY~~ COLLECTION OF UNPAID AMOUNTS.] (a)

1 If ~~the~~ a governmental subdivision which receives the direct
2 proceeds of property taxation fails to pay amounts an amount due
3 under ~~chapters~~ chapter 353, 353A, 353B, 353C, and or 353D ~~or~~
4 ~~fails-to-make-payments-of-excess-police-state-aid-to-the-public~~
5 ~~employees-police-and-fire-fund-under-section-69-031,-subdivision~~
6 5, the executive director shall certify ~~these-amounts~~ the amount
7 to the governmental subdivision for payment. If the
8 governmental subdivision fails to remit the sum so due in a
9 timely fashion, the executive director shall certify amounts the
10 amount to the applicable county auditor for collection. The
11 county auditor shall collect ~~such-amounts~~ the amount out of the
12 revenue of the governmental subdivision, or shall add ~~them~~ the
13 amount to the levy of the governmental subdivision and make
14 payment directly to the association. This tax ~~shall~~ must be
15 levied, collected, and apportioned in the manner that other
16 taxes are levied, collected, and apportioned.

17 (b) If a governmental subdivision which is not funded
18 directly from the proceeds of property taxation fails to pay an
19 amount due under this chapter, the executive director shall
20 certify the amount to the governmental subdivision for payment.
21 If the governmental subdivision fails to pay the amount for a
22 period of 60 days after certification, the executive director
23 shall certify the amount to the commissioner of finance, who
24 shall deduct the amount from any subsequent state-aid payment or
25 state appropriation amount applicable to the governmental
26 subdivision.

27 Sec. 3. [EFFECTIVE DATE.]

28 Sections 1 and 2 are effective July 1, 2005.

29 ARTICLE 7

30 PENSION BENEFITS UPON PRIVATIZATION

31 Section 1. Minnesota Statutes 2004, section 353F.02,
32 subdivision 4, is amended to read:

33 Subd. 4. [MEDICAL FACILITY.] "Medical facility" means:

34 (1) Bridges Medical Services;

35 (2) the Fair Oaks Lodge, Wadena;

36 ~~(2)~~ (3) the Glencoe Area Health Center;

1 ~~(3)~~ (4) the Hutchinson Area Health Care;
2 (5) the Kanabec Hospital;
3 ~~(4)~~ (6) the Luverne Public Hospital;
4 (7) the Northfield Hospital;
5 ~~(5)~~ (8) the RenVilla Nursing Home;
6 ~~(6)~~ (9) the Renville County Hospital in Olivia;
7 ~~(7)~~ (10) the St. Peter Community Healthcare Center; and
8 ~~(8)~~ (11) the Waconia-Ridgeview Medical Center.

9 Sec. 2. Laws 2004, chapter 267, article 12, section 4, is
10 amended to read:

11 Sec. 4. [EFFECTIVE DATE.]

12 (a) Section 1, relating to the Fair Oaks Lodge, Wadena, is
13 effective upon the latter of:

14 (1) the day after the governing body of Todd County and its
15 chief clerical officer timely complete their compliance with
16 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

17 (2) the day after the governing body of Wadena County and
18 its chief clerical officer timely complete their compliance with
19 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

20 (b) Section 1, relating to the RenVilla Nursing Home, is
21 effective upon the latter of:

22 (1) the day after the governing body of the city of
23 Renville and its chief clerical officer timely complete their
24 compliance with Minnesota Statutes, section 645.021,
25 subdivisions 2 and 3, except that the certificate of approval
26 must be filed before January 1, 2006; and

27 (2) the first day of the month next following certification
28 to the governing body of the city of Renville by the executive
29 director of the Public Employees Retirement Association that the
30 actuarial accrued liability of the special benefit coverage
31 proposed for extension to the privatized RenVilla Nursing Home
32 employees under section 1 does not exceed the actuarial gain
33 otherwise to be accrued by the Public Employees Retirement
34 Association, as calculated by the consulting actuary retained by
35 the Legislative Commission on Pensions and Retirement, or the
36 actuary retained under Minnesota Statutes, section 356.214,

1 whichever is applicable.

2 (c) The cost of the actuarial calculations must be borne by
3 the city of Renville or the purchaser of the RenVilla Nursing
4 Home.

5 (d) Section 1, relating to the St. Peter Community
6 Healthcare Center, is effective upon the latter of:

7 (1) the day after the governing body of the city of St.
8 Peter and its chief clerical officer timely complete their
9 compliance with Minnesota Statutes, section 645.021,
10 subdivisions 2 and 3; and

11 (2) the first day of the month next following certification
12 to the governing body of the city of St. Peter by the executive
13 director of the Public Employees Retirement Association that the
14 actuarial accrued liability of the special benefit coverage
15 proposed for extension to the privatized St. Peter Community
16 Healthcare Center employees under section 1 does not exceed the
17 actuarial gain otherwise to be accrued by the Public Employees
18 Retirement Association, as calculated by the consulting actuary
19 retained by the Legislative Commission on Pensions and
20 Retirement, or the actuary retained under Minnesota Statutes,
21 section 356.214, whichever is applicable.

22 (e) The cost of the actuarial calculations must be borne by
23 the city of St. Peter or the purchaser of the St. Peter
24 Community Healthcare Center.

25 (f) If the required actions under paragraphs (b) and (c)
26 occur, section 1 applies retroactively to the RenVilla Nursing
27 Home as of the date of privatization.

28 (g) If the required actions under paragraph (a) occur,
29 section 1 applies retroactively to Fair Oaks Lodge, Wadena, as
30 of January 1, 2004.

31 (h) Sections 2 and 3 are effective on the day following
32 final enactment.

33 Sec. 3. [EFFECTIVE DATE.]

34 (a) Section 1, relating to Bridges Medical Services, is
35 effective upon the later of:

36 (1) the day after the governing body of the city of Ada and

1 its chief clerical officer timely complete their compliance with
2 Minnesota Statutes, section 645.021, subdivisions 2 and 3; and
3 (2) the first day of the month next following certification
4 to the governing body of the city of Ada by the executive
5 director of the Public Employees Retirement Association that the
6 actuarial accrued liability of the special benefit coverage
7 proposed for extension to the privatized Bridges Medical
8 Services employees under section 1 does not exceed the actuarial
9 gain otherwise to be accrued by the Public Employees Retirement
10 Association, as calculated by the consulting actuary retained
11 under Minnesota Statutes, section 356.214.

12 (b) Section 1, relating to the Hutchinson Area Health Care,
13 is effective upon the later of:

14 (1) the day after the governing body of the city of
15 Hutchinson and its chief clerical officer timely complete their
16 compliance with Minnesota Statutes, section 645.021,
17 subdivisions 2 and 3; and

18 (2) the first day of the month next following certification
19 to the governing body of the city of Hutchinson by the executive
20 director of the Public Employees Retirement Association that the
21 actuarial accrued liability of the special benefit coverage
22 proposed for extension to the privatized Hutchinson Area Health
23 Care employees under section 1 does not exceed the actuarial
24 gain otherwise to be accrued by the Public Employees Retirement
25 Association, as calculated by the consulting actuary retained by
26 the Legislative Commission on Pensions and Retirement.

27 (c) Section 1, relating to the Northfield Hospital, is
28 effective upon the later of:

29 (1) the day after the governing body of the city of
30 Northfield and its chief clerical officer timely complete their
31 compliance with Minnesota Statutes, section 645.021,
32 subdivisions 2 and 3; and

33 (2) the first day of the month next following certification
34 to the governing body of the city of Northfield by the executive
35 director of the Public Employees Retirement Association that the
36 actuarial accrued liability of the special benefit coverage

1 proposed for extension to the privatized Northfield Hospital
2 employees under section 1 does not exceed the actuarial gain
3 otherwise to be accrued by the Public Employees Retirement
4 Association, as calculated by the consulting actuary retained by
5 the Legislative Commission on Pensions and Retirement.

6 (d) The cost of the actuarial calculations must be borne by
7 the facility, the city in which the facility is located, or the
8 purchaser of the facility.

9 (e) If the required actions in paragraphs (a), (b), or (c)
10 and (d) occur, section 1 applies retroactively to the date of
11 privatization.

12 (f) Section 2 is effective the day following final
13 enactment.

14 ARTICLE 8

15 FIRST CLASS CITY TEACHER

16 RETIREMENT FUND ASSOCIATIONS

17 Section 1. Minnesota Statutes 2004, section 354A.021, is
18 amended by adding a subdivision to read:

19 Subd. 9. [UPDATED ARTICLES OF INCORPORATION AND BYLAWS;
20 FILING.] (a) On or before July 1, 2006, and within six months of
21 the date of the approval of any amendment to the articles of
22 incorporation or bylaws, the chief administrative officer of
23 each first class city teacher retirement fund association shall
24 prepare and publish an updated compilation of the articles of
25 incorporation and the bylaws of the association.

26 (b) The chief administrative officer of the first class
27 city teacher retirement fund association must certify the
28 accuracy and the completeness of the compilation.

29 (c) The compilation of the articles of incorporation and
30 bylaws of a first class city teacher retirement fund association
31 must contain an index.

32 (d) The compilation must be made available to association
33 members and other interested parties. The association may
34 charge a fee for a copy that reflects the price of printing or
35 otherwise producing the copy. Two copies of the compilation
36 must be filed, without charge, by each retirement fund

1 association with the Legislation Commission on Pensions and
2 Retirement, the Legislative Reference Library, the state
3 auditor, the commissioner of education, the chancellor of the
4 Minnesota State Colleges and Universities system, and the
5 superintendent of the applicable school district.

6 (e) A first class city teacher retirement fund association
7 may contract with the revisor of statutes for the preparation of
8 the compilation.

9 (f) If a first class city teacher retirement fund
10 association makes an updated copy of its articles of
11 incorporation and bylaws available on its Web site, the
12 retirement fund association is not obligated to file a hard copy
13 of the documents under paragraph (d) for the applicable filing
14 period.

15 Sec. 2. [EFFECTIVE DATE.]

16 Section 1 is effective July 1, 2005.

17 ARTICLE 9

18 MINNESOTA STATE COLLEGES AND UNIVERSITIES

19 INDIVIDUAL RETIREMENT ACCOUNT PLAN CHANGES

20 Section 1. Minnesota Statutes 2004, section 354B.25,
21 subdivision 2, is amended to read:

22 Subd. 2. [INVESTMENT OPTIONS.] (a) The plan administrator
23 shall arrange for the purchase of investment products.

24 (b) The investment products must be purchased with
25 contributions under section 354B.23 or with money or assets
26 otherwise provided by law by authority of the board.

27 (c) Various investment accounts offered through the
28 Minnesota supplemental investment fund established under section
29 11A.17 and administered by the State Board of Investment is one
30 of the may be included as investment products for the individual
31 retirement account plan. Direct access must also be provided to
32 lower expense and no-load mutual funds, as those terms are
33 defined by the federal Securities and Exchange Commission,
34 including stock funds, bond funds, and balanced funds. Other
35 investment products or combination of investment products which
36 may be included are:

1 (1) savings accounts at federally insured financial
2 institutions;

3 (2) life insurance contracts, fixed and variable annuity
4 contracts from companies that are subject to regulation by the
5 commerce commissioner;

6 (3) investment options from open-ended investment companies
7 registered under the federal Investment Company Act of 1940,
8 United States Code, title 15, sections 80a-1 to 80a-64;

9 (4) investment options from a firm that is a registered
10 investment advisor under the federal Investment Advisers Act of
11 1940, United States Code, title 15, sections 80b-1 to 80b-21;
12 and

13 (5) investment options of a bank as defined in United
14 States Code, title 15, section 80b-2, subsection (a), paragraph
15 2, or a bank holding company as defined in the Bank Holding
16 Company Act of 1956, United States Code, title 12, section 1841,
17 subsection (a), paragraph (1).

18 Sec. 2. [EFFECTIVE DATE.]

19 Section 1 is effective the day following final enactment.

20 ARTICLE 10

21 SUPPLEMENTAL RETIREMENT PLANS

22 Section 1. Minnesota Statutes 2004, section 356.24,
23 subdivision 1, is amended to read:

24 Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful
25 for a school district or other governmental subdivision or state
26 agency to levy taxes for, or to contribute public funds to a
27 supplemental pension or deferred compensation plan that is
28 established, maintained, and operated in addition to a primary
29 pension program for the benefit of the governmental subdivision
30 employees other than:

31 (1) to a supplemental pension plan that was established,
32 maintained, and operated before May 6, 1971;

33 (2) to a plan that provides solely for group health,
34 hospital, disability, or death benefits;

35 (3) to the individual retirement account plan established
36 by chapter 354B;

1 (4) to a plan that provides solely for severance pay under
2 section 465.72 to a retiring or terminating employee;

3 (5) for employees other than personnel employed by the
4 Board of Trustees of the Minnesota State Colleges and
5 Universities and covered under the Higher Education Supplemental
6 Retirement Plan under chapter 354C, if the supplemental plan
7 coverage is provided for in a personnel policy of the public
8 employer or in the collective bargaining agreement between the
9 public employer and the exclusive representative of public
10 employees in an appropriate unit, in an amount matching employee
11 contributions on a dollar for dollar basis, but not to exceed an
12 employer contribution of \$2,000 a year per employee;

13 (i) to the state of Minnesota deferred compensation plan
14 under section 352.96; or

15 (ii) in payment of the applicable portion of the
16 contribution made to any investment eligible under section
17 403(b) of the Internal Revenue Code, if the employing unit has
18 complied with any applicable pension plan provisions of the
19 Internal Revenue Code with respect to the tax-sheltered annuity
20 program during the preceding calendar year;

21 (6) for personnel employed by the Board of Trustees of the
22 Minnesota State Colleges and Universities and not covered by
23 clause (5), to the supplemental retirement plan under chapter
24 354C, if the supplemental plan coverage is provided for in a
25 personnel policy or in the collective bargaining agreement of
26 the public employer with the exclusive representative of the
27 covered employees in an appropriate unit, in an amount matching
28 employee contributions on a dollar for dollar basis, but not to
29 exceed an employer contribution of \$2,700 a year for each
30 employee;

31 (7) to a supplemental plan or to a governmental trust to
32 save for postretirement health care expenses qualified for
33 tax-preferred treatment under the Internal Revenue Code, if the
34 supplemental plan coverage is provided for in a personnel policy
35 or in the collective bargaining agreement of a public employer
36 with the exclusive representative of the covered employees in an

1 appropriate unit;

2 (8) to the laborer's national industrial pension fund or to
3 a laborer's local pension fund for the employees of a
4 governmental subdivision who are covered by a collective
5 bargaining agreement that provides for coverage by that fund and
6 that sets forth a fund contribution rate, but not to exceed an
7 employer contribution of ~~\$2,000~~ \$5,000 per year per employee;

8 (9) to the plumbers' and pipefitters' national pension fund
9 or to a plumbers' and pipefitters' local pension fund for the
10 employees of a governmental subdivision who are covered by a
11 collective bargaining agreement that provides for coverage by
12 that fund and that sets forth a fund contribution rate, but not
13 to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per
14 employee;

15 (10) to the international union of operating engineers
16 pension fund for the employees of a governmental subdivision who
17 are covered by a collective bargaining agreement that provides
18 for coverage by that fund and that sets forth a fund
19 contribution rate, but not to exceed an employer contribution of
20 ~~\$2,000~~ \$5,000 per year per employee; or

21 (11) to a supplemental plan organized and operated under
22 the federal Internal Revenue Code, as amended, that is wholly
23 and solely funded by the employee's accumulated sick leave,
24 accumulated vacation leave, and accumulated severance pay at the
25 date of retirement or the termination of active employment.

26 Sec. 2. [EFFECTIVE DATE.]

27 Section 1 is effective the day following final enactment.

28 ARTICLE 11

29 VOLUNTEER FIREFIGHTER RELIEF

30 ASSOCIATION CHANGES

31 Section 1. Minnesota Statutes 2004, section 69.051,
32 subdivision 1, is amended to read:

33 Subdivision 1. [FINANCIAL REPORT AND AUDIT.] The board of
34 each salaried firefighters' relief association, police relief
35 association, and volunteer firefighters' relief association as
36 defined in section 424A.001, subdivision 4, with assets of at

1 least \$200,000 or liabilities of at least \$200,000 in the prior
2 year or in any previous year, according to the ~~most-recent~~
3 applicable actuarial valuation or financial report if no
4 valuation is required, shall:

5 (1) prepare a financial report covering the special and
6 general funds of the relief association for the preceding fiscal
7 year on a form prescribed by the state auditor. The financial
8 report ~~shall~~ must contain financial statements and disclosures
9 which present the true financial condition of the relief
10 association and the results of relief association operations in
11 conformity with generally accepted accounting principles and in
12 compliance with the regulatory, financing and funding provisions
13 of this chapter and any other applicable laws. The financial
14 report ~~shall~~ must be countersigned by the municipal clerk or
15 clerk-treasurer of the municipality in which the relief
16 association is located if the relief association is a
17 firefighters' relief association which is directly associated
18 with a municipal fire department or is a police relief
19 association, or countersigned by the secretary of the
20 independent nonprofit firefighting corporation and by the
21 municipal clerk or clerk-treasurer of the largest municipality
22 in population which contracts with the independent nonprofit
23 firefighting corporation if the volunteer firefighter relief
24 association is a subsidiary of an independent nonprofit
25 firefighting corporation;

26 (2) file the financial report in its office for public
27 inspection and present it to the city council after the close of
28 the fiscal year. One copy of the financial report ~~shall~~ must be
29 furnished to the state auditor after the close of the fiscal
30 year; and

31 (3) submit to the state auditor audited financial
32 statements which have been attested to by a certified public
33 accountant, public accountant, or the state auditor within 180
34 days after the close of the fiscal year. The state auditor may
35 accept this report in lieu of the report required in clause (2).

36 Sec. 2. Minnesota Statutes 2004, section 69.051,

1 subdivision 1a, is amended to read:

2 Subd. 1a. [FINANCIAL STATEMENT.] (a) The board of each
3 volunteer firefighters' relief association, as defined in
4 section 424A.001, subdivision 4, ~~with-assets-of-less-than~~
5 ~~\$200,000-and-liabilities-less-than-\$200,000,-according-to-the~~
6 ~~most-recent-financial-report,-shall~~ that is not required to file
7 a financial report and audit under subdivision 1 must prepare a
8 detailed statement of the financial affairs for the preceding
9 fiscal year of the relief association's special and general
10 funds in the style and form prescribed by the state auditor.
11 The detailed statement must show the sources and amounts of all
12 money received; all disbursements, accounts payable and accounts
13 receivable; the amount of money remaining in the treasury; total
14 assets including a listing of all investments; the accrued
15 liabilities; and all items necessary to show accurately the
16 revenues and expenditures and financial position of the relief
17 association.

18 (b) The detailed financial statement required under
19 paragraph (a) must be certified by an independent public
20 accountant or auditor or by the auditor or accountant who
21 regularly examines or audits the financial transactions of the
22 municipality. In addition to certifying the financial condition
23 of the special and general funds of the relief association, the
24 accountant or auditor conducting the examination shall give an
25 opinion as to the condition of the special and general funds of
26 the relief association, and shall comment upon any exceptions to
27 the report. The independent accountant or auditor ~~shall~~ must
28 have at least five years of public accounting, auditing, or
29 similar experience, and ~~shall~~ must not be an active, inactive,
30 or retired member of the relief association or the fire or
31 police department.

32 (c) The detailed statement required under paragraph (a)
33 must be countersigned by the municipal clerk or clerk-treasurer
34 of the municipality, or, where applicable, by the secretary of
35 the independent nonprofit firefighting corporation and by the
36 municipal clerk or clerk-treasurer of the largest municipality

1 in population which contracts with the independent nonprofit
 2 firefighting corporation if the relief association is a
 3 subsidiary of an independent nonprofit firefighting corporation.

4 (d) The volunteer firefighters' relief association board
 5 must file the detailed statement required under paragraph (a) in
 6 the relief association office for public inspection and present
 7 it to the city council within 45 days after the close of the
 8 fiscal year, and must submit a copy of the detailed statement to
 9 the state auditor within 90 days of the close of the fiscal year.

10 Sec. 3. Minnesota Statutes 2004, section 69.771, is
 11 amended to read:

12 69.771 [VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 13 FINANCING GUIDELINES ACT; APPLICATION.]

14 Subdivision 1. [COVERED RELIEF ASSOCIATIONS.] The
 15 applicable provisions of sections 69.771 to 69.776 shall apply
 16 to any firefighters' relief association other than a relief
 17 association enumerated in section 69.77, subdivision 1a, which
 18 is organized under any laws of this state, which is composed of
 19 volunteer firefighters or is composed partially of volunteer
 20 firefighters and partially of salaried firefighters with
 21 retirement coverage provided by the public employees police and
 22 fire fund and which, in either case, operates subject to the
 23 service pension minimum requirements for entitlement and
 24 maximums contained in section 424A.02, or subject to a special
 25 law modifying those requirements or maximums.

26 Subd. 2. [AUTHORIZED EMPLOYER SUPPORT FOR A RELIEF
 27 ASSOCIATION.] Notwithstanding any law to the contrary, a
 28 municipality may lawfully contribute public funds, including the
 29 transfer of any applicable fire state aid, or may levy property
 30 taxes for the support of a firefighters' relief association
 31 specified in subdivision 1, however organized, which provides
 32 retirement coverage or pays a service pension to retired
 33 firefighter or a retirement benefit to a disabled firefighter or
 34 a surviving dependent of either an active or retired firefighter
 35 for the operation and maintenance of the relief association only
 36 if the municipality and the relief association both comply with

1 the applicable provisions of sections 69.771 to 69.776.

2 Subd. 3. [REMEDY FOR NONCOMPLIANCE; DETERMINATION.]

3 ~~Any~~ (a) A municipality in which there exists a firefighters'
4 relief association as specified in subdivision 1 which does not
5 comply with the applicable provisions of sections 69.771 to
6 69.776 or the provisions of any applicable special law relating
7 to the funding or financing of the association ~~shall~~ does not
8 qualify initially to receive, ~~or-be~~ and is not entitled
9 subsequently to retain, fire state aid ~~pursuant-to~~ under
10 sections 69.011 to 69.051 until the reason for the
11 disqualification specified by the state auditor is remedied,
12 whereupon the municipality or relief association, if otherwise
13 qualified, ~~shall-be~~ is entitled to again receive fire state aid
14 for the year occurring immediately subsequent to the year in
15 which the disqualification is remedied.

16 (b) The state auditor shall determine if a municipality to
17 which a firefighters' relief association is directly associated
18 or a firefighters' relief association fails to comply with the
19 provisions of sections 69.771 to 69.776 or the funding or
20 financing provisions of any applicable special law based upon
21 the information contained in the annual financial report of the
22 firefighters' relief association required ~~pursuant-to~~ under
23 section 69.051, the actuarial valuation of the relief
24 association, if applicable, the relief association officers'
25 financial requirements of the relief association and minimum
26 municipal obligation determination documentation under section
27 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or
28 69.774, subdivision 2, if requested to be filed by the state
29 auditor, the applicable municipal or nonprofit firefighting
30 corporation budget, if requested to be filed by the state
31 auditor, and any other relevant documents or reports obtained by
32 the state auditor.

33 (c) The municipality or nonprofit firefighting corporation
34 and the associated relief association are not eligible to
35 receive or to retain fire state aid if:

36 (1) the relief association fails to prepare or to file the

1 financial report or financial statement under section 69.051;

2 (2) the relief association treasurer is not bonded in the
3 manner and in the amount required by section 69.051, subdivision
4 2;

5 (3) the relief association officers fail to determine or
6 improperly determine the accrued liability and the annual
7 accruing liability of the relief association under section
8 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if
9 applicable;

10 (4) if applicable, the relief association officers fail to
11 obtain and file a required actuarial valuation or the officers
12 file an actuarial valuation that does not contain the special
13 fund actuarial liability calculated under the entry age normal
14 actuarial cost method, the special fund current assets, the
15 special fund unfunded actuarial accrued liability, the special
16 fund normal cost under the entry age normal actuarial cost
17 method, the amortization requirement for the special fund
18 unfunded actuarial accrued liability by the applicable target
19 date, a summary of the applicable benefit plan, a summary of the
20 membership of the relief association, a summary of the actuarial
21 assumptions used in preparing the valuation, and a signed
22 statement by the actuary attesting to its results and certifying
23 to the qualifications of the actuary as an approved actuary
24 under section 356.215, subdivision 1, paragraph (c);

25 (5) the municipality failed to provide a municipal
26 contribution, or the nonprofit firefighting corporation failed
27 to provide a corporate contribution, in the amount equal to the
28 minimum municipal obligation if the relief association is
29 governed under section 69.772, or the amount necessary, when
30 added to the fire state aid actually received in the plan year
31 in question, to at least equal in total the calculated annual
32 financial requirements of the special fund of the relief
33 association if the relief association is governed under section
34 69.773, and, if the municipal or corporate contribution is
35 deficient, the municipality failed to include the minimum
36 municipal obligation certified under section 69.772, subdivision

1 3, or 69.773, subdivision 5, in its budget and tax levy or the
2 nonprofit firefighting corporation failed to include the minimum
3 corporate obligation certified under section 69.774, subdivision
4 2, in the corporate budget;

5 (6) the relief association did not receive municipal
6 ratification for the most recent plan amendment when municipal
7 ratification was required under section 69.772, subdivision 6;
8 69.773, subdivision 6; or 424A.02, subdivision 10;

9 (7) the relief association invested special fund assets in
10 an investment security that is not authorized under section
11 69.775;

12 (8) the relief association had an administrative expense
13 that is not authorized under section 69.80 or 424A.05,
14 subdivision 3, or the municipality had an expenditure that is
15 not authorized under section 424A.08;

16 (9) the relief association officers fail to provide a
17 complete and accurate public pension plan investment portfolio
18 and performance disclosure under section 356.219;

19 (10) the relief association fails to obtain the
20 acknowledgment from a broker of the statement of investment
21 restrictions under section 356A.06, subdivision 8b;

22 (11) the relief association officers permitted to occur a
23 prohibited transaction under section 356A.06, subdivision 9, or
24 424A.001, subdivision 7, or failed to undertake correction of a
25 prohibited transaction that did occur; or

26 (12) the relief association pays a defined benefit service
27 pension in an amount that is in excess of the applicable service
28 pension maximum under section 424A.02, subdivision 3.

29 Sec. 4. Minnesota Statutes 2004, section 69.772,
30 subdivision 3, is amended to read:

31 Subd. 3. [FINANCIAL REQUIREMENTS OF RELIEF ASSOCIATION;
32 MINIMUM OBLIGATION OF MUNICIPALITY.] (a) During the month of
33 July, the officers of the relief association shall determine the
34 overall funding balance of the special fund for the current
35 calendar year, the financial requirements of the special fund
36 for the following calendar year and the minimum obligation of

1 the municipality with respect to the special fund for the
 2 following calendar year in accordance with the requirements of
 3 this subdivision.

4 ~~(1)~~ (b) The overall funding balance of the special fund for
 5 the current calendar year ~~shall~~ must be determined in the
 6 following manner:

7 ~~(a)~~ (1) The total accrued liability of the special fund for
 8 all active and deferred members of the relief association as of
 9 December 31 of the current year ~~shall~~ must be calculated
 10 ~~pursuant-to~~ under subdivisions 2 and 2a, if applicable.

11 ~~(b)~~ (2) The total present assets of the special fund
 12 projected to December 31 of the current year, including receipts
 13 by and disbursements from the special fund anticipated to occur
 14 on or before December 31 ~~shall~~, must be calculated. To the
 15 extent possible, for those assets for which a market value is
 16 readily ascertainable, the current market value as of the date
 17 of the calculation for those assets ~~shall~~ must be utilized in
 18 making this calculation. For any asset for which no market
 19 value is readily ascertainable, the cost value or the book
 20 value, whichever is applicable, ~~shall~~ must be utilized in making
 21 this calculation.

22 ~~(c)~~ (3) The amount of the total present assets of the
 23 special fund calculated ~~pursuant-to~~ under clause ~~(b)~~-~~shall~~ (2)
 24 must be subtracted from the amount of the total accrued
 25 liability of the special fund calculated ~~pursuant-to~~ under
 26 clause ~~(a)~~ (1). If the amount of total present assets exceeds
 27 the amount of the total accrued liability, then the special fund
 28 ~~shall-be~~ is considered to have a surplus over full funding. If
 29 the amount of the total present assets is less than the amount
 30 of the total accrued liability, then the special fund ~~shall-be~~
 31 is considered to have a deficit from full funding. If the
 32 amount of total present assets is equal to the amount of the
 33 total accrued liability, then the special fund ~~shall-be~~ is
 34 considered to be fully funded.

35 ~~(2)~~ (c) The financial requirements of the special fund for
 36 the following calendar year ~~shall~~ must be determined in the

1 following manner:

2 {a} (1) The total accrued liability of the special fund for
3 all active and deferred members of the relief association as of
4 December 31 of the calendar year next following the current
5 calendar year ~~shall~~ must be calculated ~~pursuant-to~~ under
6 subdivisions 2 and 2a, if applicable.

7 {b} (2) The increase in the total accrued liability of the
8 special fund for the following calendar year over the total
9 accrued liability of the special fund for the current year ~~shall~~
10 must be calculated.

11 {c} (3) The amount of anticipated future administrative
12 expenses of the special fund ~~shall~~ must be calculated by
13 multiplying the dollar amount of the administrative expenses of
14 the special fund for the most recent prior calendar year by the
15 factor of 1.035.

16 {d} (4) If the special fund is fully funded, the financial
17 ~~requirement~~ requirements of the special fund for the following
18 calendar year ~~shall-be~~ are the ~~figure-which-represents-the~~
19 ~~increase-in-the~~ total accrued-liability of the ~~special-fund-as~~
20 amounts calculated ~~pursuant-to-subclause-(b)~~ under clauses (2)
21 and (3).

22 {e} (5) If the special fund has a deficit from full
23 funding, the financial requirements of the special fund for the
24 following calendar year ~~shall-be~~ are the financial requirements
25 of the special fund calculated as though the special fund were
26 fully funded ~~pursuant-to-subclause-(d)~~ under clause (4) plus an
27 amount equal to one-tenth of the original amount of the deficit
28 from full funding of the special fund as determined ~~pursuant-to~~
29 ~~this-section-for-the-calendar-year-1971-until-that-deficit-from~~
30 ~~full-funding-is-fully-retired,-and-plus-an-amount-equal-to~~
31 ~~one-tenth-of-the-increase-in-the-deficit-from-full-funding-of~~
32 ~~the-special-fund~~ under clause (2) resulting either from an
33 increase in the amount of the service pension ~~accruing-after~~
34 ~~December-31-1971~~ occurring in the last ten years or from a net
35 annual investment loss occurring during the last ten years until
36 each increase in the deficit from full funding is fully

1 retired. The annual amortization contribution under this clause
 2 may not exceed the amount of the deficit from full funding.

3 ~~(f)~~ (6) If the special fund has a surplus over full
 4 funding, the financial requirements of the special fund for the
 5 following calendar year ~~shall be~~ are the financial requirements
 6 of the special fund calculated as though the special fund were
 7 fully funded ~~pursuant to subclause (d)~~ under clause (4) reduced
 8 by an amount equal to one-tenth of the amount of the surplus
 9 over full funding of the special fund.

10 ~~(g)~~ (d) The minimum obligation of the municipality with
 11 respect to the special fund ~~shall be~~ is the financial
 12 requirements of the special fund reduced by the amount of any
 13 fire state aid payable ~~pursuant to~~ under sections 69.011 to
 14 69.051 reasonably anticipated to be received by the municipality
 15 for transmittal to the special fund during the following
 16 calendar year, an amount of interest on the assets of the
 17 special fund projected to the beginning of the following
 18 calendar year calculated at the rate of five percent per annum,
 19 and the amount of any ~~anticipated~~ contributions to the special
 20 fund required by the relief association bylaws from the active
 21 members of the relief association reasonably anticipated to be
 22 received during the following calendar year. A reasonable
 23 amount of anticipated fire state aid is an amount that does not
 24 exceed the fire state aid actually received in the prior year
 25 multiplied by the factor 1.035.

26 Sec. 5. Minnesota Statutes 2004, section 69.772,
 27 subdivision 4, is amended to read:

28 Subd. 4. [CERTIFICATION OF FINANCIAL REQUIREMENTS AND
 29 MINIMUM MUNICIPAL OBLIGATION; LEVY.] (a) The officers of the
 30 relief association shall certify the financial requirements of
 31 the special fund of the relief association and the minimum
 32 obligation of the municipality with respect to the special fund
 33 of the relief association as determined ~~pursuant to~~ under
 34 subdivision 3 to the governing body of the municipality on or
 35 before August 1 of each year. The financial requirements of the
 36 relief association and the minimum municipal obligation must be

1 included in the financial report or financial statement under
2 section 69.051.

3 (b) The municipality shall provide for at least the minimum
4 obligation of the municipality with respect to the special fund
5 of the relief association by tax levy or from any other source
6 of public revenue.

7 (c) The municipality may levy taxes for the payment of the
8 minimum municipal obligation without any limitation as to rate
9 or amount and irrespective of any limitations imposed by other
10 provisions of law upon the rate or amount of taxation until the
11 balance of the special fund or any fund of the relief
12 association has attained a specified level. In addition, any
13 taxes levied ~~pursuant-to~~ under this section shall must not cause
14 the amount or rate of any other taxes levied in that year or to
15 be levied in a subsequent year by the municipality which are
16 subject to a limitation as to rate or amount to be reduced.

17 (d) If the municipality does not include the full amount of
18 the minimum municipal obligations in its levy for any year, the
19 officers of the relief association shall certify that amount to
20 the county auditor, who shall spread a levy in the amount of the
21 certified minimum municipal obligation on the taxable property
22 of the municipality.

23 (e) If the state auditor determines that a municipal
24 contribution actually made in a plan year was insufficient under
25 section 69.771, subdivision 3, paragraph (c), clause (5), the
26 state auditor may request a copy of the certifications under
27 this subdivision from the relief association or from the city.
28 The relief association or the city, whichever applies, must
29 provide the certifications within 14 days of the date of the
30 request from the state auditor.

31 Sec. 6. Minnesota Statutes 2004, section 69.773,
32 subdivision 4, is amended to read:

33 Subd. 4. [FINANCIAL REQUIREMENTS OF SPECIAL FUND.] ~~Prior~~
34 ~~to~~ (a) On or before August 1 of each year, the officers of the
35 relief association shall determine the financial requirements of
36 the special fund of the relief association in accordance with

1 the requirements of this subdivision.

2 **(b)** The financial requirements of the relief
3 association ~~shall~~ must be based on the most recent actuarial
4 valuation of the special fund prepared in accordance with
5 subdivision 2. If the relief association has an unfunded
6 actuarial accrued liability as reported in the most recent
7 actuarial valuation, the financial requirements ~~shall~~ must be
8 determined by adding the figures calculated ~~pursuant-to~~ under
9 paragraph (d), clauses ~~(a)~~ (1), ~~(b)~~ (2), and ~~(c)~~ (3). If
10 the relief association does not have an unfunded actuarial
11 accrued liability as reported in the most recent actuarial
12 valuation, the financial requirements ~~shall~~ must be an amount
13 equal to the figure calculated ~~pursuant-to~~ under paragraph (d),
14 clauses ~~(a)~~ (1) and ~~(b)~~ (2), reduced by an amount equal to
15 one-tenth of the amount of any assets in excess of the actuarial
16 accrued liability of the relief association.

17 **(c)** The determination of whether or not the relief
18 association has an unfunded actuarial accrued liability
19 ~~shall~~ must be based on the current market value of assets for
20 which a market value is readily ascertainable and the cost or
21 book value, whichever is applicable, for assets for which no
22 market value is readily ascertainable.

23 ~~(a)~~ (d) The components of the financial requirements of the
24 relief association are the following:

25 **(1)** The normal level cost requirement for the following
26 year, expressed as a dollar amount, ~~shall-be~~ is the figure for
27 the normal level cost of the relief association as reported in
28 the actuarial valuation.

29 ~~(b)~~ (2) The amount of anticipated future administrative
30 expenses of the special fund ~~shall~~ must be calculated by
31 multiplying the dollar amount of the administrative expenses of
32 the special fund for the most recent prior calendar year by the
33 factor of 1.035.

34 ~~(c)~~ (3) The amortization contribution requirement to retire
35 the current unfunded actuarial accrued liability by the
36 established date for full funding ~~shall-be~~ is the figure for the

1 amortization contribution as reported in the actuarial
2 valuation. If there has not been a change in the actuarial
3 assumptions used for calculating the actuarial accrued liability
4 of the special fund, a change in the bylaws of the relief
5 association governing the service pensions, retirement benefits,
6 or both, payable from the special fund, or a change in the
7 actuarial cost method used to value all or a portion of the
8 special fund which change or changes, which by themselves,
9 without inclusion of any other items of increase or decrease,
10 produce a net increase in the unfunded actuarial accrued
11 liability of the special fund ~~since-December-31-1970~~, the
12 established date for full funding ~~shall-be~~ is the December 31,
13 ~~1990~~ occurring ten years later. If there has been a change in
14 the actuarial assumptions used for calculating the actuarial
15 accrued liability of the special fund, a change in the bylaws of
16 the relief association governing the service pensions,
17 retirement benefits, or both payable from the special fund or a
18 change in the actuarial cost method used to value all or a
19 portion of the special fund and the change or changes, by
20 themselves and without inclusion of any other items of increase
21 or decrease, produce a net increase in the unfunded actuarial
22 accrued liability of the special fund ~~since-December-31-1970~~
23 ~~but-prior-to-January-1-1979~~ within the past 20 years, the
24 established date for full funding ~~shall-be-December-31-1990~~
25 ~~and-if-there-has-been-a-change-since-December-31-1970~~ ~~the~~
26 ~~established-date-for-full-funding-shall~~ must be determined using
27 the following procedure:

28 (i) the unfunded actuarial accrued liability of the special
29 fund attributable to experience losses that have occurred since
30 the most recent prior actuarial valuation must be determined and
31 the level annual dollar contribution needed to amortize the
32 experience loss over a period of ten years ending on the
33 December 31 occurring ten years later must be calculated;

34 (ii) the unfunded actuarial accrued liability of the
35 special fund ~~shall~~ must be determined in accordance with the
36 provisions governing service pensions, retirement benefits, and

1 actuarial assumptions in effect before an applicable change;

2 ~~{iii}~~ (iii) the level annual dollar contribution needed to
3 amortize this unfunded actuarial accrued liability amount by the
4 date for full funding in effect ~~prior-to~~ before the change ~~shall~~
5 must be calculated using the interest assumption specified in
6 section 356.215, subdivision 8, in effect before any applicable
7 change;

8 ~~{iii}~~ (iv) the unfunded actuarial accrued liability of the
9 special fund ~~shall~~ must be determined in accordance with any new
10 provisions governing service pensions, retirement benefits, and
11 actuarial assumptions and the remaining provisions governing
12 service pensions, retirement benefits, and actuarial assumptions
13 in effect before an applicable change;

14 ~~{iv}~~ (v) the level annual dollar contribution needed to
15 amortize the difference between the unfunded actuarial accrued
16 liability amount calculated ~~pursuant-to-subclause-(i)~~ under item
17 (ii) and the unfunded actuarial accrued liability amount
18 calculated ~~pursuant-to-subclause-(iii)~~ under item (iv) over a
19 period of 20 years starting December 31 of the year in which the
20 change is effective ~~shall~~ must be calculated using the interest
21 assumption specified in section 356.215, subdivision 8, in
22 effect after any applicable change;

23 ~~{v}~~ (vi) the annual amortization contribution calculated
24 ~~pursuant-to-subclause-(iv)-shall~~ under item (v) must be added to
25 the annual amortization contribution calculated ~~pursuant-to~~
26 ~~subclause-(i)~~ under items (i) and (iii);

27 ~~{vi}~~ (vii) the period in which the unfunded actuarial
28 accrued liability amount determined in ~~subclause-(iii)~~ item (iv)
29 will be amortized by the total annual amortization contribution
30 computed ~~pursuant-to-subclause-(v)-shall~~ under item (vi) must be
31 calculated using the interest assumption specified in section
32 356.215, subdivision 8, in effect after any applicable change,
33 rounded to the nearest integral number of years, but which ~~shall~~
34 must not exceed a period of 20 years from the end of the year in
35 which the determination of the date for full funding using this
36 procedure is made and which ~~shall~~ must not be less than the

1 period of years beginning in the year in which the determination
2 of the date for full funding using this procedure is made and
3 ending by the date for full funding in effect before the change;

4 ~~(vi)~~ (viii) the period determined ~~pursuant-to-subclause~~
5 ~~(vi)~~-~~shall~~ under item (vii) must be added to the date as of
6 which the actuarial valuation was prepared and the resulting
7 date ~~shall-be~~ is the new date for full funding.

8 Sec. 7. Minnesota Statutes 2004, section 69.773,
9 subdivision 5, is amended to read:

10 Subd. 5. [MINIMUM MUNICIPAL OBLIGATION.] (a) The officers
11 of the relief association shall determine the minimum obligation
12 of the municipality with respect to the special fund of the
13 relief association for the following calendar year ~~prior-to~~ on
14 or before August 1 of each year in accordance with the
15 requirements of this subdivision.

16 (b) The minimum obligation of the municipality with respect
17 to the special fund ~~shall-be~~ is an amount equal to the financial
18 requirements of the special fund of the relief association
19 determined ~~pursuant-to~~ under subdivision 4, reduced by the
20 estimated amount of any fire state aid payable ~~pursuant-to~~ under
21 sections 69.011 to 69.051 reasonably anticipated to be received
22 by the municipality for transmittal to the special fund of the
23 relief association during the following year and the amount of
24 any anticipated contributions to the special fund required by
25 the relief association bylaws from the active members of the
26 relief association reasonably anticipated to be received during
27 the following calendar year. A reasonable amount of anticipated
28 fire state aid is an amount that does not exceed the fire state
29 aid actually received in the prior year multiplied by the factor
30 1.035.

31 (c) The officers of the relief association shall certify
32 the financial requirements of the special fund of the relief
33 association and the minimum obligation of the municipality with
34 respect to the special fund of the relief association as
35 determined ~~pursuant-to~~ under subdivision 4 and this subdivision
36 to the governing body of the municipality by August 1 of each

1 year. The financial requirements of the relief association and
2 the minimum municipal obligation must be included in the
3 financial report or financial statement under section 69.051.

4 (d) The municipality shall provide for at least the minimum
5 obligation of the municipality with respect to the special fund
6 of the relief association by tax levy or from any other source
7 of public revenue. The municipality may levy taxes for the
8 payment of the minimum municipal obligation without any
9 limitation as to rate or amount and irrespective of any
10 limitations imposed by other provisions of law or charter upon
11 the rate or amount of taxation until the balance of the special
12 fund or any fund of the relief association has attained a
13 specified level. In addition, any taxes levied ~~pursuant to~~
14 under this section shall must not cause the amount or rate of
15 any other taxes levied in that year or to be levied in a
16 subsequent year by the municipality which are subject to a
17 limitation as to rate or amount to be reduced.

18 (e) If the municipality does not include the full amount of
19 the minimum municipal obligation in its levy for any year, the
20 officers of the relief association shall certify that amount to
21 the county auditor, who shall spread a levy in the amount of the
22 minimum municipal obligation on the taxable property of the
23 municipality.

24 (f) If the state auditor determines that a municipal
25 contribution actually made in a plan year was insufficient under
26 section 69.771, subdivision 3, paragraph (c), clause (5), the
27 state auditor may request from the relief association or from
28 the city a copy of the certifications under this subdivision.
29 The relief association or the city, whichever applies, must
30 provide the certifications within 14 days of the date of the
31 request from the state auditor.

32 Sec. 8. Minnesota Statutes 2004, section 69.775, is
33 amended to read:

34 69.775 [INVESTMENTS.]

35 (a) The special fund assets of the a relief associations
36 association governed by sections 69.771 to 69.776 must be

1 invested in securities that are authorized investments under
2 section 356A.06, subdivision 6 or 7.

3 (b) Notwithstanding the foregoing, up to 75 percent of the
4 market value of the assets of the special fund, not including
5 any money market mutual funds, may be invested in open-end
6 investment companies registered under the federal Investment
7 Company Act of 1940, if the portfolio investments of the
8 investment companies comply with the type of securities
9 authorized for investment under section 356A.06, subdivision 7.

10 (c) Securities held by the associations before June 2,
11 1989, that do not meet the requirements of this section may be
12 retained after that date if they were proper investments for the
13 association on that date.

14 (d) The governing board of the association may select and
15 appoint investment agencies to act for and in its behalf or may
16 certify special fund assets for investment by the State Board of
17 Investment under section 11A.17.

18 (e) The governing board of the association may certify
19 general fund assets of the relief association for investment by
20 the State Board of Investment in fixed income pools or in a
21 separately managed account at the discretion of the State Board
22 of Investment as provided in section 11A.14.

23 (f) The governing board of the association may select and
24 appoint a qualified private firm to measure management
25 performance and return on investment, and the firm shall use the
26 formula or formulas developed by the state board under section
27 11A.04, clause (11).

28 Sec. 9. Minnesota Statutes 2004, section 356A.06,
29 subdivision 7, is amended to read:

30 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
31 SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise
32 authorized by law or bylaws, a covered pension plan not
33 described by subdivision 6, paragraph (a), may invest its assets
34 only in accordance with this subdivision.

35 (b) [SECURITIES GENERALLY.] The covered pension plan has
36 the authority to purchase, sell, lend, or exchange the

1 securities specified in paragraphs (c) to ~~(g)~~ (h), including
2 puts and call options and future contracts traded on a contract
3 market regulated by a governmental agency or by a financial
4 institution regulated by a governmental agency. These
5 securities may be owned as units in commingled trusts that own
6 the securities described in paragraphs (c) to ~~(g)~~ (h).

7 (c) [GOVERNMENT OBLIGATIONS.] The covered pension plan may
8 invest funds in governmental bonds, notes, bills, mortgages, and
9 other evidences of indebtedness provided the issue is backed by
10 the full faith and credit of the issuer or the issue is rated
11 among the top four quality rating categories by a nationally
12 recognized rating agency. The obligations in which funds may be
13 invested under this paragraph include guaranteed or insured
14 issues of (1) the United States, its agencies, its
15 instrumentalities, or organizations created and regulated by an
16 act of Congress; (2) Canada and its provinces, provided the
17 principal and interest is payable in United States dollars; (3)
18 the states and their municipalities, political subdivisions,
19 agencies, or instrumentalities; (4) the International Bank for
20 Reconstruction and Development, the Inter-American Development
21 Bank, the Asian Development Bank, the African Development Bank,
22 or any other United States government sponsored organization of
23 which the United States is a member, provided the principal and
24 interest is payable in United States dollars.

25 (d) [CORPORATE OBLIGATIONS.] The covered pension plan may
26 invest funds in bonds, notes, debentures, transportation
27 equipment obligations, or any other longer term evidences of
28 indebtedness issued or guaranteed by a corporation organized
29 under the laws of the United States or any state thereof, or the
30 Dominion of Canada or any province thereof if they conform to
31 the following provisions:

32 (1) the principal and interest of obligations of
33 corporations incorporated or organized under the laws of the
34 Dominion of Canada or any province thereof must be payable in
35 United States dollars; and

36 (2) obligations must be rated among the top four quality

1 categories by a nationally recognized rating agency.

2 (e) [OTHER OBLIGATIONS.] (1) The covered pension plan may
3 invest funds in bankers acceptances, certificates of deposit,
4 deposit notes, commercial paper, mortgage participation
5 certificates and pools, asset backed securities, repurchase
6 agreements and reverse repurchase agreements, guaranteed
7 investment contracts, savings accounts, and guaranty fund
8 certificates, surplus notes, or debentures of domestic mutual
9 insurance companies if they conform to the following provisions:

10 (i) bankers acceptances and deposit notes of United States
11 banks are limited to those issued by banks rated in the highest
12 four quality categories by a nationally recognized rating
13 agency;

14 (ii) certificates of deposit are limited to those issued by
15 (A) United States banks and savings institutions that are rated
16 in the highest four quality categories by a nationally
17 recognized rating agency or whose certificates of deposit are
18 fully insured by federal agencies; or (B) credit unions in
19 amounts up to the limit of insurance coverage provided by the
20 National Credit Union Administration;

21 (iii) commercial paper is limited to those issued by United
22 States corporations or their Canadian subsidiaries and rated in
23 the highest two quality categories by a nationally recognized
24 rating agency;

25 (iv) mortgage participation or pass through certificates
26 evidencing interests in pools of first mortgages or trust deeds
27 on improved real estate located in the United States where the
28 loan to value ratio for each loan as calculated in accordance
29 with section 61A.28, subdivision 3, does not exceed 80 percent
30 for fully amortizable residential properties and in all other
31 respects meets the requirements of section 61A.28, subdivision
32 3;

33 (v) collateral for repurchase agreements and reverse
34 repurchase agreements is limited to letters of credit and
35 securities authorized in this section;

36 (vi) guaranteed investment contracts are limited to those

1 issued by insurance companies or banks rated in the top four
2 quality categories by a nationally recognized rating agency or
3 to alternative guaranteed investment contracts where the
4 underlying assets comply with the requirements of this
5 subdivision;

6 (vii) savings accounts are limited to those fully insured
7 by federal agencies; and

8 (viii) asset backed securities must be rated in the top
9 four quality categories by a nationally recognized rating agency.

10 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do
11 not apply to certificates of deposit and collateralization
12 agreements executed by the covered pension plan under clause
13 (1), item (ii).

14 (3) In addition to investments authorized by clause (1),
15 item (iv), the covered pension plan may purchase from the
16 Minnesota Housing Finance Agency all or any part of a pool of
17 residential mortgages, not in default, that has previously been
18 financed by the issuance of bonds or notes of the agency. The
19 covered pension plan may also enter into a commitment with the
20 agency, at the time of any issue of bonds or notes, to purchase
21 at a specified future date, not exceeding 12 years from the date
22 of the issue, the amount of mortgage loans then outstanding and
23 not in default that have been made or purchased from the
24 proceeds of the bonds or notes. The covered pension plan may
25 charge reasonable fees for any such commitment and may agree to
26 purchase the mortgage loans at a price sufficient to produce a
27 yield to the covered pension plan comparable, in its judgment,
28 to the yield available on similar mortgage loans at the date of
29 the bonds or notes. The covered pension plan may also enter
30 into agreements with the agency for the investment of any
31 portion of the funds of the agency. The agreement must cover
32 the period of the investment, withdrawal privileges, and any
33 guaranteed rate of return.

34 (f) [CORPORATE STOCKS.] The covered pension plan may
35 invest funds in stocks or convertible issues of any corporation
36 organized under the laws of the United States or the states

1 thereof, any corporation organized under the laws of the
2 Dominion of Canada or its provinces, or any corporation listed
3 on the-New-York-Stock-Exchange-or-the-American-Stock-Exchange an
4 exchange regulated by an agency of the United States or of the
5 Canadian national government, if they conform to the following
6 provisions:

7 (1) the aggregate value of corporate stock investments, as
8 adjusted for realized profits and losses, must not exceed 85
9 percent of the market or book value, whichever is less, of a
10 fund, less the aggregate value of investments according to
11 subdivision-6 paragraph (h);

12 (2) investments must not exceed five percent of the total
13 outstanding shares of any one corporation.

14 (g) [EXCHANGE TRADED FUNDS.] The covered pension plan may
15 invest funds in exchange traded funds, subject to the maximums,
16 the requirements, and the limitations set forth in paragraph
17 (d), (e), (f), or (h), whichever applies.

18 (h) [OTHER INVESTMENTS.] (1) In addition to the
19 investments authorized in paragraphs (b) to ~~(f)~~ (g), and subject
20 to the provisions in clause (2), the covered pension plan may
21 invest funds in:

22 (i) venture capital investment businesses through
23 participation in limited partnerships and corporations;

24 (ii) real estate ownership interests or loans secured by
25 mortgages or deeds of trust through investment in limited
26 partnerships, bank sponsored collective funds, trusts, and
27 insurance company commingled accounts, including separate
28 accounts;

29 (iii) regional and mutual funds through bank sponsored
30 collective funds and open-end investment companies registered
31 under the Federal Investment Company Act of 1940;

32 (iv) resource investments through limited partnerships,
33 private placements, and corporations; and

34 (v) international securities.

35 (2) The investments authorized in clause (1) must conform
36 to the following provisions:

1 (i) the aggregate value of all investments made according
2 to clause (1) may not exceed 35 percent of the market value of
3 the fund for which the covered pension plan is investing;

4 (ii) there must be at least four unrelated owners of the
5 investment other than the state board for investments made under
6 clause (1), item (i), (ii), (iii), or (iv);

7 (iii) covered pension plan participation in an investment
8 vehicle is limited to 20 percent thereof for investments made
9 under clause (1), item (i), (ii), (iii), or (iv); and

10 (iv) covered pension plan participation in a limited
11 partnership does not include a general partnership interest or
12 other interest involving general liability. The covered pension
13 plan may not engage in any activity as a limited partner which
14 creates general liability.

15 Sec. 10. Minnesota Statutes 2004, section 424A.02,
16 subdivision 3, is amended to read:

17 Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) Annually
18 on or before August 1 as part of the certification of the
19 financial requirements and minimum municipal obligation
20 determined under section 69.772, subdivision 4, or 69.773,
21 subdivision 5, as applicable, the secretary or some other
22 official of the relief association designated in the bylaws of
23 each relief association shall calculate and certify to the
24 governing body of the applicable qualified municipality the
25 average amount of available financing per active covered
26 firefighter for the most recent three-year period. The amount
27 of available financing shall include any amounts of fire state
28 aid received or receivable by the relief association, any
29 amounts of municipal contributions to the relief association
30 raised from levies on real estate or from other available
31 revenue sources exclusive of fire state aid, and one-tenth of
32 the amount of assets in excess of the accrued liabilities of the
33 relief association calculated under section 69.772, subdivision
34 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if
35 any.

36 (b) The maximum service pension which the relief

1 association has authority to provide for in its bylaws for
 2 payment to a member retiring after the calculation date when the
 3 minimum age and service requirements specified in subdivision 1
 4 are met must be determined using the table in paragraph (c) or
 5 (d), whichever applies.

6 (c) For a relief association where the governing bylaws
 7 provide for a monthly service pension to a retiring member, the
 8 maximum monthly service pension amount per month for each year
 9 of service credited that may be provided for in the bylaws is
 10 the greater of the service pension amount provided for in the
 11 bylaws on the date of the calculation of the average amount of
 12 the available financing per active covered firefighter or the
 13 maximum service pension figure corresponding to the average
 14 amount of available financing per active covered firefighter:

15	Minimum Average Amount of	Maximum Service Pension
16	Available Financing per	Amount Payable per Month
17	Firefighter	for Each Year of Service
18	\$...	\$.25
19	42 41	.50
20	84 81	1.00
21	126 122	1.50
22	168 162	2.00
23	209 203	2.50
24	252 243	3.00
25	294 284	3.50
26	335 324	4.00
27	378 365	4.50
28	420 405	5.00
29	503 486	6.00
30	587 567	7.00
31	672 648	8.00
32	755 729	9.00
33	839 810	10.00
34	923 891	11.00
35	1007 972	12.00
36	1090 1053	13.00

1	1175 <u>1134</u>	14.00
2	1259 <u>1215</u>	15.00
3	1342 <u>1296</u>	16.00
4	1427 <u>1377</u>	17.00
5	1510 <u>1458</u>	18.00
6	1594 <u>1539</u>	19.00
7	1677 <u>1620</u>	20.00
8	1762 <u>1701</u>	21.00
9	1845 <u>1782</u>	22.00
10	1888 <u>1823</u>	22.50
11	1929 <u>1863</u>	23.00
12	2014 <u>1944</u>	24.00
13	2098 <u>2025</u>	25.00
14	2183 <u>2106</u>	26.00
15	2267 <u>2187</u>	27.00
16	2351 <u>2268</u>	28.00
17	2436 <u>2349</u>	29.00
18	2520 <u>2430</u>	30.00
19	2604 <u>2511</u>	31.00
20	2689 <u>2592</u>	32.00
21	2773 <u>2673</u>	33.00
22	2857 <u>2754</u>	34.00
23	2942 <u>2834</u>	35.00
24	3026 <u>2916</u>	36.00
25	3110 <u>2997</u>	37.00
26	3194 <u>3078</u>	38.00
27	3278 <u>3159</u>	39.00
28	3362 <u>3240</u>	40.00
29	3446 <u>3321</u>	41.00
30	3530 <u>3402</u>	42.00
31	3614 <u>3483</u>	43.00
32	3698 <u>3564</u>	44.00
33	3782 <u>3645</u>	45.00
34	3866 <u>3726</u>	46.00
35	3950 <u>3807</u>	47.00
36	4034 <u>3888</u>	48.00

1	4118 <u>3969</u>	49.00
2	4202 <u>4050</u>	50.00
3	4286 <u>4131</u>	51.00
4	4370 <u>4212</u>	52.00
5	Effective-beginning-December-31, 2003:	
6	4454 <u>4293</u>	53.00
7	4538 <u>4374</u>	54.00
8	4622 <u>4455</u>	55.00
9	4706 <u>4536</u>	56.00

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

20	Minimum Average Amount	Maximum Lump Sum Service
21	of Available Financing	Pension Amount Payable
22	per Firefighter	for Each Year of Service
23	\$..	\$10
24	11	20
25	16	30
26	23	40
27	27	50
28	32	60
29	43	80
30	54	100
31	65	120
32	77	140
33	86	160
34	97	180
35	108	200
36	131	240

1	151	280
2	173	320
3	194	360
4	216	400
5	239	440
6	259	480
7	281	520
8	302	560
9	324	600
10	347	640
11	367	680
12	389	720
13	410	760
14	432	800
15	486	900
16	540	1000
17	594	1100
18	648	1200
19	702	1300
20	756	1400
21	810	1500
22	864	1600
23	918	1700
24	972	1800
25	1026	1900
26	1080	2000
27	1134	2100
28	1188	2200
29	1242	2300
30	1296	2400
31	1350	2500
32	1404	2600
33	1458	2700
34	1512	2800
35	1566	2900
36	1620	3000

1	1672	3100
2	1726	3200
3	1753	3250
4	1780	3300
5	1820	3375
6	1834	3400
7	1888	3500
8	1942	3600
9	1996	3700
10	2023	3750
11	2050	3800
12	2104	3900
13	2158	4000
14	2212	4100
15	2265	4200
16	2319	4300
17	2373	4400
18	2427	4500
19	2481	4600
20	2535	4700
21	2589	4800
22	2643	4900
23	2697	5000
24	2751	5100
25	2805	5200
26	2859	5300
27	2913	5400
28	2967	5500
29	3021	5600
30	3075	5700
31	3129	5800
32	3183	5900
33	3237	6000
34	3291	6100
35	3345	6200
36	3399	6300

1	3453	6400
2	3507	6500
3	3561	6600
4	3615	6700
5	3669	6800
6	3723	6900
7	3777	7000
8	Effective-beginning-December-31-2003:	
9	3831	7100
10	3885	7200
11	3939	7300
12	3993	7400
13	4047	7500

14 (e) For a relief association in which the governing bylaws
15 provide for a monthly benefit service pension as an alternative
16 form of service pension payment to a lump sum service pension,
17 the maximum service pension amount for each pension payment type
18 must be determined using the applicable table contained in this
19 subdivision.

20 (f) If a relief association establishes a service pension
21 in compliance with the applicable maximum contained in paragraph
22 (c) or (d) and the minimum average amount of available financing
23 per active covered firefighter is subsequently reduced because
24 of a reduction in fire state aid or because of an increase in
25 the number of active firefighters, the relief association may
26 continue to provide the prior service pension amount specified
27 in its bylaws, but may not increase the service pension amount
28 until the minimum average amount of available financing per
29 firefighter under the table in paragraph (c) or (d), whichever
30 applies, permits.

31 (g) No relief association is authorized to provide a
32 service pension in an amount greater than the largest applicable
33 flexible service pension maximum amount even if the amount of
34 available financing per firefighter is greater than the
35 financing amount associated with the largest applicable flexible
36 service pension maximum.

1 Sec. 11. Minnesota Statutes 2004, section 424A.02,
2 subdivision 4, is amended to read:

3 Subd. 4. [DEFINED CONTRIBUTION LUMP SUM SERVICE
4 PENSIONS.] (a) If the bylaws governing the relief association so
5 provide exclusively, the relief association may pay a defined
6 contribution lump sum service pension in lieu of any defined
7 benefit service pension governed by subdivision 2.

8 (b) An individual account for each firefighter who is a
9 member of the relief association ~~shall~~ must be established. To
10 each individual active member account ~~shall~~ must be credited a
11 ~~right-to~~ an equal share of: ~~(a)~~ (1) any amounts of fire state
12 aid received by the relief association; ~~(b)~~ (2) any amounts of
13 municipal contributions to the relief association raised from
14 levies on real estate or from other available revenue sources
15 exclusive of fire state aid; and ~~(c)~~ (3) any amounts equal to
16 the share of the assets of the special fund to the credit
17 of: ~~(i)~~ (i) any former member who terminated active service
18 with the fire department to which the relief association is
19 associated ~~prior-to~~ before meeting the minimum service
20 requirement provided for in subdivision 1 and has not returned
21 to active service with the fire department for a period no
22 shorter than five years; or ~~(ii)~~ (ii) any retired member who
23 retired ~~prior-to~~ before obtaining a full nonforfeitable interest
24 in the amounts credited to the individual member
25 account ~~pursuant-to~~ under subdivision 2 and any applicable
26 provision of the bylaws of the relief association. In addition,
27 any ~~interest-or~~ investment ~~income-earned~~ return on the assets of
28 the special fund ~~shall~~ must be credited in proportion to the
29 share of the assets of the special fund to the credit of each
30 individual active member account through the date on which the
31 investment return is recognized by and credited to the special
32 fund.

33 (c) At the time of retirement ~~pursuant-to~~ under subdivision
34 1 and any applicable provision of the bylaws of the relief
35 association, a retiring member ~~shall-be~~ is entitled to that
36 portion of the assets of the special fund to the credit of the

1 member in the individual member account which is
2 nonforfeitable ~~pursuant-to~~ under subdivision 2 and any
3 applicable provision of the bylaws of the relief association
4 based on the number of years of service to the credit of the
5 retiring member.

6 Sec. 12. Minnesota Statutes 2004, section 424A.02,
7 subdivision 7, is amended to read:

8 Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a
9 relief association ~~to-which-this-section-applies~~ is entitled to
10 a deferred service pension if the member:

11 (1) has completed the lesser of the minimum period of
12 active service with the fire department specified in the bylaws
13 or 20 years of active service with the fire department;

14 (2) has completed at least five years of active membership
15 in the relief association; and

16 (3) separates from active service and membership before
17 reaching age 50 or the minimum age for retirement and
18 commencement of a service pension specified in the bylaws
19 governing the relief association if that age is greater than age
20 50.

21 (b) The deferred service pension ~~starts~~ is payable when the
22 former member reaches age 50, or the minimum age specified in
23 the bylaws governing the relief association if that age is
24 greater than age 50, and when the former member makes a valid
25 written application.

26 (c) A relief association that provides a lump sum service
27 pension governed by subdivision 3 may, when its governing bylaws
28 so provide, pay interest on the deferred lump sum service
29 pension during the period of deferral. If provided for in the
30 bylaws, interest must be paid in one of the following manners:

31 (1) at the investment performance rate actually earned on
32 that portion of the assets if the deferred benefit amount is
33 invested by the relief association in a separate account
34 established and maintained by the relief association or if the
35 deferred benefit amount is invested in a separate investment
36 vehicle held by the relief association;

1 (2) at ~~the~~ an interest rate of up to five percent,
2 compounded annually as set by the board of directors and
3 approved as provided in subdivision 10; or

4 (3) at a rate equal to the actual time weighted total rate
5 of return investment performance of the special fund as reported
6 by the Office of the State Auditor under section 356.219, up to
7 five percent, compounded annually, and applied consistently for
8 all deferred service pensioners.

9 ~~(d)~~ A relief association may not use the method provided
10 for in ~~paragraph-(e)~~, clause (3), until it has modified its
11 bylaws to be consistent with that clause.

12 (d) Interest under paragraph (c), clause (2) or (3), is
13 payable from the first day of the month next following the date
14 on which the municipality has approved the deferred service
15 pension interest rate established by the board of trustees or
16 from the first day of the month next following the date on which
17 the member separated from active fire department service and
18 relief association membership, whichever is later, to the last
19 day of the month immediately before the month in which the
20 deferred member becomes eligible to begin receipt of the service
21 pension and applies for the deferred service pension.

22 (e) A relief association that provides a defined
23 contribution service pension may, if its governing bylaws so
24 provide, credit interest or additional investment performance on
25 the deferred lump sum service pension during the period of
26 deferral. If provided for in the bylaws, the interest must be
27 paid in one of the manners specified in paragraph (c) or
28 alternatively the relief association may credit any investment
29 return on the assets of the special fund of the defined
30 contribution volunteer firefighter relief association in
31 proportion to the share of the assets of the special fund to the
32 credit of each individual deferred member account through the
33 date on which the investment return is recognized by and
34 credited to the special fund.

35 (f) For a deferred service pension that is transferred to a
36 separate account established and maintained by the relief

1 association or separate investment vehicle held by the relief
2 association, the deferred member bears the full investment risk
3 subsequent to transfer and in calculating the accrued liability
4 of the volunteer firefighters relief association that pays a
5 lump sum service pension, the accrued liability for deferred
6 service pensions is equal to the separate relief association
7 account balance or the fair market value of the separate
8 investment vehicle held by the relief association.

9 ~~(f)~~ (g) The deferred service pension is governed by and
10 must be calculated under the general statute, special law,
11 relief association articles of incorporation, and relief
12 association bylaw provisions applicable on the date on which the
13 member separated from active service with the fire department
14 and active membership in the relief association.

15 Sec. 13. [424A.021] [CREDIT FOR BREAK IN SERVICE TO
16 PROVIDE UNIFORMED SERVICE.]

17 Subdivision 1. [AUTHORIZATION.] Subject to restrictions
18 stated in this section, a volunteer firefighter who is absent
19 from firefighting service due to service in the uniformed
20 services, as defined in United States Code, title 38, section
21 4303(13), may obtain service credit if the relief association is
22 a defined benefit plan or an allocation of any fire state aid,
23 any municipal contributions, and any investment return received
24 by the relief association if the relief association is a defined
25 benefit contribution plan for the period of the uniformed
26 service, not to exceed five years, unless a longer period is
27 required under United States Code, title 38, section 4312.

28 Subd. 2. [LIMITATIONS.] (a) To be eligible for service
29 credit or financial allocation under this section, the volunteer
30 firefighter must return to firefighting service with coverage by
31 the same relief association or by the successor to that relief
32 association upon discharge from service in the uniformed service
33 within the time frame required in United States Code, title 38,
34 section 4312(e).

35 (b) Service credit or financial allocation is not
36 authorized if the firefighter separates from uniformed service

1 with a dishonorable or bad conduct discharge or under other than
2 honorable conditions.

3 (c) Service credit or financial allocation is not
4 authorized if the firefighter fails to provide notice to the
5 fire department that the individual is leaving to provide
6 service in the uniformed service, unless it is not feasible to
7 provide that notice due to the emergency nature of the situation.

8 Sec. 14. Minnesota Statutes 2004, section 424A.04,
9 subdivision 1, is amended to read:

10 Subdivision 1. [MEMBERSHIP.] (a) Every A relief
11 association that is directly associated with a municipal fire
12 department ~~shall~~ must be managed by a board of trustees
13 consisting of nine members. Six trustees ~~shall~~ must be elected
14 from the membership of the relief association and three trustees
15 ~~shall~~ must be drawn from the officials of the municipalities
16 served by the fire department to which the relief association is
17 directly associated. The bylaws of a relief association which
18 provides a monthly benefit service pension may provide that one
19 of the six trustees elected from the relief
20 association membership may be a retired member receiving a
21 monthly pension who is elected by the membership of the relief
22 association. The three ~~ex-officio~~ municipal trustees ~~shall-be~~
23 ~~the-mayor,-the-clerk,-clerk-treasurer-or-finance-director,~~ must
24 be one elected municipal official and one elected or appointed
25 municipal official who are designated as municipal
26 representatives by the municipal governing board annually and
27 the chief of the municipal fire department.

28 (b) Every A relief association that is a subsidiary of an
29 independent nonprofit firefighting corporation ~~shall~~ must be
30 managed by a board of trustees consisting of ~~ten~~ nine members.
31 Six trustees ~~shall~~ must be elected from the membership of the
32 relief association, ~~three~~ two trustees ~~shall~~ must be drawn from
33 the officials of the municipalities served by the fire
34 department to which the relief association is directly
35 associated, and one trustee shall be the fire chief serving with
36 the independent nonprofit firefighting corporation. The bylaws

1 of a relief association may provide that one of the six trustees
2 elected from the relief association membership may be a retired
3 member receiving a monthly pension who is elected by the
4 membership of the relief association. The ~~three-ex-officie~~ two
5 municipal trustees ~~who-are-the-elected-officials-shall~~ must
6 be elected or appointed municipal officials, selected as follows:

7 (1) if only one municipality contracts with the independent
8 nonprofit firefighting corporation, the ~~ex-officie~~ municipal
9 trustees ~~shall~~ must be ~~three-elected~~ two officials of the
10 contracting municipality who are designated annually by the
11 governing body of the municipality;

12 ~~{2}-if-two-municipalities-contract-with-the-independent~~
13 ~~nonprofit-firefighting-corporation, the-ex-officio-trustees~~
14 ~~shall-be-two-elected-officials-of-the-largest-municipality-in~~
15 ~~population-and-one-elected-official-of-the-next-largest~~
16 ~~municipality-in-population-who-are-designated-by-the-governing~~
17 ~~bodies-of-the-applicable-municipalities, or~~

18 ~~{3}~~ (2) if ~~three~~ two or more municipalities contract with
19 the independent nonprofit corporation, the ~~ex-officie~~ municipal
20 trustees ~~shall~~ must be one elected official ~~of~~ from each of
21 the ~~three~~ two largest municipalities in population who are
22 designated annually by the governing bodies of the applicable
23 municipalities.

24 (c) The municipal trustees for a relief association that is
25 directly associated with a fire department operated as or by a
26 joint powers entity must be designated annually by the joint
27 powers board. The municipal trustees for a relief association
28 that is directly associated with a fire department service area
29 township must be designated by the township board.

30 (d) If a relief association lacks the ~~ex-officie~~ municipal
31 board members provided for in paragraph (a), (b), or ~~(b)~~ (c)
32 because the fire department is not located in or associated with
33 an organized municipality, joint powers entity, or township, the
34 ~~ex-officie~~ municipal board members must be appointed from the
35 fire department service area by the board of commissioners of
36 the applicable county.

1 (e) The term of these appointed ~~ex-officie~~ municipal board
2 members is ~~three-years~~ one year or until the person's successor
3 is qualified, whichever is later.

4 ~~(d)-An-ex-officie~~ (f) A municipal trustee under paragraph
5 (a), (b), ~~or~~ (c) ~~shall-have,~~ or (d) has all the rights and
6 duties accorded to any other trustee, except the right to be an
7 officer of the relief association board of trustees.

8 ~~(e)~~ (g) A board ~~shall~~ must have at least three officers,
9 ~~which-shall-be~~ who are a president, a secretary and a treasurer.
10 These officers ~~shall~~ must be elected from among the elected
11 trustees by either the full board of trustees or by the
12 membership, as specified in the bylaws, ~~and.~~ In no event ~~shall~~
13 may any trustee hold more than one officer position at any one
14 time. The terms of the elected trustees and of the officers of
15 the board ~~shall~~ must be specified in the bylaws of the relief
16 association, but ~~shall~~ may not exceed three years. If the term
17 of the elected trustees exceeds one year, the election of the
18 various trustees elected from the membership ~~shall-initially-and~~
19 ~~shall-thereafter-continue-to~~ must be staggered on as equal a
20 basis as is practicable.

21 Sec. 15. Minnesota Statutes 2004, section 424B.10,
22 subdivision 1, is amended to read:

23 Subdivision 1. [BENEFITS.] (a) Notwithstanding any
24 provision of section 424A.02, subdivision 3, to the contrary,
25 the service pension of the subsequent relief association as of
26 the effective date of consolidation is either the service
27 pension amount specified in clause (1) or the service pension
28 amounts specified in clause (2), as provided for in the
29 consolidated relief association's articles of incorporation or
30 bylaws:

31 (1) the highest dollar amount service pension amount of any
32 prior volunteer firefighters relief association in effect
33 immediately before the consolidation initiation if the pension
34 amount was implemented consistent with section 424A.02; or

35 (2) for service rendered by each individual volunteer
36 firefighter under the consolidating volunteer firefighters

1 relief association that the firefighter belonged to immediately
2 before the consolidation if the pension amount was implemented
3 consistent with section 424A.02 and for service rendered after
4 the effective date of the consolidation, the highest dollar
5 amount service pension of any of the consolidating volunteer
6 firefighters relief associations in effect immediately before
7 the consolidation if the pension amount was implemented
8 consistent with section 424A.02.

9 (b) Any increase in the service pension amount beyond the
10 amount implemented under paragraph (a) must conform with the
11 requirements and limitations of sections 69.771 to 69.775 and
12 424A.02.

13 Sec. 16. [APPROPRIATION.]

14 \$40,000 is appropriated from the general fund in fiscal
15 year 2006 to the commissioner of public safety to hire a
16 consultant to assist the statewide Volunteer Firefighter
17 Retirement Plan Study Task Force.

18 Sec. 17. [EFFECTIVE DATE.]

19 (a) Sections 1 to 12, 14, 15, and 16 are effective on July
20 1, 2005.

21 (b) Section 13 is effective July 1, 2005, and applies to
22 breaks in service that end on or after that date.

23 ARTICLE 12

24 VARIOUS CORRECTIONS

25 AND CLARIFICATIONS

26 Section 1. Minnesota Statutes 2004, section 3A.13, is
27 amended to read:

28 3A.13 [EXEMPTION FROM PROCESS AND TAXATION; HEALTH PREMIUM
29 DEDUCTION.]

30 (a) The provisions of section ~~352.15-shall~~ 356.401 apply to
31 the legislators retirement plan~~7-chapter-3A~~.

32 (b) The executive director of the Minnesota State
33 Retirement System must, at the request of a retired legislator
34 who is enrolled in a health insurance plan covering state
35 employees, deduct the person's health insurance premiums from
36 the person's annuity and transfer the amount of the premium to a

1 health insurance carrier covering state employees.

2 Sec. 2. Minnesota Statutes 2004, section 69.011,
3 subdivision 2b, is amended to read:

4 Subd. 2b. [DEPARTMENTS OF NATURAL RESOURCES AND PUBLIC
5 SAFETY.] (a) ~~On or before July 1, 1997, the commissioner of~~
6 ~~natural resources shall certify one-half of the number of peace~~
7 ~~officers as defined in subdivision 1, clause (g), employed by~~
8 ~~the Enforcement Division during calendar year 1996 and the~~
9 ~~commissioner of public safety shall certify one-half of the~~
10 ~~number of peace officers as defined in subdivision 1, clause~~
11 ~~(g), employed by the Bureau of Criminal Apprehension, the~~
12 ~~Gambling Enforcement Division, and the State Patrol Division~~
13 ~~during calendar year 1996.~~

14 ~~(b) On or before March 15, 1998, the commissioner of~~
15 ~~natural resources shall certify seven-tenths of the number of~~
16 ~~peace officers as defined in subdivision 1, clause (g), employed~~
17 ~~by the Enforcement Division and the commissioner of public~~
18 ~~safety shall certify seven-tenths of the number of peace~~
19 ~~officers as defined in subdivision 1, clause (g), employed by~~
20 ~~the Bureau of Criminal Apprehension, the Gambling Enforcement~~
21 ~~Division, and the State Patrol Division.~~

22 ~~(c) On or before March 15, 1999, and annually on or before~~
23 ~~each March 15 thereafter, the commissioner of natural resources~~
24 ~~shall certify the number of peace officers as defined in~~
25 ~~subdivision 1, clause (g), employed by the Enforcement Division~~
26 ~~and the commissioner of public safety shall certify the number~~
27 ~~of peace officers as defined in subdivision 1, clause (g),~~
28 ~~employed by the Bureau of Criminal Apprehension, the Gambling~~
29 ~~Enforcement Division, and the State Patrol Division.~~

30 ~~(d) (b) The certification must be on a form prescribed by~~
31 ~~the commissioner. Peace officers certified under this paragraph~~
32 ~~must be included in the total certifications under subdivision 2.~~

33 Sec. 3. Minnesota Statutes 2004, section 69.021,
34 subdivision 5, is amended to read:

35 Subd. 5. [CALCULATION OF STATE AID.] (a) The amount of
36 fire state aid available for apportionment, before the addition

1 of the minimum fire state aid allocation amount under
2 subdivision 7, is equal to 107 percent of the amount of premium
3 taxes paid to the state upon the fire, lightning, sprinkler
4 leakage, and extended coverage premiums reported to the
5 commissioner by insurers on the Minnesota Firetown Premium
6 Report. This amount ~~shall~~ must be reduced by the amount
7 required to pay the state auditor's costs and expenses of the
8 audits or exams of the firefighters relief associations.

9 The total amount for apportionment in respect to fire state
10 aid must not be less than two percent of the premiums reported
11 to the commissioner by insurers on the Minnesota Firetown
12 Premium Report after subtracting the following amounts:

13 (1) the amount required to pay the state auditor's costs
14 and expenses of the audits or exams of the firefighters relief
15 associations; and

16 (2) one percent of the premiums reported by town and
17 farmers' mutual insurance companies and mutual property and
18 casualty companies with total assets of \$5,000,000 or less.

19 (b) The total amount for apportionment as police state aid
20 is equal to 104 percent of the amount of premium taxes paid to
21 the state on the premiums reported to the commissioner by
22 insurers on the Minnesota Aid to Police Premium Report, reduced
23 by the amount required to pay the costs and expenses of the
24 state auditor for audits or exams of police relief
25 associations. The total amount for apportionment in respect to
26 the police state aid program must not be less than two percent
27 of the amount of premiums reported to the commissioner by
28 insurers on the Minnesota Aid to Police Premium Report after
29 subtracting the amount required to pay the state auditor's cost
30 and expenses of the audits or exams of the police relief
31 associations.

32 (c) The commissioner shall calculate the percentage of
33 increase or decrease reflected in the apportionment over or
34 under the previous year's available state aid using the same
35 premiums as a basis for comparison.

36 (d) ~~The amount for apportionment in respect to peace~~

~~1 officer-state-aid-under-paragraph-(b)-must-be-further-reduced-by~~
~~2 \$1,779,000-in-fiscal-year-1999,-\$2,077,000-in-fiscal-year-2000,~~
~~3 and-\$2,404,000-in-fiscal-year-2001.--These-reductions-in-this~~
~~4 paragraph-cancel-to-the-general-fund.~~

5 (e) In addition to the amount for apportionment of police
6 state aid under paragraph (b), each year \$100,000 ~~shall~~ must be
7 apportioned for police state aid. An amount sufficient to pay
8 this increase is annually appropriated from the general fund.

9 Sec. 4. Minnesota Statutes 2004, section 69.021,
10 subdivision 11, is amended to read:

11 Subd. 11. [EXCESS POLICE STATE-AID HOLDING ACCOUNT.] (a)
12 The excess police state-aid holding account is established in
13 the general fund. The excess police state-aid holding account
14 must be administered by the commissioner.

15 (b) Excess police state aid determined according to
16 subdivision 10, must be deposited in the excess police state-aid
17 holding account.

18 (c) From the balance in the excess police state-aid holding
19 account, \$900,000 is appropriated to and must be transferred
20 annually to the ambulance service personnel longevity award and
21 incentive suspense account established by section 144E.42,
22 subdivision 2.

23 (d) If a police officer stress reduction program is created
24 by law and money is appropriated for that program, an amount
25 equal to that appropriation must be transferred to the
26 administrator of that program from the balance in the excess
27 police state-aid holding account.

28 (e) On October 1, ~~1997,~~ and annually ~~on each subsequent~~
29 ~~October 1,~~ one-half of the balance of the excess police
30 state-aid holding account remaining after the deductions under
31 paragraphs (c) and (d) is appropriated for additional
32 amortization aid under section 423A.02, subdivision 1b.

33 (f) Annually, the remaining balance in the excess police
34 state-aid holding account, after the deductions under paragraphs
35 (c), (d), and (e), cancels to the general fund.

36 Sec. 5. Minnesota Statutes 2004, section 69.33, is amended

1 to read:

2 69.33 [NAMES OF ASSOCIATIONS REPORTED TO INSURANCE
3 COMPANIES.]

4 The commissioner shall enclose in the annual statement
5 blank that is sent to all fire insurance companies doing
6 business in this state a blank form containing the names of ~~all~~
7 ~~firefighters~~~~relief-associations-in~~ all cities of the first
8 class ~~and-the-names-of-the-cities~~ and require these companies,
9 at the time of making their annual statements to the
10 commissioner, to state on these blanks the amount of premiums
11 received by them upon properties insured within the corporate
12 limits of the cities named thereon during the year ending
13 December 31st last past. Thereafter, before July first each
14 year, the commissioner shall certify to the commissioner of
15 finance the information thus obtained, together with the amount
16 of the tax for the benefit of the ~~relief-association~~ pension
17 plans covering firefighters in cities of the first class paid in
18 such year by these companies upon these insurance premiums.

19 Sec. 6. Minnesota Statutes 2004, section 69.773,
20 subdivision 4, is amended to read:

21 Subd. 4. [FINANCIAL REQUIREMENTS OF SPECIAL FUND.] ~~Prior~~
22 ~~to~~ Before August 1 of each year, the officers of the relief
23 association shall determine the financial requirements of the
24 special fund of the relief association in accordance with the
25 requirements of this subdivision. The financial requirements of
26 the relief association ~~shall~~ must be based on the most recent
27 actuarial valuation of the special fund prepared in accordance
28 with subdivision 2. If the relief association has an unfunded
29 actuarial accrued liability as reported in the most recent
30 actuarial valuation, the financial requirements ~~shall~~ must be
31 determined by adding the figures calculated ~~pursuant-to~~ under
32 clauses (a), (b), and (c). If the relief association does not
33 have an unfunded actuarial accrued liability as reported in the
34 most recent actuarial valuation, the financial requirements
35 ~~shall~~ must be an amount equal to the figure calculated ~~pursuant~~
36 ~~to~~ under clauses (a) and (b), reduced by an amount equal to

1 one-tenth of the amount of any assets in excess of the actuarial
2 accrued liability of the relief association. The determination
3 of whether or not the relief association has an unfunded
4 actuarial accrued liability ~~shall~~ must be based on the current
5 market value of assets for which a market value is readily
6 ascertainable and the cost or book value, whichever is
7 applicable, for assets for which no market value is readily
8 ascertainable.

9 (a) The normal level cost requirement for the following
10 year, expressed as a dollar amount, ~~shall-be~~ is the figure for
11 the normal level cost of the relief association as reported in
12 the actuarial valuation.

13 (b) The amount of anticipated future administrative
14 expenses of the special fund ~~shall~~ must be calculated by
15 multiplying the dollar amount of the administrative expenses of
16 the special fund for the most recent year by the factor of 1.035.

17 (c) The amortization contribution requirement to retire the
18 current unfunded actuarial accrued liability by the established
19 date for full funding ~~shall-be~~ is the figure for the
20 amortization contribution as reported in the actuarial
21 valuation. ~~If there has not been a change in the actuarial~~
22 ~~assumptions used for calculating the actuarial accrued liability~~
23 ~~of the special fund, a change in the bylaws of the relief~~
24 ~~association governing the service pensions, retirement benefits,~~
25 ~~or both payable from the special fund or a change in the~~
26 ~~actuarial cost method used to value all or a portion of the~~
27 ~~special fund which change or changes, which by themselves~~
28 ~~without inclusion of any other items of increase or decrease,~~
29 ~~produce a net increase in the unfunded actuarial accrued~~
30 ~~liability of the special fund since December 31, 1970, the~~
31 ~~established date for full funding shall be December 31, 1990.~~
32 If there has been a change in the actuarial assumptions used for
33 calculating the actuarial accrued liability of the special fund,
34 a change in the bylaws of the relief association governing the
35 service pensions, retirement benefits, or both payable from the
36 special fund or a change in the actuarial cost method used to

1 value all or a portion of the special fund and the change or
2 changes, by themselves and without inclusion of any other items
3 of increase or decrease, produce a net increase in the unfunded
4 actuarial accrued liability of the special fund ~~since-December~~
5 ~~31, 1978, but prior to January 1, 1979, the established date for~~
6 ~~full funding shall be December 31, 1998, and if there has been a~~
7 ~~change since December 31, 1978,~~ the established date for full
8 funding shall must be determined using the following procedure:

9 (i) the unfunded actuarial accrued liability of the special
10 fund shall must be determined in accordance with the provisions
11 governing service pensions, retirement benefits, and actuarial
12 assumptions in effect before an applicable change;

13 (ii) the level annual dollar contribution needed to
14 amortize this unfunded actuarial accrued liability amount by the
15 date for full funding in effect ~~prior to~~ before the change shall
16 must be calculated using the interest assumption specified in
17 section 356.215, subdivision 8, in effect before any applicable
18 change;

19 (iii) the unfunded actuarial accrued liability of the
20 special fund shall must be determined in accordance with any new
21 provisions governing service pensions, retirement benefits, and
22 actuarial assumptions and the remaining provisions governing
23 service pensions, retirement benefits, and actuarial assumptions
24 in effect before an applicable change;

25 (iv) the level annual dollar contribution needed to
26 amortize the difference between the unfunded actuarial accrued
27 liability amount calculated ~~pursuant to~~ under subclause (i) and
28 the unfunded actuarial accrued liability amount
29 calculated ~~pursuant to~~ under subclause (iii) over a period of 20
30 years starting December 31 of the year in which the change is
31 effective shall must be calculated using the interest assumption
32 specified in section 356.215, subdivision 8, in effect after any
33 applicable change;

34 (v) the annual amortization contribution calculated
35 ~~pursuant to~~ under subclause (iv) shall must be added to the
36 annual amortization contribution calculated ~~pursuant to~~ under

1 subclause (ii);

2 (vi) the period in which the unfunded actuarial accrued
3 liability amount determined in subclause (iii) will be amortized
4 by the total annual amortization contribution computed pursuant
5 ~~to~~ under subclause (v) ~~shall~~ must be calculated using the
6 interest assumption specified in section 356.215, subdivision 8,
7 in effect after any applicable change, rounded to the nearest
8 integral number of years, but which ~~shall~~ does not exceed a
9 period of 20 years from the end of the year in which the
10 determination of the date for full funding using this procedure
11 is made and which ~~shall~~ is not be less than the period of years
12 beginning in the year in which the determination of the date for
13 full funding using this procedure is made and ending by the date
14 for full funding in effect before the change;

15 (vii) the period determined ~~pursuant-to~~ under subclause (vi)
16 ~~shall~~ must be added to the date as of which the actuarial
17 valuation was prepared and the resulting date ~~shall-be~~ is the
18 new date for full funding.

19 Sec. 7. Minnesota Statutes 2004, section 352.01,
20 subdivision 4, is amended to read:

21 Subd. 4. [ACCUMULATED CONTRIBUTIONS.] "Accumulated
22 contributions" means the total, exclusive of interest, of (1)
23 the sums deducted from the salary of an employee, (2) the amount
24 of payments, including assessments, paid by the employee in lieu
25 of salary deductions and all other payments made under ~~Laws~~
26 ~~1929, chapter 191, as amended,~~ this chapter and credited to the
27 employee's individual account in the retirement fund.

28 Sec. 8. Minnesota Statutes 2004, section 352.01,
29 subdivision 5, is amended to read:

30 Subd. 5. [RETIREMENT FUND.] (a) "Retirement fund" means
31 the general state employees retirement fund created by section
32 352.04, subdivision 1, with respect to the general state
33 employees retirement plan or the correctional state employees
34 retirement fund created by section 352.911, subdivision 1, with
35 respect to the correctional state employees retirement plan.

36 (b) "The retirement fund" includes the aggregate of

1 accumulated contributions of employees covered by the applicable
2 plan, and all other funds paid into the state treasury or
3 received by the director under ~~Laws-19297-chapter-1917-as~~
4 ~~amended this chapter~~, together with all income and profits from
5 the money and interest on it, including contributions on the
6 part of the federal government, the state, and state departments.

7 Sec. 9. Minnesota Statutes 2004, section 352.01,
8 subdivision 21, is amended to read:

9 Subd. 21. [ACCRUED ANNUITIES.] (a) In this chapter and
10 chapters 3A, 352B, 352C, and 490, "accrued annuity" means an
11 annuity that had become payable to a retired employee in the
12 lifetime of the employee.

13 (b) An annuity or benefit authorized as provided in this
14 chapter and chapters 3A, 352B, 352C, and 490 becomes payable on
15 the first day of each calendar month for that calendar month and
16 ~~is to~~ must be paid on the first day of each calendar month
17 ~~beginning with benefits payable on and after December 17, 1977.~~

18 (c) Notwithstanding any provision to the contrary in this
19 chapter and chapters 3A, 352B, 352C, and 490, benefit payment
20 authorized as "payable for life" is payable for the entire month
21 in which death occurs, and the benefit payment for the month of
22 death is payable to the surviving spouse or other beneficiary
23 only if the annuitant dies before negotiating the benefit check.

24 Sec. 10. Minnesota Statutes 2004, section 352.01,
25 subdivision 23, is amended to read:

26 Subd. 23. [COVERAGE OR COVERED BY THE SYSTEM.] "Coverage"
27 or "covered by the system" means that a state employees employee
28 who ~~serve~~ serves the state of Minnesota and ~~make~~ makes the
29 required employee contributions to the retirement fund ~~will~~ is,
30 by reason of these contributions ~~become~~, entitled to either (1)
31 a retirement annuity, or (2) a disability benefit, or (3) a
32 refund of accumulated contributions, as provided in this chapter.

33 Sec. 11. Minnesota Statutes 2004, section 352.021,
34 subdivision 1, is amended to read:

35 Subdivision 1. [ESTABLISHMENT.] (a) There is established
36 the general state employees retirement plan of the Minnesota

1 State Retirement System for state employees.

2 (b) The system general state employees retirement plan is a
3 continuation of the State Employees Retirement Association.

4 (c) Any person who was a member of the State Employees
5 Retirement Association on June 30, 1967, is covered by
6 the system general state employees retirement plan and is
7 entitled to all benefits provided by the system plan upon
8 fulfilling the age, service, contribution, and other
9 requirements of this chapter.

10 Sec. 12. Minnesota Statutes 2004, section 352.021,
11 subdivision 2, is amended to read:

12 Subd. 2. [STATE EMPLOYEES COVERED.] Every person who ~~is a~~
13 ~~state-employee, as defined in section 352.017 on July 17, 1967,~~
14 ~~or becomes a state employee after that date~~ as defined in
15 section 352.01 is covered by the system general state employees
16 retirement plan. Acceptance of state employment or continuance
17 in state service is deemed to be consent to have deductions made
18 from salary for deposit to the credit of the account of the
19 state employee in the retirement fund.

20 Sec. 13. Minnesota Statutes 2004, section 352.021,
21 subdivision 3, is amended to read:

22 Subd. 3. [OPTIONAL EXEMPTIONS.] Any person who is
23 appointed by the governor or lieutenant governor may request
24 exemption from coverage by the general state employees
25 retirement plan under this chapter if the appointee is not ~~so~~
26 covered ~~at~~ by the plan on the date of appointment. To qualify
27 for this exemption, a written request must be made within 90
28 days from the date of entering upon the duties of the position
29 to which the person is appointed. After making the request, a
30 person requesting the exemption is not entitled to coverage by
31 the general state employees retirement plan while employed in
32 the position that entitled that person to an exemption from
33 coverage.

34 Sec. 14. Minnesota Statutes 2004, section 352.021,
35 subdivision 4, is amended to read:

36 Subd. 4. [REENTERING SERVICE AFTER REFUND.] When a former

1 employee who has withdrawn accumulated contributions reenters
2 employment in a position entitled to coverage under the
3 system general state employees retirement plan, the employee
4 ~~shall~~ must be covered by the system plan on the same basis as a
5 new employee and is not entitled to credit for any former
6 service. The annuity rights forfeited when taking a refund can
7 only be restored as provided in this chapter.

8 Sec. 15. Minnesota Statutes 2004, section 352.04,
9 subdivision 1, is amended to read:

10 Subdivision 1. [FUND CREATED.] (a) There is created a
11 special fund to be known as the general state employees
12 retirement fund. In that fund ~~there shall be deposited~~
13 employees, employee contributions, employers employer
14 contributions, and other amounts authorized by law must be
15 deposited.

16 (b) ~~Effective July 1, 1969, The general state employees~~
17 retirement plan of the Minnesota State Retirement System shall
18 must participate in the Minnesota postretirement investment fund.
19 ~~In that fund there shall be deposited~~ The amounts provided in
20 section 352.119 must be deposited in the Minnesota
21 postretirement investment fund.

22 Sec. 16. Minnesota Statutes 2004, section 352.04,
23 subdivision 12, is amended to read:

24 Subd. 12. [FUND DISBURSEMENT RESTRICTED.] The general
25 state employees retirement fund and the participation in the
26 Minnesota postretirement investment fund must be disbursed only
27 for the purposes provided by law. The expenses of the system
28 and any benefits provided by law, other than benefits payable
29 from the Minnesota postretirement investment fund, must be paid
30 from the general state employees retirement fund. The
31 retirement allowances, retirement annuities, and disability
32 benefits, as well as refunds of any sum remaining to the credit
33 of a deceased retired employee or a disabled employee must be
34 paid only from the general state employees retirement fund after
35 the needs have been certified and the amounts withdrawn from the
36 participation in the Minnesota postretirement investment fund

1 under section 11A.18. The amounts necessary to make the
2 payments from the general state employees retirement fund and
3 the participation in the Minnesota postretirement investment
4 fund are annually appropriated from these funds for those
5 purposes.

6 Sec. 17. Minnesota Statutes 2004, section 352.041,
7 subdivision 1, is amended to read:

8 Subdivision 1. [ALLOWABLE SERVICE CREDIT.] Any (a) An
9 employee covered by the system general state employees
10 retirement plan who is given a leave of absence for employment
11 by a political subdivision of the state ~~shall~~ remains a member
12 of the plan and must continue to pay member contributions into
13 the general state employees retirement fund for the period of
14 leave.

15 (b) Upon payment of member contributions, the employee must
16 be given allowable service credit as a state employee on the
17 records of the system retirement plan as though the employee had
18 received salary from the state during the leave. Payments into
19 the retirement fund ~~shall~~ must be at the rate required in
20 section 352.04, subdivision 2, and must be based upon the salary
21 received from the political subdivision ~~subject-to-the-maximum~~
22 ~~amount,--if-any.~~

23 Sec. 18. Minnesota Statutes 2004, section 352.041,
24 subdivision 2, is amended to read:

25 Subd. 2. [EMPLOYEE CONTRIBUTIONS, PROCEDURE.] The officer
26 or employee who is authorized by law to pay salaries to
27 employees of the political subdivision which is employing a
28 state employee ~~shall-have~~ must deduct employee contributions
29 ~~deducted~~ for the general state employees retirement plan under
30 section 352.04, subdivision 2, from the salary of each employee
31 who is on leave of absence from state service on each payroll
32 abstract and ~~shall~~ must pay the sum to the director following
33 the conclusion of each pay period.

34 Sec. 19. Minnesota Statutes 2004, section 352.041,
35 subdivision 3, is amended to read:

36 Subd. 3. [EMPLOYER CONTRIBUTIONS, PROCEDURE.] The officer

1 or employee who is authorized by law to pay salaries to
 2 employees of the political subdivision which is employing a
 3 state employee covered by the ~~system-shall~~ general state
 4 employees retirement plan also must have employer contributions
 5 made to the general state employees retirement fund ~~on~~ following
 6 the conclusion of each payroll abstract in the amount required
 7 by section 352.04, subdivision 3. These contributions ~~are-to~~
 8 must be charged to the political subdivision as an
 9 administrative cost.

10 Sec. 20. Minnesota Statutes 2004, section 352.041,
 11 subdivision 5, is amended to read:

12 Subd. 5. [EMPLOYER CONTRIBUTIONS, LEAVES OF ABSENCE; TAX
 13 LEVIES.] (a) Every political subdivision which is employing a
 14 state employee covered by the system on leave of absence from
 15 state service for employment by a political subdivision of the
 16 state ~~shall~~ must pay into the general state employees retirement
 17 fund the amount of the employer contribution required by law for
 18 state employees covered by the system under section 352.04,
 19 subdivision 3.

20 (b) Employing political subdivisions~~7-except~~ other than
 21 school districts~~7~~ may levy taxes necessary for the payment of
 22 employer contributions without limitation as to rate or amount.
 23 The levy of the taxes does not reduce the amount of other
 24 taxes ~~to~~ that may be levied by political subdivisions~~7~~
 25 ~~except~~ other than school districts~~7~~ which are subject to any
 26 limitation.

27 Sec. 21. Minnesota Statutes 2004, section 352.15,
 28 subdivision 1, is amended to read:

29 Subdivision 1. [EXEMPTION~~7-EXCEPTIONS.~~] ~~None-of-the-money~~7~~~~
 30 ~~annuities~~7-or-other-benefits-mentioned-in-this-chapter-is~~~~
 31 ~~assignable-either-in-law-or-in-equity-or-subject-to-execution~~7~~~~
 32 ~~levy~~7-attachment~~7-garnishment~~7-or-other-legal-process~~7-except-as~~~~~~~~
 33 ~~provided-in-subdivision-1a-or-section-518.58~~7-518.581~~7-or~~~~~~
 34 ~~518.611~~7~~~~ The provisions of section 356.401 apply to the general
 35 state employees retirement plan and to the correctional state
 36 employees retirement plan.~~

1 Sec. 22. Minnesota Statutes 2004, section 352.15,
2 subdivision 3, is amended to read:

3 Subd. 3. [DEDUCTING HEALTH OR DENTAL INSURANCE PREMIUMS.]

4 The board may ~~direct~~ authorize, at its discretion, the deduction
5 of a retiree's health or dental insurance premiums and transfer
6 of the amounts to a health or dental insurance carrier covering
7 state employees. The insurance carrier must certify that the
8 retired employee has signed an authorization for the deduction
9 and provide a computer readable roster of covered retirees and
10 amounts. The health or dental insurance carrier must refund
11 deductions withheld from a retiree's check in error directly to
12 the retiree. The board shall require that the insurance carrier
13 ~~to~~ reimburse the fund for the administrative expense of
14 withholding the premium amounts. The insurance carrier shall
15 assume liability for any failure of the system to properly
16 withhold the premium amounts.

17 Sec. 23. Minnesota Statutes 2004, section 352.15,
18 subdivision 4, is amended to read:

19 Subd. 4. [DIRECT TRANSFER OF REFUNDS.] A direct transfer
20 of ~~account~~ refunds under this chapter may be made to an
21 individual retirement savings ~~accounts~~ account or a qualified
22 retirement ~~plans~~ plan of the person upon the receipt of an
23 application for transfer by a former employee, on forms
24 acceptable to the executive director.

25 Sec. 24. Minnesota Statutes 2004, section 352.22,
26 subdivision 10, is amended to read:

27 Subd. 10. [OTHER REFUNDS.] Former employees covered by the
28 system are entitled to apply for refunds if they are or become
29 members of the State Patrol retirement fund, the state Teachers
30 Retirement Association, or employees of the University of
31 Minnesota excluded from coverage under the system by action of
32 the Board of Regents; ~~or-labor-service-employees,-excluded-from~~
33 ~~coverage-under-section-352-01,-subdivision-2b,-clause-(25);~~ or
34 employees of the adjutant general who under federal law
35 effectually elect membership in a federal retirement system; or
36 officers or employees of the senate or house of representatives,

1 excluded from coverage under section 352.01, subdivision 2b,
2 clause ~~(8)~~ (7). The refunds must include accumulated
3 contributions plus interest as provided in subdivision 2. These
4 employees may apply for a refund once 30 days or more have
5 elapsed after their coverage ceases, even if they continue in
6 state service but in positions not covered by this chapter.

7 Sec. 25. Minnesota Statutes 2004, section 352B.01,
8 subdivision 1, is amended to read:

9 Subdivision 1. [SCOPE.] In this chapter, each of the terms
10 defined in this section have has the meanings meaning given
11 them to it.

12 Sec. 26. Minnesota Statutes 2004, section 352B.01,
13 subdivision 2, is amended to read:

14 Subd. 2. [MEMBER.] "Member" means:

15 (1) a State Patrol member currently employed ~~after-June-30-~~
16 ~~1943~~, under section 299D.03 by the state, who is a peace officer
17 under section 626.84, and whose salary or compensation is paid
18 out of state funds;

19 (2) a conservation officer employed under section 97A.201,
20 currently employed by the state, whose salary or compensation is
21 paid out of state funds;

22 (3) a crime bureau officer who was employed by the crime
23 bureau and was a member of the Highway Patrolmen's retirement
24 fund on July 1, 1978, whether or not that person has the power
25 of arrest by warrant after that date, or who is employed as
26 police personnel, with powers of arrest by warrant under section
27 299C.04, and who is currently employed by the state, and whose
28 salary or compensation is paid out of state funds;

29 (4) a person who is employed by the state in the Department
30 of Public Safety in a data processing management position with
31 salary or compensation paid from state funds, who was a crime
32 bureau officer covered by the State Patrol retirement plan on
33 August 15, 1987, and who was initially hired in the data
34 processing management position within the department during
35 September 1987, or January 1988, with membership continuing for
36 the duration of the person's employment in that position,

1 whether or not the person has the power of arrest by warrant
2 after August 15, 1987;

3 (5) a public safety employee ~~defined-as~~ who is a peace
4 officer ~~in~~ under section 626.84, subdivision 1, paragraph (c),
5 and who is employed ~~with~~ by the Division of Alcohol and Gambling
6 Enforcement under section 299L.01; and

7 (6) a Fugitive Apprehension Unit officer after October 31,
8 2000, who is employed by the Office of Special Investigations of
9 the Department of Corrections and who is a peace officer under
10 section 626.84.

11 Sec. 27. Minnesota Statutes 2004, section 352B.01,
12 subdivision 3, is amended to read:

13 Subd. 3. [ALLOWABLE SERVICE.] (a) "Allowable service"
14 means:

15 (1) for members defined in subdivision 2, clause ~~(a)~~ (1),
16 ~~monthly service is-granted-for~~ in any month for which payments
17 have been made to the State Patrol retirement fund, and

18 (2) for members defined in subdivision 2, clauses ~~(b)~~ (2)
19 and ~~(e)~~ (3), service for which payments have been made to the
20 State Patrol retirement fund, service for which payments were
21 made to the State Police officers retirement fund after June 30,
22 1961, and all prior service which was credited to a member for
23 service on or before June 30, 1961.

24 (b) Allowable service also includes any period of absence
25 from duty by a member who, by reason of injury incurred in the
26 performance of duty, is temporarily disabled and for which
27 disability the state is liable under the workers' compensation
28 law, until the date authorized by the executive director for
29 commencement of payment of a disability benefit or return to
30 employment.

31 (c) MS 2002 (Expired)

32 (d) Allowable service means service in a month during which
33 a member is paid a salary from which a member contribution is
34 deducted, deposited, and credited in the State Patrol retirement
35 plan.

36 Sec. 28. Minnesota Statutes 2004, section 352B.02,

1 subdivision 1e, is amended to read:

2 Subd. 1e. [AUDIT; ACTUARIAL VALUATION.] The legislative
3 auditor shall audit the fund. Any actuarial valuation of the
4 fund required under section 356.215 must be prepared by the
5 actuary retained under section 356.214. Any approved actuary
6 retained by the executive director under section 352.03,
7 subdivision 6, may perform actuarial valuations and experience
8 studies to supplement those performed by the ~~commission-retained~~
9 actuary retained under section 356.214. Any supplemental
10 actuarial valuation or experience studies ~~shall~~ must be filed
11 with the executive director of the Legislative Commission on
12 Pensions and Retirement.

13 Sec. 29. Minnesota Statutes 2004, section 352B.071, is
14 amended to read:

15 352B.071 [EXEMPTION FROM PROCESS.]

16 ~~None-of-the-money,-annuities,-or-other-benefits-provided~~
17 ~~for-in-this-chapter-is-assignable-either-in-law-or-in-equity-or~~
18 ~~be-subject-to-execution,-levy,-attachment,-garnishment,-or-other~~
19 ~~legal-process,-except-as-provided-in-section-518.58,-518.581,-or~~
20 ~~518.6111.~~ The provisions of section 356.401 apply to the State
21 Patrol retirement plan.

22 Sec. 30. Minnesota Statutes 2004, section 352D.01, is
23 amended to read:

24 352D.01 [ESTABLISHMENT.]

25 There is hereby established within the Minnesota State
26 Retirement System a retirement program for certain public
27 employees to be known as the Minnesota unclassified employees
28 retirement program, ~~which shall be~~. The program must be
29 administered by the Minnesota State Retirement System.

30 Sec. 31. Minnesota Statutes 2004, section 352D.015,
31 subdivision 3, is amended to read:

32 Subd. 3. [SUPPLEMENTAL INVESTMENT FUND.] "Supplemental
33 investment fund" means the fund established and governed by
34 section 11A.17.

35 Sec. 32. Minnesota Statutes 2004, section 352D.015,
36 subdivision 4, is amended to read:

1 Subd. 4. [GENERAL FUND.] "General fund" means the general
2 state employees retirement fund except the moneys for the
3 unclassified program.

4 Sec. 33. Minnesota Statutes 2004, section 352D.03, is
5 amended to read:

6 352D.03 [TRANSFER OF ASSETS.]

7 Unless an eligible employee enumerated in section 352D.02,
8 subdivision 1 ~~or 1a~~, has elected coverage under the individual
9 retirement account plan under chapter 354B, a sum of money
10 representing the assets credited to each employee exercising the
11 option contained in section 352D.02, plus an equal employer
12 contribution together with interest for the employment period at
13 the ~~actuarially-assumed-rates~~ applicable preretirement interest
14 actuarial assumption rate during this period, compounded
15 annually, ~~shall~~ must be used for the purchase of shares on
16 behalf of each employee in the accounts of the supplemental
17 retirement fund established by section 11A.17. ~~Any-employer's~~
18 ~~contribution-to-amortize-the-deficit-in-the-state-employee's~~
19 ~~retirement-fund-shall-not,-however,-be-used-for-the-purchase-of~~
20 ~~shares-~~

21 Sec. 34. Minnesota Statutes 2004, section 352D.05,
22 subdivision 4, is amended to read:

23 Subd. 4. [REPAYMENT OF REFUND.] (a) A participant in the
24 unclassified program may repay regular refunds taken ~~pursuant-to~~
25 under section 352.22, as provided in section 352.23.

26 (b) A participant in the unclassified program or an
27 employee covered by the general plan who has withdrawn the value
28 of the total shares may repay the refund taken and thereupon
29 restore the service credit, rights and benefits forfeited by
30 paying into the fund the amount refunded plus interest at an
31 annual rate of 8.5 percent compounded annually from the date
32 that the refund was taken until the date that the refund is
33 repaid. If the participant had withdrawn only the employee
34 shares as permitted under prior laws, repayment ~~shall~~ must be
35 pro rata. ~~Payment-shall~~

36 (c) Except as provided in section 356.441, the repayment of

1 a refund under this section must be made in a lump sum.

2 Sec. 35. Minnesota Statutes 2004, section 352D.085,
3 subdivision 1, is amended to read:

4 Subdivision 1. [COMBINED SERVICE.] Except as provided in
5 section 356.30, 356.302, or 356.303, service under the
6 unclassified program for which the employee has been credited
7 with employee shares may be used for the limited purpose of
8 qualifying for benefits under sections 352.115, 352.72,
9 subdivision 1, 352.113, 354.44, 354.45, 354.48, and 354.60~~†~~
10 ~~provided-such.~~ The service also may not be used to qualify for
11 a disability benefit under section 352.113 or 354.48 if a
12 participant was under the unclassified program at the time of
13 the disability~~,--and-provided-further-that.~~ Also, the years of
14 service and salary paid while the participant was in the
15 unclassified program ~~shall~~ may not be used in determining the
16 amount of benefits.

17 Sec. 36. Minnesota Statutes 2004, section 352D.09,
18 subdivision 5, is amended to read:

19 Subd. 5. [UNCLAIMED BENEFITS.] If the beneficiary,
20 surviving spouse or estate has not made application for benefits
21 within ten years after the date of the death of a participant,
22 the value of the shares ~~shall-be~~ is appropriated to the ~~regular~~
23 general state employees retirement fund and the provisions of
24 section 352.12, subdivision 12 ~~shall,~~ govern. If a former
25 participant fails to make a claim for benefits within five years
26 after the termination of covered service or by age 70, whichever
27 is later, the value of the shares ~~shall-be~~ is appropriated to
28 the general state employees retirement fund and the provisions
29 of section 352.22, subdivision 8, ~~shall~~ apply.

30 Sec. 37. Minnesota Statutes 2004, section 352D.12, is
31 amended to read:

32 352D.12 [TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.]

33 (a) An employee who is a participant in the unclassified
34 program and who has prior service credit in a covered plan under
35 ~~chapters-3A7~~ chapter 352, ~~352E7~~ 353, 354, 354A, and or 422A
36 may, within the time limits specified in this section, elect to

1 transfer to the unclassified program prior service contributions
2 to one or more of those plans. ~~Participants with six or more~~
3 ~~years of prior service credit in a plan governed by chapter 3A~~
4 ~~or 352C on July 17, 1998, may not transfer prior service~~
5 ~~contributions. Participants with less than six years of prior~~
6 ~~service credit in a plan governed by chapter 3A or 352C on July~~
7 ~~17, 1998, must be contributing to the unclassified plan on or~~
8 ~~after January 5, 1999, in order to transfer prior contributions.~~

9 (b) For participants with prior service credit in a plan
10 governed by chapter 352, 353, 354, 354A, or 422A, "prior service
11 contributions" means the accumulated employee and equal employer
12 contributions with interest at an annual rate of 8.5 percent
13 compounded annually, based on fiscal year balances. For
14 ~~participants with less than six years of service credit as of~~
15 ~~July 17, 1998, and with prior service credit in a plan governed~~
16 ~~by chapter 3A or 352C, "prior service contributions" means an~~
17 ~~amount equal to twice the amount of the accumulated member~~
18 ~~contributions plus annual compound interest at the rate of 8.5~~
19 ~~percent, computed on fiscal year balances.~~

20 (c) If a participant has taken a refund from a retirement
21 plan listed in this section, the participant may repay the
22 refund to that plan, notwithstanding any restrictions on
23 repayment to that plan, plus 8.5 percent interest compounded
24 annually and have the accumulated employee and equal employer
25 contributions transferred to the unclassified program with
26 interest at an annual rate of 8.5 percent compounded annually
27 based on fiscal year balances. If a person repays a refund and
28 subsequently elects to have the money transferred to the
29 unclassified program, the repayment amount, including interest,
30 is added to the fiscal year balance in the year which the
31 repayment was made.

32 (d) A participant electing to transfer prior service
33 contributions credited to a retirement plan governed by chapter
34 352, 353, 354, 354A, or 422A as provided under this section must
35 complete the a written application for the transfer and repay
36 any refund within one year of the commencement of the employee's

1 participation in the unclassified program. A-partieipant
2 electing-to-transfer-prior-service-contributions-credited-to-a
3 retirement-plan-governed-by-chapter-3A-or-352E-as-provided-under
4 this-section-must-complete-the-application-for-the-transfer-and
5 repay-any-refund-between-January-5,1999-and-June-1,1999-if
6 the-employee-commenced-participation-in-the-unclassified-program
7 before-January-5,1999-or-within-one-year-of-the-commencement
8 of-the-employee's-participation-in-the-unclassified-program-if
9 the-employee-commenced-participation-in-the-unclassified-program
10 after-January-4,1999.

11 Sec. 38. Minnesota Statutes 2004, section 353.01,
12 subdivision 32, is amended to read:

13 Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means
14 any a public employee, including any a public hospital employee,
15 who is covered by any an agreement or modification made between
16 the state and the Secretary of Health, Education and Welfare
17 Human Services, making the provisions of the federal Old Age,
18 Survivors and Disability Insurance Act applicable to the member
19 if the membership eligibility criteria are met under this
20 chapter. A coordinated member also is a former basic member who
21 has a complete and continuous separation for at least 30 days
22 from employment as a public employee meeting the requirements
23 specified in subdivision 28, paragraphs (a) and (b), and who
24 reenters public service as a public employee and meets the
25 membership eligibility criteria under this chapter.

26 Sec. 39. Minnesota Statutes 2004, section 353.01,
27 subdivision 33, is amended to read:

28 Subd. 33. [BASIC MEMBER.] "Basic member" means any a
29 public employee, including any a public hospital employee, who
30 is not covered by any agreement or modification made between the
31 state and the Secretary of Health, Education and Welfare Human
32 Services.

33 Sec. 40. Minnesota Statutes 2004, section 353.025, is
34 amended to read:

35 353.025 [RANGE ASSOCIATION OF MUNICIPALITIES AND SCHOOLS.]

36 ~~From and after January 1, 1982, Employees of the Range~~

1 Association of Municipalities and Schools ~~hereinafter-referred~~
2 ~~to-as-the-association,-shall-become~~ are coordinated members of
3 the general employees retirement plan of the Public Employees
4 Retirement Association unless specifically exempt under section
5 353.01, subdivision 2b~~-and.~~ The Range Association shall-be
6 ~~deemed-to-be~~ of Municipalities and Schools is a governmental
7 subdivision for the purposes of this chapter.

8 Sec. 41. Minnesota Statutes 2004, section 353.026, is
9 amended to read:

10 353.026 [COVERAGE FOR CERTAIN MUNICIPAL AND SCHOOL DISTRICT
11 EMPLOYEES.]

12 Any person who was employed by the city of Minneapolis,
13 Special School District No. 1, or public corporation as defined
14 in section 422A.01, subdivision 9, on or after July 1, 1978, and
15 ~~prior-to~~ before July 1, 1979, and who was excluded from
16 retirement coverage by the coordinated program of the
17 Minneapolis municipal employees retirement fund ~~pursuant-to~~
18 under section 422A.09, subdivision 3, ~~shall-be~~ is entitled to
19 retirement coverage by the general employees retirement plan of
20 the Public Employees Retirement Association unless specifically
21 excluded ~~pursuant-to~~ under section 353.01, subdivision 2b, from
22 and after May 19, 1981.

23 Sec. 42. Minnesota Statutes 2004, section 353.027, is
24 amended to read:

25 353.027 [RETENTION OF COVERAGE FOR CERTAIN MUNICIPAL COURT
26 EMPLOYEES.]

27 Any person employed on January 1, 1975, by a municipal
28 court established ~~pursuant-to~~ under Minnesota Statutes 1957,
29 section 488.03, and located in the cities of New Brighton,
30 Roseville, Maplewood, North Saint Paul, White Bear Lake, or St.
31 Paul ~~shall-be~~ is eligible for membership in the general
32 employees retirement plan of the Public Employees Retirement
33 Association and ~~shall-retain~~ retains any rights or benefits the
34 person had attained as a member of the general employees
35 retirement plan of the association on January 1, 1975, so long
36 as the person remains an employee of the municipal court of

1 Ramsey County.

2 Sec. 43. Minnesota Statutes 2004, section 353.028, is
3 amended to read:

4 353.028 [CITY MANAGERS; ELECTION; DEFERRED COMPENSATION.]

5 Subdivision 1. [DEFINITIONS.] (a) For purposes of this
6 section, each of the terms in this subdivision has the meaning
7 indicated.

8 (b) "City manager" means (1) a person who is duly appointed
9 to and is holding the position of city manager in a Plan B
10 statutory city or in a home rule city operating under the
11 "council-manager" form of government, or (2) a person who is
12 appointed to and is holding the position of chief administrative
13 officer of a home rule charter city or a statutory city pursuant
14 to under a charter provision, ordinance, or resolution
15 establishing such a position and prescribing its duties and
16 responsibilities.

17 (c) "Governing body" means the city council of the city
18 employing the city manager.

19 (d) "Election" means the election described in subdivision
20 2.

21 Subd. 2. [ELECTION.] (a) A city manager may elect to be
22 excluded from membership in the general employees retirement
23 plan of the Public Employees Retirement Association. The
24 election of exclusion must be made within six months following
25 the commencement of employment, must be made in writing on a
26 form prescribed by the executive director, and must be approved
27 by a resolution of adopted by the governing body of the city.
28 The election of exclusion is not effective until it is filed
29 with the executive director. Membership of a city manager in
30 the ~~association~~ general employees retirement plan ceases on the
31 date the written election is received by the executive director
32 or upon a later date specified. Employee and employer
33 contributions made on behalf of a person exercising the option
34 to be excluded from membership under this section must be
35 refunded in accordance with section 353.27, subdivision 7.

36 (b) A city manager who has elected exclusion under this

1 subdivision may elect to revoke that action by filing a written
2 notice with the executive director. The notice must be on a
3 form prescribed by the executive director and must be approved
4 by a resolution of the governing body of the city. Membership
5 of the city manager in the association resumes prospectively
6 from the date of the first day of the pay period for which
7 contributions were deducted or, if pay period coverage dates are
8 not provided, the date on which the notice of revocation or
9 contributions are received in the office of the association,
10 provided that the notice of revocation is received by the
11 association within 60 days of the receipt of contributions.

12 (c) An election under paragraph (b) is irrevocable. Any
13 election under paragraph (a) or (b) must include a statement
14 that the individual will not seek authorization to purchase
15 service credit for any period of excluded service.

16 Subd. 3. [DEFERRED COMPENSATION; CITY CONTRIBUTION.] If an
17 election of exclusion is made, and if the city manager and the
18 governing body of the city additionally agree in writing that
19 the additional compensation is to be deferred and ~~shall~~ is to be
20 contributed on behalf of the city manager to a deferred
21 compensation program which meets the requirements of section 457
22 of the Internal Revenue Code of ~~1954~~ 1986, as amended ~~through~~
23 ~~December-31-1980~~, the governing body may compensate the city
24 manager, in addition to the salary allowed under any limitation
25 imposed on salaries by law or charter, in an amount equal to the
26 employer contribution which would be required by section 353.27,
27 subdivision 3, if the city manager were a member of the
28 ~~association~~ general employees retirement plan.

29 Subd. 4. [REFUNDS; DEFERRED ANNUITY.] A city manager who
30 makes an election to be excluded from membership is entitled to
31 a refund of accumulated deductions or, if otherwise qualified, a
32 deferred annuity ~~in-the-manner-provided-by~~ under section 353.34,
33 at the option of the manager.

34 Subd. 5. [ELECTION; OTHER EMPLOYMENT.] If a city manager
35 who has made an election to be excluded subsequently accepts
36 employment in another governmental subdivision or subsequently

1 accepts employment other than as a city manager in the same
2 city, the election ~~shall-be-deemed-to-have-been~~ is rescinded on
3 the effective date of employment.

4 Sec. 44. Minnesota Statutes 2004, section 353.14, is
5 amended to read:

6 353.14 [BENEFITS FROM OTHER FUNDS.]

7 No annuity or benefit provided by this chapter ~~shall~~ may be
8 affected, diminished, or impaired by any pension, benefit, or
9 annuity which any member or survivor is entitled to receive from
10 a tax supported public retirement plan or system authorized by
11 any other law ~~for~~ based on service that is different service
12 than the service for which the member or survivor is entitled to
13 receive benefit or annuity from a retirement plan administered
14 by the Public Employees Retirement Association.

15 Sec. 45. Minnesota Statutes 2004, section 353.15,
16 subdivision 1, is amended to read:

17 Subdivision 1. [EXEMPTION~~7~~-EXCEPTIONS.] ~~No-money~~7~~-annuity~~7~~~~
18 ~~or-benefit-provided-for-in-this-chapter-is-assignable-or-subject~~
19 ~~to-execution~~7~~-levy~~7~~-attachment~~7~~-garnishment~~7~~-or-legal-process~~7~~~~
20 ~~except-as-provided-in-subdivision-2-or-section-518.58~~7~~-518.581~~7~~~~
21 ~~or-518.6111~~7~~~~. The provisions of section 356.401 apply to the
22 general employees retirement plan, to the public employees
23 police and fire retirement plan, and to the local government
24 correctional service retirement plan.

25 Sec. 46. Minnesota Statutes 2004, section 353.15,
26 subdivision 3, is amended to read:

27 Subd. 3. [PAYMENT TO PUBLIC BODIES.] If, in the judgment
28 of the executive director, conditions so warrant, payment of an
29 annuity, a retirement benefit, or a refund may be made to a
30 public body in behalf of an annuitant, disabilitant, or survivor
31 upon such terms as the executive director may prescribe.

32 Sec. 47. Minnesota Statutes 2004, section 353.27,
33 subdivision 11, is amended to read:

34 Subd. 11. [EMPLOYERS; REQUIRED TO FURNISH REQUESTED
35 INFORMATION.] (a) All governmental subdivisions shall furnish
36 promptly such other information relative to the employment

1 status of all employees or former employees, including, but not
 2 limited to, payroll abstracts pertaining to all past and present
 3 employees, as may be requested by the ~~association-or-its~~
 4 executive director, including schedules of salaries applicable
 5 to various categories of employment.

6 (b) In the event payroll abstract records have been lost or
 7 destroyed, for whatever reason or in whatever manner, so that
 8 such schedules of salaries cannot be furnished therefrom, the
 9 employing governmental subdivision, in lieu thereof, shall
 10 furnish to the association an estimate of the earnings of any
 11 employee or former employee for any period as may be requested
 12 by the ~~association-or-its~~ executive director. ~~Should~~ If the
 13 ~~association receive-such-schedules~~ is provided a schedule of
 14 estimated earnings, the executive director is hereby authorized
 15 to use the same as a basis for making whatever computations
 16 might be necessary for determining obligations of the employee
 17 and employer to the retirement fund. If estimates are not
 18 furnished by the employer ~~pursuant-to~~ at the request of the
 19 ~~association-or-its~~ executive director, the ~~association~~ executive
 20 director may estimate the obligations of the employee and
 21 employer to the retirement fund based upon ~~such~~ those records as
 22 that are in its possession. ~~Where-payroll-abstracts-have-been~~
 23 ~~lost-or-destroyed, the governmental agency need not furnish any~~
 24 ~~information-pertaining-to-employment-prior-to-July-17-1963.--The~~
 25 ~~association-shall-make-no-estimate-of-any-obligation-of-any~~
 26 ~~employee, former-employee, or-employer-covering-employment-prior~~
 27 ~~to-July-17-1963.~~

28 Sec. 48. Minnesota Statutes 2004, section 353.271, is
 29 amended to read:

30 353.271 [PARTICIPATION IN MINNESOTA POSTRETIREMENT
 31 INVESTMENT FUND.]

32 Subdivision 1. [AUTHORIZATION.] The general employees
 33 retirement plan of the Public Employees Retirement Association,
 34 including the public employees police and fire fund-but
 35 excluding-the-various-local-relief-association-consolidation
 36 accounts, is retirement plan, and the local government

1 correctional service retirement plan are authorized to
 2 participate in the Minnesota postretirement investment fund.
 3 There ~~shall be~~ is one general participation in the Minnesota
 4 postretirement investment fund for ~~all purposes by each plan of~~
 5 the Public Employees Retirement fund ~~and one general~~
 6 ~~participation in the Minnesota postretirement investment fund~~
 7 ~~for all purposes by the public employees police and fire~~
 8 ~~fund~~ Association.

9 Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.]

10 ~~(1)~~ (a) The required reserves for retirement annuities payable
 11 as provided in this chapter other than those payable from the
 12 various local relief association consolidation accounts, as
 13 determined in accordance with the appropriate mortality table
 14 adopted by the board of trustees based on the experience of the
 15 fund as recommended by the actuary retained ~~by the Legislative~~
 16 ~~Commission on Pensions and Retirement~~ under section 356.214, and
 17 approved under section 356.215, subdivision 18, and using the
 18 postretirement interest assumption specified in section 356.215,
 19 subdivision 8, ~~shall~~ must be transferred to the Minnesota
 20 postretirement investment fund as of the last business day of
 21 the month in which the retirement annuity begins.

22 ~~(2)~~ (b) Annuity payments ~~other than those payable from the~~
 23 ~~various local relief association consolidation accounts~~
 24 ~~shall~~ must be adjusted in accordance with the provisions of
 25 section 11A.18.

26 ~~(3)~~ (c) Increases in payments pursuant ~~to~~ under this
 27 section ~~or from the various local relief association~~
 28 ~~consolidation accounts, if applicable, will~~ must be made
 29 automatically unless the intended recipient files written notice
 30 with the executive director of the Public Employees Retirement
 31 Association requesting that the increase ~~shall~~ not be made.

32 Sec. 49. Minnesota Statutes 2004, section 353.31,
 33 subdivision 1c, is amended to read:

34 Subd. 1c. [COORDINATED MEMBERS.] Except for benefits
 35 provided under section 353.32, ~~subdivisions 1 and 1a,~~ no
 36 survivor benefits are payable to the surviving spouse or

1 dependent children of a deceased coordinated member.

2 Sec. 50. Minnesota Statutes 2004, section 353.32,
3 subdivision 9, is amended to read:

4 Subd. 9. [PAYMENT TO A MINOR.] If a member or former
5 member dies having named as beneficiary a person who is a minor
6 at the time of the application for refund, the board may make
7 the payment ~~(a)~~ (1) directly to the minor, ~~(b)~~ (2) to any
8 a person who has legally qualified and is acting as guardian of
9 the minor's person or property in any jurisdiction, or ~~(c)~~ (3)
10 to either parent of the minor or to any an adult person with
11 whom the minor may at the time be living, ~~provided only that.~~
12 The parent or other person to whom any amount is to be
13 paid ~~shall have advised~~ must advise the board in writing that
14 the amount will be held or used in trust for the benefit of such
15 minor. Any annuity or disability benefit payable at the time of
16 death of an annuitant or recipient of a disability benefit,
17 which is payable to a beneficiary who is a minor, may be paid in
18 the same manner. ~~Such~~ The payment ~~shall be~~ is a bar to recovery
19 by any other person or persons.

20 Sec. 51. Minnesota Statutes 2004, section 353.33,
21 subdivision 12, is amended to read:

22 Subd. 12. [BASIC DISABILITY SURVIVOR BENEFITS.] If a basic
23 member who is receiving a disability benefit under subdivision 3:

24 ~~(a)~~ (1) dies before attaining age 65 or within five years
25 of the effective date of the disability, whichever is later, the
26 surviving spouse ~~shall~~ is entitled to receive a survivor benefit
27 under section 353.31, unless the surviving spouse elected to
28 receive a refund under section 353.32, subdivision 1-i

29 ~~(b)~~ (2) is living at age 65 or five years after the
30 effective date of the disability, whichever is later, the basic
31 member may continue to receive a normal disability benefit, or
32 elect a joint and survivor optional annuity under section
33 353.31, subdivision 1b. The election of the joint and survivor
34 optional annuity must occur within 90 days of attaining age 65
35 or of reaching the five-year anniversary of the effective date
36 of the disability benefit, whichever is later. The optional

1 annuity takes effect on the first day of the month following the
2 month in which the person attains age 65 or reaches the
3 five-year anniversary of the effective date of the disability
4 benefit, whichever is later; or

5 ~~(e)~~ (3) if there is a dependent child or children under
6 ~~paragraph-(a)-or-(b)~~ clause (1) or (2), the ~~association-shall~~
7 ~~grant~~ dependent child is entitled to a dependent child benefit
8 under section 353.31, subdivision 1b, paragraph (b).

9 Sec. 52. Minnesota Statutes 2004, section 354.091, is
10 amended to read:

11 354.091 [SERVICE CREDIT.]

12 (a) In computing service credit, no teacher ~~shall~~ may
13 receive credit for more than one year of teaching service for
14 any fiscal year. ~~Commencing July 17, 1961~~ Additionally, in
15 crediting allowable service:

16 (1) if a teacher teaches less than five hours in a day,
17 service credit must be given for the fractional part of the day
18 as the term of service performed bears to five hours;

19 (2) if a teacher teaches five or more hours in a day,
20 service credit must be given for only one day;

21 (3) if a teacher teaches at least 170 full days in any
22 fiscal year, service credit must be given for a full year of
23 teaching service; and

24 (4) if a teacher teaches for only a fractional part of the
25 year, service credit must be given for such fractional part of
26 the year in the same relationship as the period of service
27 performed bears to 170 days.

28 (b) A teacher ~~shall~~ must receive a full year of service
29 credit based on the number of days in the employer's full school
30 year if ~~it~~ that school year is less than 170 days. Teaching
31 service performed before July 1, 1961, must be computed under
32 the law in effect at the time it was performed.

33 (c) A teacher must not lose or gain retirement service
34 credit as a result of the employer converting to a flexible or
35 alternate work schedule. If the employer converts to a flexible
36 or alternate work schedule, the forms for reporting teaching

1 service and the procedures for determining service credit must
2 be determined by the executive director with the approval of the
3 board of trustees.

4 (d) For all services rendered on or after July 1, 2003,
5 service credit for all members employed by the Minnesota State
6 Colleges and Universities system must be determined:

7 (1) for full-time employees, by the definition of full-time
8 employment contained in the collective bargaining agreement for
9 those units listed in section 179A.10, subdivision 2, or
10 contained in the applicable personnel or salary plan for those
11 positions designated in section 179A.10, subdivision 1;

12 (2) for part-time employees, by the appropriate proration
13 of full-time equivalency based on the provisions contained in
14 the collective bargaining agreement for those units listed in
15 section 179A.10, subdivision 2, or contained in the applicable
16 personnel or salary plan for those positions designated in
17 section 179A.10, subdivision 1, and the applicable procedures of
18 the Minnesota State Colleges and Universities system; and

19 (3) in no case may a member receive more than one year of
20 service credit for any fiscal year.

21 Sec. 53. Minnesota Statutes 2004, section 354.10,
22 subdivision 1, is amended to read:

23 Subdivision 1. [EXEMPTION; EXCEPTIONS.] (a) The provisions
24 of section 356.401 apply to the teachers retirement plan.

25 (b) The right of a teacher to take advantage of the
26 benefits provided by this chapter, is a personal right only and
27 is not assignable. All money to the credit of a teacher's
28 account in the fund or any money payable to the teacher from the
29 fund belongs to the state of Minnesota until actually paid to
30 the teacher or a beneficiary under this chapter.

31 (c) The association may acknowledge a properly completed
32 power of attorney form. An-assignment-or-attempted-assignment
33 of-a-teacher's-interest-in-the-fund,-or-of-the-beneficiary's
34 interest-in-the-fund,-by-a-teacher-or-a-beneficiary-is-void-and
35 exempt-from-garnishment-or-levy-under-attachment-or-execution,
36 except-as-provided-in-subdivision-2-or-3,-or-section-518-58,

1 ~~518-5817-or-518-6111-~~

2 Sec. 54. Minnesota Statutes 2004, section 354.10,
3 subdivision 3, is amended to read:

4 Subd. 3. [PAYMENT TO PUBLIC BODIES.] If, in the judgment
5 of the executive director, conditions so warrant, payment of an
6 annuity, a retirement benefit, or a refund may be made to a
7 public body in behalf of an annuitant, disabilitant, or survivor
8 upon such terms as the executive director may prescribe.

9 Sec. 55. Minnesota Statutes 2004, section 354.10,
10 subdivision 4, is amended to read:

11 Subd. 4. [CHANGES IN DESIGNATED BENEFICIARIES.] Any (a) A
12 beneficiary designated by a retiree or member under section
13 354.05, subdivision 22, may be changed or revoked by the retiree
14 or member on a form provided by the executive director.

15 (b) A change or revocation made under this subdivision is
16 valid only if the properly completed form is received by the
17 association on or before the date of death of the retiree or the
18 member.

19 (c) If a designated beneficiary dies before the retiree or
20 member designating the beneficiary, and a new beneficiary is not
21 designated, the retiree's or member's estate is the beneficiary.

22 Sec. 56. Minnesota Statutes 2004, section 354.33,
23 subdivision 5, is amended to read:

24 Subd. 5. [RETIREEES NOT ELIGIBLE FOR FEDERAL BENEFITS.]
25 Notwithstanding the provisions of section 354.55, subdivision 3,
26 when any person retires after July 1, 1973, who (a) (1) has ten
27 or more years of allowable service, and (b) (2) does not have
28 any retroactive Social Security coverage by reason of the
29 person's position in the retirement system, and (c) (3) does not
30 qualify for federal old age and survivor primary benefits at the
31 time of retirement, the annuity ~~shall~~ must be computed under
32 section 354.44, subdivision 2, of the law in effect on June 30,
33 1969, except that accumulations after June 30, 1957, ~~shall~~ must
34 be calculated using the same mortality table and interest
35 assumption as are used to transfer the required reserves to the
36 Minnesota postretirement investment fund.

1 Sec. 57. Minnesota Statutes 2004, section 354.39, is
2 amended to read:

3 354.39 [EFFECTIVE DATE; APPLICATION.]

4 ~~After July 17, 1971, any~~ A member of the Teachers Retirement
5 Association who is employed in a new state university and or any
6 other new ~~institutions~~ institution of higher learning not
7 included in any agreement or modification made between the state
8 and the federal Secretary of Health, ~~Education and Welfare~~ Human
9 Services, making the provisions of the federal Old Age and,
10 Survivors and Disability Insurance Act applicable to such
11 members, ~~shall~~ must be covered under the provisions of this
12 chapter applicable to coordinated members.

13 Sec. 58. Minnesota Statutes 2004, section 354.41,
14 subdivision 2, is amended to read:

15 Subd. 2. [TEACHERS.] Every teacher ~~after June 30, 1957,~~ in
16 ~~the service or entering~~ the service of the state or one of its
17 governmental ~~subdivision~~ subdivisions as a teacher, except
18 persons ~~specially~~ specifically excluded, ~~shall~~ must become a
19 member of the association by the acceptance of such employment.

20 Sec. 59. Minnesota Statutes 2004, section 354.42, is
21 amended by adding a subdivision to read:

22 Subd. 1a. [TEACHERS RETIREMENT FUND.] (a) Within the
23 Teachers Retirement Association and the state treasury is
24 created a special retirement fund, which must include all the
25 assets of the Teachers Retirement Association and all revenue of
26 the association. The fund is the continuation of the fund
27 established under Laws 1931, chapter 406, section 2,
28 notwithstanding the repeal of Minnesota Statutes 1973, section
29 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.

30 (b) The teachers retirement fund must be credited with all
31 employee and employer contributions, all investment revenue and
32 gains, and all other income authorized by law.

33 (c) From the teachers retirement fund is appropriated the
34 payments of annuities and benefits authorized by this chapter,
35 the transfers to the Minnesota postretirement investment fund,
36 and the reasonable and necessary expenses of administering the

1' fund and the association.

2 Sec. 60. Minnesota Statutes 2004, section 354.44,
3 subdivision 2, is amended to read:

4 Subd. 2. [COMPUTATION OF MONEY PURCHASE ANNUITY.] (a) The
5 amount of retirement annuity is an amount equal to double the
6 annuity which could be purchased by the member's accumulated
7 deductions plus interest thereon. The annuity ~~shall~~ must be
8 determined by the member's age, sex, double the amount of
9 accumulated deductions, double the amount of interest earned on
10 the accumulated deductions, and the appropriate mortality tables
11 and interest rates. To determine the amount of the annuity for
12 a basic member, the accumulated deductions ~~prior-to~~ before July
13 1, 1957, and the accumulated deductions ~~subsequent-to~~ after July
14 1, 1957, ~~shall~~ must be considered separately.

15 ~~(1)~~ (b) For service rendered ~~prior-to~~ before July 1, 1957,
16 the accumulated deductions for any a member ~~shall~~ must be
17 carried forward at a fixed amount which is shown credited to the
18 member's account as of that date. That fixed amount ~~shall~~ must
19 also include any payments in lieu of salary deductions which are
20 ~~to-be-made-in-the-future-and-are~~ were actually so made pursuant
21 ~~to~~ under an agreement executed between the member and the board
22 as authorized by section 354.50 or any other authorized payments
23 made by the member to the fund. The annuity granted with
24 respect to the period ~~shall~~ must be determined as follows:

25 ~~(a)~~ (1) the fixed amount of the accumulated deductions for
26 the period including the interest credited on the amount as
27 earned up to July 1, 1957; and

28 ~~(b)~~ (2) annuity purchase rates based on the applicable
29 mortality table established by the board and the interest rate
30 assumption in effect ~~prior-to~~ before July 1, 1957, in the case
31 of basic members and an annuity purchase rate based on an
32 appropriate annuity table of mortality established by the board
33 as provided in section 354.07, subdivision 1, and using the
34 applicable postretirement interest rate assumption specified in
35 section 356.215, subdivision 8, in the case of coordinated
36 members.

1 ~~(2)~~ (c) For service rendered subsequent-~~to~~ after July 1,
2 1957, the accumulated deductions for any a member shall must
3 consist of the amounts actually credited to the member's account
4 by reason of salary deductions. The annuity granted with
5 respect to the period shall must be determined by the following:

6 ~~(a)~~ (1) accumulated deductions for the period;

7 ~~(b)~~ (2) interest credited on these accumulated deductions
8 from July 1, 1957, to the date of retirement;

9 ~~(c)~~ (3) interest credited on accumulated deductions
10 including prior credited interest provided in paragraph ~~(1)~~ (b)
11 from July 1, 1957, to the date of retirement;

12 ~~(d)~~ (4) after the amount available for an annuity granted
13 with respect to the person is determined in accordance with the
14 provisions of this subdivision, an additional amount equal to 20
15 percent of the sum of clause ~~(2)~~~~(a)~~ (1) plus interest credited
16 to ~~members~~ a member's account from July 1, 1957, to date of
17 retirement is to be added. This added amount is not to be
18 doubled as provided for other amounts determined in this
19 subdivision; and

20 ~~(e)~~ (5) the annuity purchase rate based on an appropriate
21 annuity table of mortality established by the board as provided
22 in section 354.07, subdivision 1, and using the applicable
23 postretirement interest rate assumption specified in section
24 356.215, subdivision 8.

25 Sec. 61. Minnesota Statutes 2004, section 354A.021,
26 subdivision 5, is amended to read:

27 Subd. 5. [TAX SHELTERED ANNUITY PROGRAM AND FUND.] Any A
28 teachers retirement fund association may establish a tax
29 sheltered annuity program and fund meeting the requirements of
30 section 403(b) of the Internal Revenue Code of 1986, as amended
31 ~~through-December-31-1992~~, which shall must include all assets
32 which were acquired for the specific purpose of being credited
33 to the program and fund and to which shall must be credited all
34 employee contributions, and employer contributions, if
35 negotiated under a collective bargaining agreement, designated
36 for this purpose and all interest income attributable to the

1 assets of the program and fund.

2 Sec. 62. Minnesota Statutes 2004, section 354A.097,
3 subdivision 1, is amended to read:

4 Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A
5 teacher who has at least three years of allowable service credit
6 with the teachers retirement fund association and who performed
7 service in the United States armed forces before becoming a
8 teacher as defined in section 354A.011, subdivision 27, or who
9 failed to obtain service credit for a military leave of absence
10 period under section 354A.093, is entitled to purchase allowable
11 service credit for the initial period of enlistment, induction,
12 or call to active duty without any voluntary extension by making
13 payment under section ~~356.55-provided~~ 356.551 if the teacher has
14 not purchased service credit from another Minnesota defined
15 benefit public employee pension plan for the same period of
16 service.

17 Sec. 63. Minnesota Statutes 2004, section 354A.31,
18 subdivision 5, is amended to read:

19 Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.] Upon
20 retirement at normal retirement age with at least three years of
21 service credit, a coordinated member ~~shall-be~~ is entitled to a
22 normal retirement annuity calculated ~~pursuant-to~~ under
23 subdivision 4 or 4a, whichever applies.

24 Sec. 64. [356.401] [EXEMPTION FROM PROCESS.]

25 Subdivision 1. [EXEMPTION; EXCEPTIONS.] None of the money,
26 annuities, or other benefits provided for in the governing law
27 of a covered retirement plan is assignable either in law or in
28 equity or subject to state estate tax, or to execution, levy,
29 attachment, garnishment, or other legal process, except as
30 provided in subdivision 2 or section 518.58, 518.581, or
31 518.6111.

32 Subd. 2. [AUTOMATIC DEPOSITS.] (a) The chief
33 administrative officer of a covered retirement plan may remit,
34 through an automatic deposit system, annuity, benefit, or refund
35 payments only to a financial institution associated with the
36 National Automated Clearinghouse Association or a comparable

1 successor organization that is trustee for a person who is
2 eligible to receive the annuity, benefit, or refund.

3 (b) Upon the request of a retiree, disabilitant, survivor,
4 or former member, the chief administrative officer of a covered
5 retirement plan may remit the annuity, benefit, or refund check
6 to the applicable financial institution for deposit in the
7 person's individual account or the person's joint account. An
8 overpayment to a joint account after the death of the annuitant
9 or benefit recipient must be repaid to the fund of the
10 applicable covered retirement plan by the joint tenant if the
11 overpayment is not repaid to that fund by the financial
12 institution associated with the National Automated Clearinghouse
13 Association or its successor. The governing board of the
14 covered retirement plan may prescribe the conditions under which
15 these payments may be made.

16 Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of
17 this section apply to the following retirement plans:

18 (1) the legislators retirement plan, established by chapter
19 3A;

20 (2) the general state employees retirement plan of the
21 Minnesota State Retirement System, established by chapter 352;

22 (3) the correctional state employees retirement plan of the
23 Minnesota State Retirement System, established by chapter 352;

24 (4) the State Patrol retirement plan, established by
25 chapter 352B;

26 (5) the elective state officers retirement plan,
27 established by chapter 352C;

28 (6) the unclassified state employees retirement program,
29 established by chapter 352D;

30 (7) the general employees retirement plan of the Public
31 Employees Retirement Association, established by chapter 353;

32 (8) the public employees police and fire plan of the Public
33 Employees Retirement Association, established by chapter 353;

34 (9) the public employees defined contribution plan,
35 established by chapter 353D;

36 (10) the local government correctional service retirement

1 plan of the Public Employees Retirement Association, established
2 by chapter 353E;

3 (11) the Teachers Retirement Association, established by
4 chapter 354;

5 (12) the Duluth Teachers Retirement Fund Association,
6 established by chapter 354A;

7 (13) the Minneapolis Teachers Retirement Fund Association,
8 established by chapter 354A;

9 (14) the St. Paul Teachers Retirement Fund Association,
10 established by chapter 354A;

11 (15) the individual retirement account plan, established by
12 chapter 354B;

13 (16) the higher education supplemental retirement plan,
14 established by chapter 354C;

15 (17) the Minneapolis employees retirement fund, established
16 by chapter 422A;

17 (18) the Minneapolis Police Relief Association, established
18 by chapter 423B;

19 (19) the Minneapolis Firefighters Relief Association,
20 established by chapter 423C; and

21 (20) the judges' retirement fund, established by sections
22 490.121 to 490.132.

23 Sec. 65. Minnesota Statutes 2004, section 356.551, is
24 amended to read:

25 356.551 [POST JULY 1, ~~2003~~ 2004, PRIOR SERVICE CREDIT
26 PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

27 Subdivision 1. [APPLICATION.] (a) Unless the prior service
28 credit purchase authorization special law or general statute
29 provision explicitly specifies a different purchase payment
30 amount determination procedure, ~~and-if-section-356-55-has~~
31 ~~expired~~, this section governs the determination of the prior
32 service credit purchase payment amount of any prior service
33 credit purchase.

34 (b) The purchase payment amount determination procedure
35 must recognize any service credit accrued to the purchaser in a
36 pension plan enumerated in section 356.30, subdivision 3.

1 (c) Any service credit in a Minnesota defined benefit
2 public employee pension plan available to be reinstated by the
3 purchaser through the repayment of a refund of member or
4 employee contributions previously received must be repaid in
5 full before any purchase of prior service credit payment is made
6 under this section.

7 Subd. 2. [DETERMINATION.] (a) Unless the minimum purchase
8 amount set forth in paragraph (c) applies, the prior service
9 credit purchase amount is an amount equal to the actuarial
10 present value, on the date of payment, as calculated by the
11 chief administrative officer of the pension plan and reviewed by
12 the actuary retained by the Legislative Commission on Pensions
13 and Retirement under section 356.214, of the amount of the
14 additional retirement annuity obtained by the acquisition of the
15 additional service credit in this section.

16 (b) Calculation of this amount must be made using the
17 preretirement interest rate applicable to the public pension
18 plan specified in section 356.215, subdivision 4d 8, and the
19 mortality table adopted for the public pension plan. The
20 calculation must assume continuous future service in the public
21 pension plan until, and retirement at, the age at which the
22 minimum requirements of the fund for normal retirement or
23 retirement with an annuity unreduced for retirement at an early
24 age, including section 356.30, are met with the additional
25 service credit purchased. The calculation must also assume a
26 full-time equivalent salary, or actual salary, whichever is
27 greater, and a future salary history that includes annual salary
28 increases at the applicable salary increase rate for the plan
29 specified in section 356.215, subdivision 4d.

30 (c) The prior service credit purchase amount may not be
31 less than the amount determined by applying the current employee
32 or member contribution rate, the employer contribution rate, and
33 the additional employer contribution rate, if any, to the
34 person's current annual salary and multiplying that result by
35 the number of whole and fraction years of service to be
36 purchased.

1 (d) Payment must be made in one lump sum within one year of
2 the prior service credit authorization. Payment of the amount
3 calculated under this section must be made by the applicable
4 eligible person.

5 (e) However, the current employer or the prior employer
6 may, at its discretion, pay all or any portion of the payment
7 amount that exceeds an amount equal to the employee contribution
8 rates in effect during the period or periods of prior service
9 applied to the actual salary rates in effect during the period
10 or periods of prior service, plus interest at the rate of 8.5
11 percent a year compounded annually from the date on which the
12 contributions would otherwise have been made to the date on
13 which the payment is made. If the employer agrees to payments
14 under this subdivision, the purchaser must make the employee
15 payments required under this subdivision within ~~290~~ 90 days of
16 the prior service credit authorization. If that employee
17 payment is made, the employer payment under this subdivision
18 must be remitted to the chief administrative officer of the
19 public pension plan within 60 days of receipt by the chief
20 administrative officer of the employee payments specified under
21 this subdivision.

22 Subd. 3. [DOCUMENTATION.] The prospective prior service
23 credit purchaser must provide any relevant documentation
24 required by the chief administrative officer of the applicable
25 public pension plan to determine eligibility for the prior
26 service credit under this section.

27 Subd. 4. [PAYMENT PRECONDITION FOR CREDIT GRANT.] Service
28 credit for the purchase period must be granted by the public
29 pension plan to the purchaser upon receipt of the full purchase
30 payment amount specified in subdivision 2.

31 Sec. 66. Minnesota Statutes 2004, section 356A.06,
32 subdivision 7, is amended to read:

33 Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT
34 SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise
35 authorized by law or bylaws, a covered pension plan not
36 described by subdivision 6, paragraph (a), may invest its assets

1 only in accordance with this subdivision.

2 (b) [SECURITIES GENERALLY.] The covered pension plan has
3 the authority to purchase, sell, lend, or exchange the
4 securities specified in paragraphs (c) to (g), including puts
5 and call options and future contracts traded on a contract
6 market regulated by a governmental agency or by a financial
7 institution regulated by a governmental agency. These
8 securities may be owned as units in commingled trusts that own
9 the securities described in paragraphs (c) to (g).

10 (c) [GOVERNMENT OBLIGATIONS.] The covered pension plan may
11 invest funds in governmental bonds, notes, bills, mortgages, and
12 other evidences of indebtedness provided the issue is backed by
13 the full faith and credit of the issuer or the issue is rated
14 among the top four quality rating categories by a nationally
15 recognized rating agency. The obligations in which funds may be
16 invested under this paragraph include guaranteed or insured
17 issues of (1) the United States, its agencies, its
18 instrumentalities, or organizations created and regulated by an
19 act of Congress; (2) Canada and its provinces, provided the
20 principal and interest is payable in United States dollars; (3)
21 the states and their municipalities, political subdivisions,
22 agencies, or instrumentalities; (4) the International Bank for
23 Reconstruction and Development, the Inter-American Development
24 Bank, the Asian Development Bank, the African Development Bank,
25 or any other United States government sponsored organization of
26 which the United States is a member, provided the principal and
27 interest is payable in United States dollars.

28 (d) [CORPORATE OBLIGATIONS.] The covered pension plan may
29 invest funds in bonds, notes, debentures, transportation
30 equipment obligations, or any other longer term evidences of
31 indebtedness issued or guaranteed by a corporation organized
32 under the laws of the United States or any state thereof, or the
33 Dominion of Canada or any province thereof if they conform to
34 the following provisions:

35 (1) the principal and interest of obligations of
36 corporations incorporated or organized under the laws of the

1 Dominion of Canada or any province thereof must be payable in
2 United States dollars; and

3 (2) obligations must be rated among the top four quality
4 categories by a nationally recognized rating agency.

5 (e) [OTHER OBLIGATIONS.] (1) The covered pension plan may
6 invest funds in bankers acceptances, certificates of deposit,
7 deposit notes, commercial paper, mortgage participation
8 certificates and pools, asset backed securities, repurchase
9 agreements and reverse repurchase agreements, guaranteed
10 investment contracts, savings accounts, and guaranty fund
11 certificates, surplus notes, or debentures of domestic mutual
12 insurance companies if they conform to the following provisions:

13 (i) bankers acceptances and deposit notes of United States
14 banks are limited to those issued by banks rated in the highest
15 four quality categories by a nationally recognized rating
16 agency;

17 (ii) certificates of deposit are limited to those issued by
18 (A) United States banks and savings institutions that are rated
19 in the highest four quality categories by a nationally
20 recognized rating agency or whose certificates of deposit are
21 fully insured by federal agencies; or (B) credit unions in
22 amounts up to the limit of insurance coverage provided by the
23 National Credit Union Administration;

24 (iii) commercial paper is limited to those issued by United
25 States corporations or their Canadian subsidiaries and rated in
26 the highest two quality categories by a nationally recognized
27 rating agency;

28 (iv) mortgage participation or pass through certificates
29 evidencing interests in pools of first mortgages or trust deeds
30 on improved real estate located in the United States where the
31 loan to value ratio for each loan as calculated in accordance
32 with section 61A.28, subdivision 3, does not exceed 80 percent
33 for fully amortizable residential properties and in all other
34 respects meets the requirements of section 61A.28, subdivision
35 3;

36 (v) collateral for repurchase agreements and reverse

1 repurchase agreements is limited to letters of credit and
2 securities authorized in this section;

3 (vi) guaranteed investment contracts are limited to those
4 issued by insurance companies or banks rated in the top four
5 quality categories by a nationally recognized rating agency or
6 to alternative guaranteed investment contracts where the
7 underlying assets comply with the requirements of this
8 subdivision;

9 (vii) savings accounts are limited to those fully insured
10 by federal agencies; and

11 (viii) asset backed securities must be rated in the top
12 four quality categories by a nationally recognized rating agency.

13 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do
14 not apply to certificates of deposit and collateralization
15 agreements executed by the covered pension plan under clause
16 (1), item (ii).

17 (3) In addition to investments authorized by clause (1),
18 item (iv), the covered pension plan may purchase from the
19 Minnesota Housing Finance Agency all or any part of a pool of
20 residential mortgages, not in default, that has previously been
21 financed by the issuance of bonds or notes of the agency. The
22 covered pension plan may also enter into a commitment with the
23 agency, at the time of any issue of bonds or notes, to purchase
24 at a specified future date, not exceeding 12 years from the date
25 of the issue, the amount of mortgage loans then outstanding and
26 not in default that have been made or purchased from the
27 proceeds of the bonds or notes. The covered pension plan may
28 charge reasonable fees for any such commitment and may agree to
29 purchase the mortgage loans at a price sufficient to produce a
30 yield to the covered pension plan comparable, in its judgment,
31 to the yield available on similar mortgage loans at the date of
32 the bonds or notes. The covered pension plan may also enter
33 into agreements with the agency for the investment of any
34 portion of the funds of the agency. The agreement must cover
35 the period of the investment, withdrawal privileges, and any
36 guaranteed rate of return.

1 (f) [CORPORATE STOCKS.] The covered pension plan may
2 invest funds in stocks or convertible issues of any corporation
3 organized under the laws of the United States or the states
4 thereof, the Dominion of Canada or its provinces, or any
5 corporation listed on the New York Stock Exchange or the
6 American Stock Exchange, if they conform to the following
7 provisions:

8 (1) the aggregate value of corporate stock investments, as
9 adjusted for realized profits and losses, must not exceed 85
10 percent of the market or book value, whichever is less, of a
11 fund, less the aggregate value of investments according to
12 ~~subdivision-6~~ paragraph (g);

13 (2) investments must not exceed five percent of the total
14 outstanding shares of any one corporation.

15 (g) [OTHER INVESTMENTS.] (1) In addition to the
16 investments authorized in paragraphs (b) to (f), and subject to
17 the provisions in clause (2), the covered pension plan may
18 invest funds in:

19 (i) venture capital investment businesses through
20 participation in limited partnerships and corporations;

21 (ii) real estate ownership interests or loans secured by
22 mortgages or deeds of trust through investment in limited
23 partnerships, bank sponsored collective funds, trusts, and
24 insurance company commingled accounts, including separate
25 accounts;

26 (iii) regional and mutual funds through bank sponsored
27 collective funds and open-end investment companies registered
28 under the Federal Investment Company Act of 1940;

29 (iv) resource investments through limited partnerships,
30 private placements, and corporations; and

31 (v) international securities.

32 (2) The investments authorized in clause (1) must conform
33 to the following provisions:

34 (i) the aggregate value of all investments made according
35 to clause (1) may not exceed 35 percent of the market value of
36 the fund for which the covered pension plan is investing;

1 (ii) there must be at least four unrelated owners of the
2 investment other than the state board for investments made under
3 clause (1), item (i), (ii), (iii), or (iv);

4 (iii) covered pension plan participation in an investment
5 vehicle is limited to 20 percent thereof for investments made
6 under clause (1), item (i), (ii), (iii), or (iv); and

7 (iv) covered pension plan participation in a limited
8 partnership does not include a general partnership interest or
9 other interest involving general liability. The covered pension
10 plan may not engage in any activity as a limited partner which
11 creates general liability.

12 Sec. 67. Minnesota Statutes 2004, section 422A.01,
13 subdivision 11, is amended to read:

14 Subd. 11. [EMPLOYEE.] "Employee" means any a person who is
15 not exempted from the contributing class pursuant-to under
16 section 422A.09, subdivision 3, who is was employed before July
17 1, 1979, by and paid, in whole or in part, by the city or any of
18 its boards, departments, or commissions, operated as a
19 department of city government or independently if financed in
20 whole or in part by city funds, including any a person who was
21 employed by a public corporation as herein defined, and
22 including-any a person who was employed before July 1, 1979, by
23 Special School District No. 1, and who is not a member of any
24 other retirement system, and also-including-any a person who
25 is was employed before July 1, 1973, by the county of Hennepin,
26 who was entitled by law to elect and has elected to retain
27 membership in the municipal Minneapolis Employees Retirement
28 Fund and who makes any required member contributions to the fund
29 and who remains so employed.

30 Sec. 68. Minnesota Statutes 2004, section 422A.06,
31 subdivision 7, is amended to read:

32 Subd. 7. [DISABILITY BENEFIT FUND.] (a) ~~The-required~~
33 ~~reserves-for-disability-allowances-which-become-effective-after~~
34 ~~December-31,-1973,-shall-be-transferred-from-the-deposit~~
35 ~~accumulation-fund-to-the~~ A disability benefit fund is
36 established, containing the required reserves for disability

1 allowances under this chapter. A proportionate share of income
2 from investments shall must be allocated to this fund.
3 There shall must be paid from this fund the disability
4 allowances ~~which-become-effective-after-December-31,-1973~~
5 payable under this chapter.

6 (b) In the event of the termination of any disability
7 allowance for any reason other than the death of the recipient,
8 the balance of the required reserves for the disability
9 allowance as of the date of the termination shall must be
10 transferred from the disability benefit fund to the deposit
11 accumulation fund.

12 (c) At the end of each fiscal year, as part of the annual
13 actuarial valuation, a determination shall must be made of the
14 required reserves for all disability allowances being paid from
15 the disability benefit fund. Any excess of assets over
16 actuarial required reserves in the disability benefit fund shall
17 must be transferred to the deposit accumulation fund. Any
18 excess of actuarial reserves over assets in the disability
19 benefit fund shall must be funded by a transfer of the
20 appropriate amount of assets from the deposit accumulation fund.

21 Sec. 69. Minnesota Statutes 2004, section 422A.10,
22 subdivision 1, is amended to read:

23 Subdivision 1. [MEMBER CONTRIBUTION RATE; DEDUCTIONS.] (a)
24 There shall must be deducted and withheld from the basic salary,
25 pay or compensation of each employee in the contributing class,
26 ~~prior-to-January-1,-1980-an-amount-equal-to-7-1/4-percent,-after~~
27 ~~December-31,-1979-but-prior-to-January-1,-1981-an-amount-equal~~
28 ~~to-8-1/4-percent-and-after-December-31,-1980~~ an amount equal to
29 9-1/4 percent of such salary, pay or compensation, except as
30 hereinafter provided.

31 (b) The retirement board may increase the percentage rate
32 of contribution to the retirement fund of any employee or
33 employees for the purpose of establishing and maintaining on an
34 actuarial basis a plan of insurance, survivors' benefits, or
35 other type of benefit or benefits, the cost of which shall must
36 be paid out of such extra percentage so authorized and deducted

1 from the employee's compensation, except as hereinafter
2 provided. Any plan or plans so established and placed in
3 operation may be amended from time to time, or may be abandoned,
4 but if abandoned, any surplus remaining from the operation of a
5 plan ~~shall~~ must be the property of the fund, and ~~shall~~ must be
6 credited to the reserve for loss in investment account.

7 Sec. 70. Minnesota Statutes 2004, section 422A.10,
8 subdivision 2, is amended to read:

9 Subd. 2. [~~CONSENT-TO-DEDUCTIONS~~ MANDATORY MEMBER
10 CONTRIBUTIONS.] Every employee to whom ~~sections-422A.01-to~~
11 ~~422A.25~~ this chapter applies ~~who shall continue in the service~~
12 ~~after the passage of Laws 1919, chapter 522, as well as every~~
13 ~~person to whom sections 422A.01 to 422A.25 applies who may~~
14 ~~hereafter be appointed to a position or place, shall be~~ is
15 deemed to consent and agree to the deductions made and provided
16 for herein, and payment with such reductions, for service, ~~shall~~
17 ~~be~~ are a full and complete discharge and acquittance of all
18 claims and demands for all services rendered by such person
19 during the period covered by such payment; except the person's
20 claim to the benefits to which the person may be entitled under
21 the provisions of ~~sections-422A.01-to-422A.25~~ this chapter.

22 Sec. 71. Minnesota Statutes 2004, section 422A.22,
23 subdivision 1, is amended to read:

24 Subdivision 1. [RETENTION; TRANSFER.] (a) If an employee
25 to whom ~~sections-422A.01-to-422A.25~~ this chapter applies becomes
26 absolutely separated from ~~the~~ active service ~~prior to~~ before
27 attaining the minimum retirement age established in section
28 422A.13, the employee is entitled to a refund of the net
29 accumulated amount of deduction from salary, pay, or
30 compensation, made for the purpose of accumulating a fund from
31 which to pay retirement allowances, ~~shall be returned to such~~
32 ~~employee,~~ with interest at the annual compound rate of six
33 percent.

34 (b) Any contributing employee who separates from a
35 department, board or commission of the city whose employees are
36 covered by a fund organized under ~~sections-422A.01-to-422A.25~~

1 this chapter, and becomes an employee of a department or board
2 of the same city, whose employees are covered by a retirement
3 fund or relief association by whatever name known, organized
4 under any other law and supported in whole or in part by taxes
5 on the same city, ~~shall-have~~ has the option of:

6 (1) retaining their membership in the fund organized under
7 ~~sections-422A-01-to-422A-25~~ this chapter, regardless of the
8 provisions of any law, rule, bylaw or other action requiring
9 membership in any other retirement fund or relief association
10 however organized; or

11 (2) transferring to the fund or association covering the
12 employees of the department or board to which they are
13 transferring, providing they are eligible for membership therein.

14 (c) Any contributing employee who elects to transfer to
15 another fund or association as herein provided in paragraph (b),
16 clause (2), shall must make such election within one year from
17 the date of separation from the city service covered by this
18 fund. If the contributing employee elects to transfer to
19 another fund ~~as-herein-provided,~~ the employee is entitled to a
20 refund of the net accumulated contributions made by such
21 employee to the fund organized under ~~sections-422A-01-to~~
22 ~~422A-25,-shall-be-retained-to-the-employee~~ this chapter with
23 interest at the annual compound rate of six percent.

24 Sec. 72. Minnesota Statutes 2004, section 422A.22,
25 subdivision 3, is amended to read:

26 Subd. 3. [LIMITATION ON ELIGIBILITY.] No employee of the
27 city ~~shall-be~~ is eligible to be a member of, or receive benefits
28 from, more than one retirement plan or fund of the city for the
29 same period of service.

30 Sec. 73. Minnesota Statutes 2004, section 422A.22,
31 subdivision 4, is amended to read:

32 Subd. 4. [DEATH-WHILE-ACTIVE REFUND.] (a) Upon the death
33 of an active member ~~prior-to~~ before the employee's termination
34 of active service, ~~there-shall-be-paid-to~~ the beneficiary or
35 beneficiaries designated by the member on a form specified by
36 the executive director and filed with the retirement board, are

1 entitled to receive the net accumulated employee deductions from
2 salary, pay, or compensation, including interest under
3 subdivision 1, paragraph (a), compounded annually to the date of
4 the member's death. The amount must not include any
5 contributions made by the employee or on the employee's behalf,
6 or any interest or investment earnings on those contributions,
7 which were allocated to the survivor benefit fund under section
8 422A.06, subdivision 6.

9 (b) If the employee fails to make a designation, or if the
10 beneficiary or beneficiaries designated by the employee
11 predeceases the employee, ~~the benefit specified in paragraph (a)~~
12 ~~must be paid to~~ the deceased employee's estate is entitled to
13 the benefit specified in paragraph (a).

14 (c) A benefit payable under this subdivision is in addition
15 to any applicable survivor benefit under section 422A.23.

16 Sec. 74. Minnesota Statutes 2004, section 422A.22,
17 subdivision 6, is amended to read:

18 Subd. 6. [REFUND; MUNICIPAL EMPLOYEES RETIREMENT FUND.]
19 ~~Any~~ A person who has received a refund from the ~~municipal~~
20 Minneapolis Employees Retirement Fund, and who is a member of a
21 public retirement system included in section 422A.16,
22 subdivision 8, may repay such refund with interest at a compound
23 annual rate of 8.5 percent to the municipal Minneapolis
24 Employees Retirement Fund. If a refund is repaid to the fund
25 and if more than one refund has been received from the fund, all
26 refunds must be repaid. Repayment shall must be made as
27 provided in ~~sections 422A.01 to 422A.25~~ this chapter.

28 Sec. 75. Minnesota Statutes 2004, section 422A.231, is
29 amended to read:

30 422A.231 [COST ALLOCATION.]

31 (a) Notwithstanding any law to the contrary, all current
32 and future contribution requirements due to this article are
33 payable by the participating contributing employing units other
34 than the state of Minnesota.

35 (b) In each actuarial valuation of the retirement fund, the
36 actuary retained ~~by the Legislative Commission on Pensions and~~

1 Retirement under section 356.214 shall include an exhibit on the
 2 impact of the benefit increases contained in this article on the
 3 survivor benefit fund. The actuary shall calculate the expected
 4 change in the present value of the future benefits payable from
 5 the survivor benefit fund attributable to this article, using
 6 the actuarial method and assumptions applicable to the
 7 Minneapolis Employees Retirement Fund, from the prior actuarial
 8 valuation and shall compare that result with the actual change
 9 in the present value of future benefits payable from the
 10 survivor benefit fund attributable to this article from the
 11 prior actuarial valuation.

12 (c) The executive director shall assess each participating
 13 employer, other than the state of Minnesota, its proportional
 14 share of the net increase amount calculated under paragraph
 15 (b). The assessment must be made on the first business day of
 16 the following February, plus compound interest at an annual rate
 17 of six percent on the amount from the actuarial valuation date
 18 to the date of payment.

19 Sec. 76. Minnesota Statutes 2004, section 422A.24, is
 20 amended to read:

21 422A.24 [ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.]

22 ~~No money payable pursuant to this chapter shall be~~
 23 ~~assignable either in law or equity or be subject to execution,~~
 24 ~~levy, attachment, garnishment, or other legal process, except as~~
 25 ~~provided in section 518.58, 518.581, or 518.6111, nor shall any~~
 26 ~~of the proceeds of payments due pursuant to this chapter be~~
 27 ~~subject to the inheritance tax provisions of this state upon~~
 28 ~~transfer to a surviving spouse or minor or dependent child of~~
 29 ~~the decedent or a trust for their benefit. The provisions of~~
 30 ~~section 356.401 apply to the Minneapolis employees retirement~~
 31 ~~plan.~~

32 Sec. 77. Minnesota Statutes 2004, section 423B.17, is
 33 amended to read:

34 423B.17 [PAYMENTS EXEMPT FROM PROCESS.]

35 ~~A payment made by the association under a provision of~~
 36 ~~sections 423B.01 to 423B.18, as amended, is exempt from legal~~

1 ~~process-except-as-provided-in-section-518.587-518.5817-or~~
2 ~~518.6111---No-person-entitled-to-a-payment-may-assign-the-same.~~
3 ~~The-association-may-not-recognize-an-assignment-or-pay-a-sum-on~~
4 ~~account-of-an-assignment. The provisions of section 356.401~~
5 ~~apply to the Minneapolis Police Relief Association.~~

6 Sec. 78. Minnesota Statutes 2004, section 423C.09, is
7 amended to read:

8 423C.09 [PAYMENTS EXEMPT FROM PROCESS.]

9 ~~All-payments-made7-or-to-be-made7-by-the-association-under~~
10 ~~this-chapter-shall-be-totally-exempt-from-garnishment7~~
11 ~~execution7-or-other-legal-process7-except-as-provided-in-section~~
12 ~~518.587-518.5817-or-518.6111---No-person-entitled-to-a-payment~~
13 ~~shall-have-the-right-to-assign-the-name7-nor-shall-the~~
14 ~~association-have-authority-to-recognize-any-assignment-or-to-pay~~
15 ~~any-sum-on-account-thereof---Any-attempt-to-transfer-any-right~~
16 ~~or-claim7-or-any-part-thereof7-shall-be-void. The provisions of~~
17 ~~section 356.401 apply to the Minneapolis Firefighters Relief~~
18 ~~Association.~~

19 Sec. 79. Minnesota Statutes 2004, section 490.126,
20 subdivision 5, is amended to read:

21 Subd. 5. [EXEMPTION FROM PROCESS; NO ASSIGNMENT.] ~~None-of~~
22 ~~the-money7-annuities7-or-other-benefits-provided-in-this-chapter~~
23 ~~is-assignable-either-in-law-or-equity-or-is-subject-to~~
24 ~~execution7-levy7-attachment7-garnishment7-or-other-legal~~
25 ~~process7-except-as-provided-in-section-518.587-518.5817-or~~
26 ~~518.6111. The provisions of section 356.401 apply to the judges~~
27 ~~retirement plan.~~

28 Sec. 80. [REVISOR'S INSTRUCTION.]

29 In the next edition and subsequent editions of Minnesota
30 Statutes, the revisor of statutes shall replace the reference to
31 "sections 422A.01 to 422A.25" with the reference to "this
32 chapter" wherever the reference appears in Minnesota Statutes,
33 chapter 422A.

34 Sec. 81. [REPEALER.]

35 (a) Minnesota Statutes 2004, section 352.119, subdivision
36 1, is repealed.

1 (b) Minnesota Statutes 2004, sections 353.34, subdivision
2 3b; 353.36, subdivisions 2, 2a, 2b, and 2c; 353.46, subdivision
3 4; 353.663; 353.74; and 353.75, are repealed.

4 (c) Minnesota Statutes 2004, section 354.59, is repealed.

5 (d) Minnesota Statutes 2004, sections 422A.22, subdivisions
6 2 and 5; and 422A.221, are repealed.

7 (e) Minnesota Statutes 2004, sections 352.15, subdivision
8 1a; 353.15, subdivision 2; and 354.10, subdivision 2, are
9 repealed.

10 Sec. 82. [EFFECTIVE DATE.]

11 (a) Sections 1 to 73 and 75 to 81 are effective July 1,
12 2005.

13 (b) Section 74 is effective January 1, 2006.

14 (c) Sections 1, 21, 22, 23, 29, 45, 46, 53, 64, 76, 77, 78,
15 79, and 81, paragraph (e), do not apply to any cause of action
16 that is proceeding on the date of enactment or to any cause of
17 action for which the applicable statute of limitations has not
18 expired as of the date of enactment.

19 ARTICLE 13

20 LOCAL RETIREMENT PLANS

21 Section 1. Minnesota Statutes 2004, section 356.215,
22 subdivision 8, is amended to read:

23 Subd. 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The
24 actuarial valuation must use the applicable following
25 preretirement interest assumption and the applicable following
26 postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0

1	Minneapolis employees		
2	retirement plan	6.0	5.0
3	Duluth teachers retirement plan	8.5	8.5
4	Minneapolis teachers retirement		
5	plan	8.5	8.5
6	St. Paul teachers retirement		
7	plan	8.5	8.5
8	Minneapolis Police Relief		
9	Association	6.0	6.0
10	Fairmont Police Relief		
11	Association	5.0	5.0
12	Minneapolis Fire Department		
13	Relief Association	6.0	6.0
14	Virginia Fire Department		
15	Relief Association	5.0	5.0
16	<u>Bloomington Fire Department</u>		
17	<u>Relief Association</u>	<u>6.0</u>	<u>6.0</u>
18	local monthly benefit volunteer		
19	firefighters relief associations	5.0	5.0

20 (b) The actuarial valuation must use the applicable
 21 following single rate future salary increase assumption, the
 22 applicable following modified single rate future salary increase
 23 assumption, or the applicable following graded rate future
 24 salary increase assumption:

25 (1) single rate future salary increase assumption

26		future salary
27	plan	increase assumption
28	legislators retirement plan	5.0%
29	elective state officers retirement	
30	plan	5.0
31	judges retirement plan	5.0
32	Minneapolis Police Relief Association	4.0
33	Fairmont Police Relief	
34	Association	3.5
35	Minneapolis Fire Department Relief	
36	Association	4.0
37	Virginia Fire Department	
38	Relief Association	3.5
39	<u>Bloomington Fire Department</u>	
40	<u>Relief Association</u>	<u>4.0</u>

41 (2) modified single rate future salary increase assumption

42		future salary
43	plan	increase assumption
44	Minneapolis employees	the prior calendar year
45	retirement plan	amount increased first by
46		1.0198 percent to prior
47		fiscal year date and
48		then increased by 4.0
49		percent annually for
50		each future year

51 (3) select and ultimate future salary increase assumption
 52 or graded rate future salary increase assumption

53		future salary
54	plan	increase assumption
55	general state employees	select calculation and
56	retirement plan	assumption A
57	correctional state employees	
58	retirement plan	assumption H
59	State Patrol retirement plan	assumption H

1 general public employees select calculation and
 2 retirement plan assumption B
 3 public employees police and fire
 4 fund retirement plan assumption C
 5 local government correctional service
 6 retirement plan assumption H
 7 teachers retirement plan assumption D
 8 Duluth teachers retirement plan assumption E
 9 Minneapolis teachers retirement plan assumption F
 10 St. Paul teachers retirement plan assumption G
 11

12 The select calculation is:
 13 during the ten-year select period, a designated percent
 14 is multiplied by the result of ten minus T, where T is
 15 the number of completed years of service, and is added
 16 to the applicable future salary increase assumption. The
 17 designated percent is 0.2 percent for the correctional state
 18 employees retirement plan, the State Patrol retirement
 19 plan, the public employees police and fire plan, and the
 20 local government correctional service plan; 0.3 percent
 21 for the general state employees retirement plan, the
 22 general public employees retirement plan, the teachers
 23 retirement plan, the Duluth Teachers Retirement Fund
 24 Association, and the St. Paul Teachers Retirement Fund
 25 Association; and 0.4 percent for the Minneapolis Teachers
 26 Retirement Fund Association.
 27

28 The ultimate future salary increase assumption is:

30	age	A	B	C	D	E	F	G	H
31	16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
32	17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
33	18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
34	19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
35	20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
36	21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
37	22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
38	23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
39	24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363
40	25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
41	26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
42	27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
43	28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
44	29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
45	30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
46	31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
47	32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
48	33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
49	34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
50	35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
51	36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
52	37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
53	38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
54	39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
55	40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000
56	41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
57	42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087
58	43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
59	44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
60	45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
61	46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
62	47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
63	48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
64	49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
65	50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
66	51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
67	52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
68	53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
69	54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
70	55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
71	56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500

1	57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
2	58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
3	59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
4	60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
5	61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
6	62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
7	63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
8	64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
9	65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
10	66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
11	67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
12	68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
13	69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
14	70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
15	71	5.25	5.00		5.70				

16 (c) The actuarial valuation must use the applicable
 17 following payroll growth assumption for calculating the
 18 amortization requirement for the unfunded actuarial accrued
 19 liability where the amortization retirement is calculated as a
 20 level percentage of an increasing payroll:

21	plan	payroll growth assumption
22		
23	general state employees retirement plan	5.00%
24	correctional state employees retirement plan	5.00
25	State Patrol retirement plan	5.00
26	legislators retirement plan	5.00
27	elective state officers retirement plan	5.00
28	judges retirement plan	5.00
29	general public employees retirement plan	6.00
30	public employees police and fire	
31	retirement plan	6.00
32	local government correctional service	
33	retirement plan	6.00
34	teachers retirement plan	5.00
35	Duluth teachers retirement plan	5.00
36	Minneapolis teachers retirement plan	5.00
37	St. Paul teachers retirement plan	5.00

38 Sec. 2. Minnesota Statutes 2004, section 356.216, is
 39 amended to read:

40 356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE
 41 AND FIRE FUNDS.]

42 (a) The provisions of section 356.215 that govern the
 43 contents of actuarial valuations must apply to any local police
 44 or fire pension fund or relief association required to make an
 45 actuarial report under this section, except as follows:

46 (1) in calculating normal cost and other requirements, if
 47 required to be expressed as a level percentage of covered
 48 payroll, the salaries used in computing covered payroll must be
 49 the maximum rate of salary on which retirement and survivorship
 50 credits and amounts of benefits are determined and from which
 51 any member contributions are calculated and deducted;

1 (2) in lieu of the amortization date specified in section
2 356.215, subdivision 11, the appropriate amortization target
3 date specified in section 69.77, subdivision 4, or 69.773,
4 subdivision 4, clause (c), must be used in calculating any
5 required amortization contribution, except that if the actuarial
6 report for the Bloomington Fire Department Relief Association
7 indicates an unfunded actuarial accrued liability, the unfunded
8 obligation is to be amortized on a level dollar basis by
9 December 31 of the year occurring 20 years later, and if
10 subsequent actuarial valuations for the Bloomington Fire
11 Department Relief Association determine a net actuarial
12 experience loss incurred during the year which ended as of the
13 day before the most recent actuarial valuation date, any
14 unfunded liability due to that loss is to be amortized on a
15 level dollar basis by December 31 of the year occurring 20 years
16 later;

17 (3) in addition to the tabulation of active members and
18 annuitants provided for in section 356.215, subdivision 13, the
19 member contributions for active members for the calendar year
20 and the prospective annual retirement annuities under the
21 benefit plan for active members must be reported;

22 (4) actuarial valuations required under section 69.773,
23 subdivision 2, must be made at least every four years and
24 actuarial valuations required under section 69.77 shall be made
25 annually;

26 (5) the actuarial balance sheet showing accrued assets
27 valued at market value if the actuarial valuation is required to
28 be prepared at least every four years or valued as current
29 assets under section 356.215, subdivision 1, clause (6), or
30 paragraph (b), whichever applies, if the actuarial valuation is
31 required to be prepared annually, actuarial accrued liabilities,
32 and the unfunded actuarial accrued liability must include the
33 following required reserves:

34 (i) For active members

35 1. Retirement benefits

36 2. Disability benefits

- 1 3. Refund liability due to death or withdrawal
- 2 4. Survivors' benefits
- 3 (ii) For deferred annuitants' benefits
- 4 (iii) For former members without vested rights
- 5 (iv) For annuitants
- 6 1. Retirement annuities
- 7 2. Disability annuities
- 8 3. Surviving spouses' annuities
- 9 4. Surviving children's annuities

10 In addition to those required reserves, separate items must
11 be shown for additional benefits, if any, which may not be
12 appropriately included in the reserves listed above; and

13 (6) actuarial valuations are due by the first day of the
14 seventh month after the end of the fiscal year which the
15 actuarial valuation covers.

16 (b) For the Minneapolis Firefighters Relief Association or
17 the Minneapolis Police Relief Association, the following
18 provisions additionally apply:

19 (1) in calculating the actuarial balance sheet, unfunded
20 actuarial accrued liability, and amortization contribution of
21 the relief association, "current assets" means the value of all
22 assets at cost, including realized capital gains and losses,
23 plus or minus, whichever applies, the average value of total
24 unrealized capital gains or losses for the most recent
25 three-year period ending with the end of the plan year
26 immediately preceding the actuarial valuation report
27 transmission date; and

28 (2) in calculating the applicable portions of the actuarial
29 valuation, an annual preretirement interest assumption of six
30 percent, an annual postretirement interest assumption of six
31 percent, and an annual salary increase assumption of four
32 percent must be used.

33 Sec. 3. [AURORA, BIWABIK CITY, HOYT LAKES, AND PALO
34 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; CONSOLIDATION.]

35 (a) This section applies to consolidation of any
36 combination of two or more of the following volunteer

1 firefighter relief associations: Aurora, Biwabik City, Hoyt
2 Lakes, and Palo.

3 (b) Notwithstanding Minnesota Statutes, section 424B.10,
4 subdivision 1, paragraph (a), the service pension to be paid by
5 the relief association existing after the consolidation is as
6 follows:

7 (1) for the service rendered by each individual volunteer
8 firefighter before the effective date of the consolidation, the
9 service pension amount is the amount payable to that volunteer
10 firefighter under the articles of incorporation or bylaws of the
11 consolidating volunteer firefighters relief association that the
12 firefighter was a member of immediately before the
13 consolidation;

14 (2) for the service rendered after the effective date of
15 the consolidation, the service pension amount is the highest
16 dollar amount service pension of any of the consolidating
17 volunteer firefighters relief associations under the articles of
18 incorporation or bylaws in effect immediately before the
19 consolidation; and

20 (3) after consolidation, increases in the amounts
21 established in clauses (1) and (2) may be implemented if
22 consistent with applicable requirements of Minnesota Statutes,
23 chapters 69 and 424A.

24 Sec. 4. [EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD
25 HOC POSTRETIREMENT ADJUSTMENT.]

26 (a) In addition to the current pensions and other
27 retirement benefits payable, the pensions and retirement
28 benefits payable to retired police officers and firefighters and
29 their surviving spouses by the Eveleth police and fire trust
30 fund are increased by \$100 per month. Increases are retroactive
31 from January 1, 2005.

32 (b) Following the January 1, 2005, effective date of the
33 benefit increase provided under paragraph (a), every two years
34 thereafter, to be effective no earlier than the applicable
35 January 1, the city council of the city of Eveleth is authorized
36 to provide permanent, uniform benefit increases, not less than

1 \$10 per month nor to exceed \$100 per month, to any remaining
2 retirees and survivors receiving benefits from the Eveleth
3 police and fire trust fund. Any given benefit improvement under
4 this paragraph is not effective unless the city council passes a
5 resolution approving the increase.

6 (c) Within 30 days following the approval of a resolution
7 under paragraph (b), the chief administrative officer of the
8 city of Eveleth shall file a copy of the resolution with the
9 executive director of the Legislative Commission on Pensions and
10 Retirement, with the chair of the house Governmental Operations
11 and Veterans Affairs Committee, and with the chair of the senate
12 State and Local Government Operations Committee. Along with a
13 copy of the resolution, the city's chief administrative officer
14 must send a statement indicating the age of each benefit
15 recipient and the retirement benefit or survivor benefit being
16 received before and after the benefit increase.

17 Sec. 5. [MAPLEWOOD AND OAKDALE VOLUNTEER FIREFIGHTER
18 RELIEF ASSOCIATIONS; TRANSFER OF ASSETS.]

19 Notwithstanding any limitations in Minnesota Statutes,
20 section 424A.02, subdivision 13, or any other provision of law
21 to the contrary, if an agreement between the affected relief
22 associations and cities is reached as provided in this section,
23 the Maplewood Firefighters Relief Association may transfer
24 assets from its special fund to the Oakdale Fire Department
25 Relief Association representing the value of the accumulated
26 service credit for the current members of the Oakdale Fire
27 Department Relief Association who are currently eligible to
28 receive a combined service pension for firefighter service in
29 both associations. The transfer of the assets from the
30 Maplewood Firefighters Relief Association to the Oakdale Fire
31 Department Relief Association must be in an amount representing
32 the cumulative value of the service credit earned by the members
33 of the Oakdale Fire Department Relief Association who are
34 currently eligible to receive a combined service pension for
35 firefighting service in both associations for the service credit
36 that they accrued while working for the Maplewood Fire

1 Department. The amount of the assets, liabilities, and service
2 credit to be transferred must be specified in a joint agreement
3 negotiated by the secretaries of the two relief associations and
4 ratified by the boards of trustees of both relief associations
5 and of the cities of Maplewood and Oakdale. The agreement must
6 specify by name or other appropriate means the firefighters
7 affected by the liability, asset, and service credit transfer.
8 The ratification must be expressed in the form of resolutions
9 adopted by each entity. The agreements must specify the amount
10 of assets to be transferred, the amount of liabilities to be
11 transferred, and the amount of service credit each of the
12 applicable individuals will receive in the Oakdale Fire
13 Department Relief Association. Upon the ratification of the
14 agreement by both relief associations and both cities, the
15 assets, liabilities, and service credit of the applicable
16 individuals must be transferred to the Oakdale Fire Department
17 Relief Association, and the Maplewood Firefighters Relief
18 Association is relieved of any obligation to the individuals. A
19 certified copy of the ratified agreement must be filed with the
20 state auditor and with the secretary of state.

21 Sec. 6. [EFFECTIVE DATE; LOCAL APPROVAL.]

22 (a) Sections 1 and 2 are effective the day after the date
23 of the approval by the city council of the city of Bloomington
24 and upon timely completion by the chief clerical officer of the
25 city of Bloomington of compliance with Minnesota Statutes,
26 section 645.021, subdivisions 2 and 3.

27 (b) Section 3 is effective the day after the date on which
28 the city council of the city of Eveleth and its chief clerical
29 officer timely complete their compliance with Minnesota
30 Statutes, section 645.021, subdivisions 2 and 3.

31 (c) Section 4 is effective with respect to a volunteer
32 firefighters relief association listed in column A the day after
33 the governing body of the municipality listed in column B and
34 its chief clerical officer timely complete compliance with
35 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

36

A

B

1	<u>Aurora</u>	<u>city of Aurora</u>
2	<u>Biwabik</u>	<u>city of Biwabik</u>
3	<u>Hoyt Lakes</u>	<u>city of Hoyt Lakes</u>
4	<u>Palo</u>	<u>town of White</u>

5 (d) Section 5 is effective the day after the governing body
6 of the city of Maplewood, the governing body of the city of
7 Oakdale, the Maplewood chief clerical officer, and the Oakdale
8 chief clerical officer complete their compliance with Minnesota
9 Statutes, section 645.021, subdivisions 2 and 3."

10 Delete the title and insert:

11 "A bill for an act relating to retirement; various public
12 pension plans; clarifying and revising various plan provisions;
13 eliminating obsolete provisions; defining final average salary;
14 modifying the definition of allowable service to include time on
15 strike; permitting judges to purchase service credit for an
16 authorized leave; requiring specified payments; clarifying
17 references to actuarial services in determining actuarial
18 equivalence; defining covered salary to include certain employer
19 contributions to supplemental retirement plans; specifying
20 itemized detail of plan administrative expenses in annual
21 financial reporting; excluding police officers of the University
22 of Minnesota from the public employees police and fire fund;
23 clarifying collection procedures relating to charter schools;
24 adding a uniform nonassignment and legal process exemption
25 provision; adding employees of Bridges Medical Services,
26 Hutchinson Area Health Care, and Northfield Hospital to
27 privatization coverage; extending date for filing special law
28 approval with the secretary of state for the RenVilla Nursing
29 Home; requiring the privatization periodic filing of updated
30 copies of articles of incorporation and bylaws; modifying a
31 higher education individual retirement account plan investment
32 option provision; implementing the recommendations of the
33 Volunteer Firefighter Relief Association working group of the
34 state auditor; modifying the trigger date for filing financial
35 reports; revising the per firefighter financing requirements for
36 monthly benefit service pensions; modifying the options for
37 crediting interest on deferred service pensions; clarifying the
38 deferred service pension options available to defined
39 contribution plans; providing for the crediting of service
40 during military service leaves; requiring the amortization of
41 experience losses; clarifying the compliance requirements for
42 the qualification for fire state aid; modifying a limit on
43 mutual fund investments; clarifying corporate stock and
44 exchange-traded funds investment authority; modifying the
45 municipal representation requirements on relief association
46 governing boards; clarifying exemptions from process and
47 taxation; providing that certain laws do not apply to the
48 consolidation of specified volunteer firefighter relief
49 associations; providing an ad hoc postretirement adjustment to
50 Eveleth police and fire trust fund benefit recipients;
51 authorizing the Maplewood Firefighters Relief Association to
52 transfer assets to the Oakdale Firefighters Relief Association
53 to cover service credits earned by certain individuals;
54 appropriating money; amending Minnesota Statutes 2004, sections
55 3A.01, subdivisions 1, 2, 6, 8, by adding subdivisions; 3A.011;
56 3A.02, subdivisions 1, 1b, 3, 4, 5; 3A.03, subdivisions 1, 2;
57 3A.04, subdivisions 1, 2, 3, 4, by adding a subdivision; 3A.05;
58 3A.07; 3A.10, subdivision 1; 3A.12; 3A.13; 69.011, subdivision
59 2b, by adding a subdivision; 69.021, subdivisions 5, 11; 69.051,
60 subdivisions 1, 1a; 69.33; 69.771; 69.772, subdivisions 3, 4;
61 69.773, subdivisions 4, 5; 69.775; 352.01, subdivisions 2a, 4,

1 5, 12, 21, 23, by adding a subdivision; 352.021, subdivisions 1,
2 2, 3, 4; 352.04, subdivisions 1, 12; 352.041, subdivisions 1, 2,
3 3, 5; 352.115, subdivisions 2, 3; 352.15, subdivisions 1, 3, 4;
4 352.22, subdivision 10; 352.87, subdivision 3; 352.91, by adding
5 a subdivision; 352.93, subdivision 1; 352B.01, subdivisions 1,
6 2, 3; 352B.02, subdivision 1e; 352B.071; 352C.021, by adding a
7 subdivision; 352C.091, subdivision 1; 352D.01; 352D.015,
8 subdivisions 3, 4; 352D.03; 352D.05, subdivision 4; 352D.085,
9 subdivision 1; 352D.09, subdivision 5; 352D.12; 353.01,
10 subdivisions 6, 10, 14, 32, 33, by adding a subdivision;
11 353.025; 353.026; 353.027; 353.028; 353.14; 353.15, subdivisions
12 1, 3; 353.27, subdivision 11; 353.271; 353.28, subdivisions 5,
13 6; 353.29, subdivision 3; 353.31, subdivision 1c; 353.32,
14 subdivision 9; 353.33, subdivisions 3, 12; 353.64, by adding a
15 subdivision; 353.651, subdivision 3; 353.656, subdivision 1;
16 353F.02, subdivision 4; 354.05, subdivision 7, by adding a
17 subdivision; 354.091; 354.10, subdivisions 1, 3, 4; 354.33,
18 subdivision 5; 354.39; 354.41, subdivision 2; 354.42, by adding
19 a subdivision; 354.44, subdivisions 2, 6; 354A.011, subdivision
20 3a, by adding a subdivision; 354A.021, subdivision 5, by adding
21 a subdivision; 354A.097, subdivision 1; 354A.31, subdivisions 4,
22 4a, 5; 354B.25, subdivision 2; 356.20, subdivision 4; 356.215,
23 subdivision 8; 356.216; 356.24, subdivision 1; 356.551; 356A.06,
24 subdivision 7; 422A.01, subdivisions 6, 11, by adding a
25 subdivision; 422A.06, subdivision 7; 422A.10, subdivisions 1, 2;
26 422A.15, subdivision 1; 422A.16, subdivision 9; 422A.22,
27 subdivisions 1, 3, 4, 6; 422A.231; 422A.24; 423B.17; 423C.09;
28 424A.02, subdivisions 3, 4, 7; 424A.04, subdivision 1; 424B.10,
29 subdivision 1; 490.121, subdivisions 1, 4, 6, 7, 13, 14, 15, 20,
30 21, 22, by adding subdivisions; 490.122; 490.123, subdivisions
31 1, 1a, 1b, 1c, 2, 3; 490.124, subdivisions 1, 2, 3, 4, 5, 8, 9,
32 10, 11, 12, 13; 490.125, subdivision 1; 490.126, subdivision 5;
33 490.133; Laws 1999, chapter 222, article 16, section 16, as
34 amended; Laws 2000, chapter 461, article 4, section 4, as
35 amended; Laws 2004, chapter 267, article 12, section 4;
36 proposing coding for new law in Minnesota Statutes, chapters
37 352C; 356; 424A; proposing coding for new law as Minnesota
38 Statutes, chapter 490A; repealing Minnesota Statutes 2004,
39 sections 3A.01, subdivisions 3, 4, 6a, 7; 3A.02, subdivision 2;
40 3A.04, subdivision 1; 3A.09; 352.119, subdivision 1; 352.15,
41 subdivision 1a; 352C.01; 352C.011; 352C.021; 352C.031,
42 subdivision 3; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091,
43 subdivisions 2, 3; 353.15, subdivision 2; 353.29, subdivision 2;
44 353.34, subdivision 3b; 353.36, subdivisions 2, 2a, 2b, 2c;
45 353.46, subdivision 4; 353.651, subdivision 2; 353.663; 353.74;
46 353.75; 354.10, subdivision 2; 354.59; 422A.22, subdivisions 2,
47 5; 422A.221; 490.021; 490.025, subdivisions 1, 2, 3, 4, 6;
48 490.101; 490.102; 490.103; 490.105; 490.106; 490.107; 490.108;
49 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9,
50 10, 11, 12, 16, 17, 18, 19, 20."

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

53
54 (Committee Chair)

55
56 April 11, 2005.....
57 (Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 896, First Engrossment-Omnibus Lands Bill

Author: Senator Thomas Bakk

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Date: April 4, 2005

Section 1 [Scientific and Natural Areas; County Approval] provides that county approval of scientific and natural areas (SNAs) either at the time they are acquired or when the land is designated. If the land is acquired as a SNA and county approval was obtained, then county approval of the designation is not required. If the land was not acquired as a SNA and county approval was not obtained for the acquisition, then county approval is required for designation. This is from S.F. No. 709 (Bakk), as amended by subcommittee.

Section 2 [Hunting Trapping, and Fishing; SNAs] authorizes the Commissioner of Natural Resources to allow hunting, trapping, or fishing in a SNA at the time of designation. This is from S.F. No. 709 (Bakk).

Section 3 [Amendment to Private Sales of Surplus Land; Scott County] amends a 2003 private sale of certain state surplus land in Scott County by narrowing the specific wetland restrictions to a specific wetland. This is from S.F. No. 1773 (Robling).

Section 4 [Private Sale of Con-Con Land; Aitkin County] allows the Commissioner of Natural Resources to sell certain consolidate conservation (Con-Con) land by private sale. This is from S.F. No. 846 (Saxhaug), as amended by subcommittee.

Section 5 [Private Sale of Tax-Forfeited Land; Beltrami County] allows Beltrami County to sell certain tax-forfeited land by private sale. This is from S.F. No. 1527 (Skoe).

Sections 6 to 9 [Conveyance of Tax-Forfeited Lands Bordering Public Water; Hennepin County] allows Hennepin County to sell or convey for public use, by cities,

certain parcels of tax-forfeited land that border public waters. These sections are from S.F. No. 1508 (Olson).

Section 10 [Private Sale of Surplus State Land; Hubbard County] allows the Commissioner of Natural Resources to sell certain state land in Hubbard County by private sale. This is from S.F. No. 896 (Bakk).

Section 11 [County Environmental Trust Fund; Itasca County] allows Itasca County to use money in their county environmental trust fund to acquire specific parcels for public access purposes. This is from S.F. No. 845 (Saxhaug), as amended by subcommittee.

Section 12 [Private Sale of Tax-Forfeited Land Bordering Public Water; Itasca County] allows Itasca County to sell certain tax-forfeited land bordering public water by private sale. This is from S.F. No. 1188 (Saxhaug).

Section 13 [Public Sale of Tax-Forfeited Land Bordering Public Water; Itasca County] allows Itasca County to sell certain tax-forfeited land bordering public water. This is from S.F. No. 1102 (Saxhaug).

Section 14 [Private Sale of Surplus State Land; Lake County] allows the Commissioner of Natural Resources to sell certain state land in Lake County by private sale. This is from S.F. No. 896 (Bakk).

Section 15 [Private Sales of Tax-Forfeited Land Bordering Public Waters; Rice County] allows Rice County to sell certain tax-forfeited land bordering public waters by private sale. This is from S.F. No. 1222 (Day).

Section 16 [Private Sale of Surplus State Land Bordering Public Water; Roseau County] allows the Commissioner of Natural Resources to sell certain state land in Roseau County bordering public water by private sale. This is from a subcommittee amendment.

Section 17 [Public Sale of Tax-Forfeited Land Bordering Public Water; St. Louis County] allows St. Louis County to sell certain tax-forfeited land bordering public water. This is from S.F. No. 1633 (Bakk).

Section 18 [Private Sale of Tax-Forfeited Land; St. Louis County] allows St. Louis County to sell certain tax-forfeited land by private sale. This is from S.F. No. 1633 (Bakk).

Section 19 [Public Sale of Surplus State Land Bordering Public Water; St. Louis County] allows the Commissioner of Natural Resources to sell certain state land in St. Louis County bordering public water. This is from a subcommittee amendment.

Section 20 [Private Sale of Surplus State Land; Wabasha County] allows the Commissioner of Natural Resources to sell certain state land in Wabasha County by private sale. This is from S.F. No. 896 (Bakk), as amended by subcommittee.

Section 21 [Private Sale of Tax-Forfeited Land; Washington County] allows Washington County to sell certain tax-forfeited land by private sale. This is from S.F. No. 1105 (Bachmann).

Section 22 [Easement on State Land Bordering Public Water; Washington County] directs the Commissioner of Natural Resources to convey an easement to a specific parcel of land bordering public water in Washington County to certain landowners who acquired land subject to an easement to the land. The easement will allow for one dock to be placed on the land and will expire when the landowner of qualifying land conveys the land to another. This is from S.F. No. 390, as amended by subcommittee.

Section 23 [Repealer] repeals the current provision requiring county approval of all SNAs prior to designation.

GK:dv

1 A bill for an act

2 relating to natural resources; state lands; modifying
3 requirements for designation of scientific and natural
4 areas; authorizing the private sale of certain surplus
5 state lands; authorizing the public and private sale
6 of certain tax-forfeited lands bordering public
7 waters; providing for an easement on state land
8 bordering a public water; amending Minnesota Statutes
9 2004, sections 84.033, by adding a subdivision;
10 97A.093; Laws 2003, First Special Session chapter 13,
11 section 25; repealing Minnesota Statutes 2004, section
12 84.033, subdivision 2.

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

14 Section 1. Minnesota Statutes 2004, section 84.033, is
15 amended by adding a subdivision to read:

16 Subd. 3. [COUNTY APPROVAL.] (a) The commissioner must
17 follow the procedures under section 97A.145, subdivision 2, when
18 acquiring land for designation as a scientific and natural area
19 under this section.

20 (b) When designating land that was not acquired under this
21 section as a scientific and natural area the commissioner must
22 obtain approval of the designation by resolution of the board of
23 the county in which the land is located.

24 Sec. 2. Minnesota Statutes 2004, section 97A.093, is
25 amended to read:

26 97A.093 [HUNTING, TRAPPING, AND FISHING IN SCIENTIFIC AND
27 NATURAL AREAS.]

28 Except as otherwise provided by law, scientific and natural
29 areas are closed to hunting, trapping, and fishing unless:

1 (1) ~~for scientific and natural areas designated before May~~
2 ~~15, 1992~~, the designating document allows hunting, trapping, or
3 fishing; or

4 (2) ~~for other scientific and natural areas~~, the
5 commissioner allows hunting, trapping, or fishing in accordance
6 with the procedure in section 86A.05, subdivision 5, paragraph
7 (d).

8 Sec. 3. Laws 2003, First Special Session chapter 13,
9 section 25, is amended to read:

10 Sec. 25. [PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC
11 WATERS; SCOTT COUNTY.]

12 (a) Notwithstanding Minnesota Statutes, sections 92.45;
13 94.09; 94.10; 97A.135, subdivision 2a; and 103F.535, the
14 commissioner of natural resources shall sell by private sale the
15 surplus land bordering public waters that is described in
16 paragraph (e).

17 (b) The conveyance shall be in a form approved by the
18 attorney general for consideration of no less than the appraised
19 value of the land.

20 (c) The deed must contain a restrictive covenant that
21 prohibits altering, disturbing vegetation in, draining, filling,
22 or placing any material or structure of any kind on or in the
23 existing wetland area located on the land; prohibits any
24 increase in run-off rate or volume from the land or future
25 buildings into said wetland; and prohibits diverting or
26 appropriating water from said wetland. This restriction applies
27 only to the public waters wetland on the land identified on the
28 public waters inventory map as 70-148W. Other wetlands on the
29 land are subject to Minnesota Statutes, sections 103G.221 to
30 103G.2372.

31 (d) The consideration received for the conveyance shall be
32 deposited in the state treasury and credited to the wildlife
33 acquisition account in the game and fish fund. The money is
34 appropriated to the commissioner of natural resources for
35 wildlife land acquisition purposes.

36 (e) The land that may be sold is in the Prior Lake wildlife

1 management area in Scott county and is described as:

2 The East 1200 feet of the South 800 feet of the Southwest
3 Quarter of the Southeast Quarter of Section 22, Township
4 115 North, Range 22 West. Including the abandoned
5 right-of-way of the Chicago, Milwaukee, St. Paul and
6 Pacific Railroad Company (formerly the Hastings and Dakota
7 Railway Company). Containing 22 acres, more or less.

8 (f) This land no longer fits into the state wildlife
9 management area system because of hunting limitations, its small
10 size, and future development planned for the area. Proceeds
11 from the sale will be used to purchase lands more suitable for
12 wildlife management and public use.

13 [EFFECTIVE DATE.] This section is effective the day
14 following final enactment.

15 Sec. 4. [PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND;
16 AITKIN COUNTY.]

17 (a) Notwithstanding the classification and public sale
18 provisions of Minnesota Statutes, chapters 84A and 282, or other
19 law to the contrary, the commissioner of natural resources may
20 sell the consolidated conservation land described in paragraph
21 (c) to Aitkin County under the remaining provisions of Minnesota
22 Statutes, chapters 84A and 282.

23 (b) The conveyance must be in a form approved by the
24 attorney general. The consideration for the conveyance must be
25 for no less than the appraised value of the land and timber, and
26 any survey costs. Proceeds shall be disposed of according to
27 Minnesota Statutes, chapter 84A.

28 (c) The land to be sold is in Aitkin County and is
29 described as: the North 400 feet of the West 800 feet of the
30 Northwest Quarter of the Northeast Quarter, Section 22, Township
31 51, Range 26.

32 Sec. 5. [PRIVATE SALE OF TAX-FORFEITED LAND; BELTRAMI
33 COUNTY.]

34 (a) Notwithstanding the public sale provisions of Minnesota
35 Statutes, chapter 282, or other law to the contrary, Beltrami
36 County may sell by private sale the tax-forfeited land described

1 in paragraph (c).

2 (b) The conveyance must be in a form approved by the
3 attorney general. The attorney general may make necessary
4 changes to the legal description to correct errors and ensure
5 accuracy.

6 (c) The land to be sold is located in Beltrami County,
7 contains 4.87 acres more or less, and is described as: a parcel
8 of land located north of the north right-of-way line of State
9 Highway 71 in the extreme northeasterly corner of the Northwest
10 Quarter of the Northeast Quarter, Section 32, Township 148
11 North, Range 32 West.

12 (d) The county has determined that the county's land
13 management interests would best be served if the lands were
14 returned to private ownership.

15 Sec. 6. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING ON
16 PUBLIC WATER OR INCLUDING WETLANDS; HENNEPIN COUNTY.]

17 Subdivision 1. [SALE REQUIREMENTS.] (a) Notwithstanding
18 Minnesota Statutes, sections 92.45, 103F.535, and 282.018,
19 subdivision 1, Hennepin County may sell or convey for public use
20 without monetary consideration to the city of Brooklyn Park, a
21 governmental subdivision, for an authorized public use for Storm
22 Water Retention Area, the parcel of tax-forfeited land bordering
23 public water or natural wetlands containing in excess of 150
24 feet of frontage on Shingle Creek, that is described in
25 subdivision 2, under the remaining provisions of Minnesota
26 Statutes, chapter 282.

27 (b) Any such conveyance shall be subject to restrictions
28 imposed by the commissioner of the Department of Natural
29 Resources and subject to the clause for reversion to the state
30 for failure to use, or abandonment of use for which the
31 tax-forfeited lands were acquired in Minnesota Statutes, section
32 282.01.

33 (c) The conveyance must be in a form approved by the
34 attorney general.

35 Subd. 2. [LEGAL DESCRIPTION.] (a) The parcel of land that
36 may be conveyed is described as: Unplatted, Section 30,

1 Township 119, Range 21, the East 187.1 feet of the West 1,182.6
2 feet of the South 597 feet of the Southwest 1/4 of the Northeast
3 1/4. Also that part of the Southwest 1/4 of the Northeast 1/4
4 lying East of the West 1,182.6 feet thereof and lying
5 southwesterly of Registered Land Survey No. 304.

6 (b) The land described must be sold under the sale
7 provisions in Minnesota Statutes, section 282.01.

8 (c) Hennepin County has determined that the county's land
9 management interests would best be served if the lands were
10 returned to private ownership or conveyed to a governmental
11 subdivision for an authorized public use.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment.

14 Sec. 7. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING ON
15 PUBLIC WATER OR INCLUDING WETLANDS; HENNEPIN COUNTY.]

16 Subdivision 1. [SALE REQUIREMENTS.] (a) Notwithstanding
17 Minnesota Statutes, sections 92.45, 103F.535, and 282.018,
18 subdivision 1, Hennepin County may sell or convey for public use
19 without monetary consideration to the city of Minnetrista, a
20 governmental subdivision, for an authorized public use for
21 Preservation of Wetlands and Wildlife, the parcel of
22 tax-forfeited land bordering public water or natural wetlands
23 containing in excess of 150 feet of frontage on Painter Creek
24 and Jennings Bay on Lake Minnetonka, that is described in
25 subdivision 2, under the remaining provisions of Minnesota
26 Statutes, chapter 282.

27 (b) Any such conveyance shall be subject to restrictions
28 imposed by the commissioner of the Department of Natural
29 Resources and subject to the clause for reversion to the state
30 for failure to use, or abandonment of use for which the
31 tax-forfeited lands were acquired as provided in Minnesota
32 Statutes, section 282.01.

33 (c) The conveyance must be in a form approved by the
34 attorney general.

35 Subd. 2. [LEGAL DESCRIPTION.] (a) The parcel of land that
36 may be conveyed is described as: Outlot 2, Sun Valley.

1 (b) The land described must be sold under the sale
2 provisions in Minnesota Statutes, section 282.01.

3 (c) Hennepin County has determined that the county's land
4 management interests would best be served if the lands were
5 returned to private ownership or conveyed to a governmental
6 subdivision for an authorized public use.

7 [EFFECTIVE DATE.] This section is effective the day
8 following final enactment.

9 Sec. 8. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING ON
10 PUBLIC WATER OR INCLUDING WETLANDS; HENNEPIN COUNTY.]

11 Subdivision 1. [SALE REQUIREMENTS.] (a) Notwithstanding
12 Minnesota Statutes, sections 92.45, 103F.535, and 282.018,
13 subdivision 1, Hennepin County may sell or convey to the city of
14 Eden Prairie, a governmental subdivision, for an authorized
15 public use for wetland purposes, the parcel of tax-forfeited
16 land bordering public water or natural wetlands containing in
17 excess of 150 feet of frontage on Lake Idlewild (27-74P), that
18 is described in subdivision 2, under the remaining provisions of
19 Minnesota Statutes, chapter 282.

20 (b) Any such conveyance shall be subject to restrictions
21 imposed by the commissioner of the Department of Natural
22 Resources and subject to the clause for reversion to the state
23 for failure to use, or abandonment of use for which the
24 tax-forfeited lands were acquired as provided in Minnesota
25 Statutes, section 282.01.

26 (c) The conveyance must be in a form approved by the
27 attorney general.

28 Subd. 2. [LEGAL DESCRIPTION.] (a) The parcel of land that
29 may be conveyed is described as Lot 21 except parts platted as
30 Registered Land Survey No. 895 and Idlewood Lake Addition and
31 Anderson Idlewild Addition and Anderson's Idleview, Auditor's
32 Subdivision No. 335, Hennepin County, Minnesota.

33 (b) The land described must be sold under the sale
34 provisions in Minnesota Statutes, section 282.01.

35 (c) Hennepin County has determined that the county's land
36 management interests would best be served if the lands were

1 returned to private ownership or conveyed to a governmental
2 subdivision for an authorized public use.

3 [EFFECTIVE DATE.] This section is effective the day
4 following final enactment.

5 Sec. 9. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING ON
6 PUBLIC WATER OR INCLUDING WETLANDS; HENNEPIN COUNTY.]

7 Subdivision 1. [SALE REQUIREMENTS.] (a) Notwithstanding
8 Minnesota Statutes, sections 92.45, 103F.535, and 282.018,
9 subdivision 1, Hennepin County may sell or convey to the city of
10 Eden Prairie, a governmental subdivision, for an authorized
11 public use of wetland purposes, the parcel of tax-forfeited land
12 bordering public water or natural wetlands containing in excess
13 of 150 feet of frontage on Lake Idlewild (27-74P) or the
14 majority of the parcel under water, that is described in
15 subdivision 2, under the remaining provisions of Minnesota
16 Statutes, chapter 282.

17 (b) Any such conveyance shall be subject to restrictions
18 imposed by the commissioner of the Department of Natural
19 Resources and subject to the clause for reversion to the state
20 for failure to use, or abandonment of use for which the
21 tax-forfeited lands were acquired as provided in Minnesota
22 Statutes, section 282.01.

23 (c) The conveyance must be in a form approved by the
24 attorney general.

25 Subd. 2. [LEGAL DESCRIPTION.] (a) The parcel of land that
26 may be conveyed is described as Outlot A, Anderson Idlewild
27 Addition.

28 (b) The land described must be sold under the sale
29 provisions in Minnesota Statutes, section 282.01.

30 (c) Hennepin County has determined that the county's land
31 management interests would best be served if the lands were
32 returned to private ownership or conveyed to a governmental
33 subdivision for an authorized public use.

34 [EFFECTIVE DATE.] This section is effective the day
35 following final enactment.

36 Sec. 10. [PRIVATE SALE OF SURPLUS STATE LAND; HUBBARD

1 COUNTY.]

2 (a) Notwithstanding Minnesota Statutes, sections 94.09 and
3 94.10, the commissioner of natural resources may sell by private
4 sale the surplus state land that is described in paragraph (c).

5 (b) The conveyance must be in a form approved by the
6 attorney general. The attorney general may make necessary
7 changes to the legal description to correct errors and ensure
8 accuracy.

9 (c) The land that may be sold is located in Hubbard County
10 and is described as follows:

11 That part of the Northwest Quarter of the Northwest Quarter
12 of Section 22, Township 142 North, Range 33 West, Hubbard
13 County, Minnesota, described as follows:

14 Beginning at the northeast corner of said Northwest Quarter
15 of the Northwest Quarter, being a 3/4 inch rebar with
16 plastic cap stamped "MN DNR LS 17005" (DNR Monument);
17 thence on a bearing based on the Hubbard County Coordinate
18 System of 1983 of North 88 degrees 51 minutes 21 seconds
19 West, along the north line of said Northwest Quarter of the
20 Northwest Quarter 253.67 feet to a DNR Monument; thence
21 South 04 degrees 03 minutes 57 seconds East 132.71 feet to
22 a DNR Monument; thence South 79 degrees 15 minutes 13
23 seconds East 248.33 feet to the east line of said Northwest
24 Quarter of the Northwest Quarter and a DNR Monument; thence
25 North 00 degrees 05 minutes 06 seconds East along the east
26 line of said Northwest Quarter of the Northwest Quarter
27 173.61 feet to the point of beginning, containing 0.87
28 acres.

29 (d) The sale would resolve a long-standing unintentional
30 trespass.

31 Sec. 11. [COUNTY ENVIRONMENTAL TRUST FUND; ITASCA COUNTY.]

32 (a) Notwithstanding Laws 1998, chapter 389, article 16,
33 section 31, subdivision 4, as amended, Itasca County may spend
34 money in the Itasca County environmental trust fund to acquire
35 the land described in paragraph (b) for public access purposes.

36 (b) The land to be acquired by Itasca County is described

1 as:

2 (1) parcel number 91-017-1105; and

3 (2) parcel number 91-017-1102.

4 Sec. 12. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING
5 PUBLIC WATER; ITASCA COUNTY.]

6 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
7 282.018, subdivision 1, and the public sale requirements of
8 Minnesota Statutes, chapter 282, Itasca County may sell by
9 private sale the tax-forfeited land bordering public water that
10 is described in paragraph (c), under Minnesota Statutes, section
11 282.01, subdivision 7.

12 (b) The conveyance must be in a form approved by the
13 attorney general for the appraised value of the land and include
14 conditions that the existing structures must be removed within
15 one year of the sale and a conservation easement be retained on
16 the parcel.

17 (c) The land to be sold is located in Itasca County and is
18 described as: Government Lot 9, Section 19, Township 60 North,
19 Range 26 West.

20 (d) The county has determined that the county's land
21 management interests would be best served if the lands were
22 returned to private ownership.

23 Sec. 13. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING
24 PUBLIC WATER; ITASCA COUNTY.]

25 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
26 282.018, subdivision 1, Itasca County may sell the tax-forfeited
27 land described in paragraph (c) by public sale, under the
28 remaining provisions of Minnesota Statutes, chapter 282.

29 (b) The conveyance must be in a form approved by the
30 attorney general for the appraised value of the land.

31 (c) The land to be sold is located in Itasca County and is
32 described as:

33 (1) that part lying west of Highway 65 of the Northwest
34 Quarter of the Northeast Quarter, Section 13, Township 53 North,
35 Range 23 West;

36 (2) the undivided 1/24th interest in the Northeast Quarter

1 of the Southwest Quarter, Section 13, Township 56 North, Range
2 25 West;

3 (3) the undivided 1/24th interest in the Northwest Quarter
4 of the Northwest Quarter, Section 13, Township 56 North, Range
5 25 West; and

6 (4) the West 200 feet of the East Half of Government Lot 4,
7 Section 23, Township 58 North, Range 24 West.

8 (d) The county has determined that the county's land
9 management interests would be best served if the lands were
10 returned to private ownership.

11 Sec. 14. [PRIVATE SALE OF SURPLUS STATE LAND BORDERING
12 PUBLIC WATER; LAKE COUNTY.]

13 (a) Notwithstanding Minnesota Statutes, sections 92.45,
14 94.09, and 94.10, the commissioner of natural resources may sell
15 by private sale the surplus state land bordering public water
16 that is described in paragraph (c).

17 (b) The conveyance must be in a form approved by the
18 attorney general. The conveyance shall reserve a conservation
19 easement to ensure protection of the fish and wildlife shoreline
20 habitat. The attorney general may make necessary changes to the
21 legal description to correct errors and ensure accuracy.

22 (c) The land that may be sold is located in Lake County and
23 is described as follows: an undivided 1/16th interest in
24 Government Lot 7, Section 31, Township 63 North, Range 11 West.

25 (d) The sale would allow the combination of the 1/16
26 interest with the remaining 15/16 interest.

27 Sec. 15. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING
28 PUBLIC WATERS; RICE COUNTY.]

29 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
30 282.018, subdivision 1, and the public sale provisions of
31 Minnesota Statutes, chapter 282, Rice County may sell by private
32 sale the tax-forfeited land bordering public waters described in
33 paragraph (c), under the remaining provisions of Minnesota
34 Statutes, chapter 282.

35 (b) The sale must be in a form approved by the attorney
36 general.

1 (c) The land to be sold is located in Rice County and is
2 described as: Lots 3, 4, and 5, Block 2, original plat of
3 Morristown (parcel #20.0331.000).

4 (d) The county has determined that the county's land
5 management interests would best be served if the lands were
6 returned to private ownership.

7 Sec. 16. [PRIVATE SALE OF SURPLUS STATE LAND BORDERING
8 PUBLIC WATER; ROSEAU COUNTY.]

9 (a) Notwithstanding Minnesota Statutes, sections 92.45,
10 94.09, 94.10, and 97A.135, subdivision 2a, the commissioner of
11 natural resources may sell by private sale the surplus state
12 land bordering public waters that is described in paragraph (c).

13 (b) The conveyance must be in a form approved by the
14 attorney general. The attorney general may make necessary
15 changes to the legal description to correct errors and ensure
16 accuracy.

17 (c) The land that may be sold is located in Roseau County
18 and is described as: The southerly 396 feet, south of the south
19 bank of the Roseau River, of the Southwest Quarter of the
20 Northeast Quarter of Section 32, in Township 163 North, Range 40
21 West of the Fifth Principal Meridian in Roseau County,
22 Minnesota. Said tract of land contains 9.29 acres, more or less.

23 (d) The department has determined that the public interest
24 is best served if the property were to be conveyed to the Roseau
25 River Watershed District to allow for completion of the
26 district's flood control management plan.

27 Sec. 17. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING
28 PUBLIC WATER; ST. LOUIS COUNTY.]

29 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
30 282.018, subdivision 1, St. Louis County may sell the
31 tax-forfeited lands bordering public water that are described in
32 paragraphs (c) to (g), under the remaining provisions of
33 Minnesota Statutes, chapter 282.

34 (b) The conveyances must be in a form approved by the
35 attorney general. The attorney general may make necessary
36 changes to legal descriptions to correct errors and ensure

1 accuracy.

2 (c) The land to be sold is located in St. Louis County and
3 is described as:

4 (1) the westerly 400 feet of the easterly 800 feet of Lot
5 4, Section 13, Township 54 North, Range 17 West; and

6 (2) the West Half of the Northwest Quarter of the Southwest
7 Quarter, Section 33, Township 51 North, Range 16 West.

8 (d) The conveyances of land under this paragraph must
9 retain for the state a 150-foot trout stream easement lying 75
10 feet on each side of the centerline of the stream. The land to
11 be sold is located in St. Louis County and is described as:

12 (1) the Northeast Quarter of the Northeast Quarter, Section
13 7, Township 50 North, Range 18 West;

14 (2) the North Half of the Northeast Quarter and the North
15 Half of the Northwest Quarter, Section 8, Township 50 North,
16 Range 18 West;

17 (3) the Northwest Quarter of the Northeast Quarter, except
18 the North Half, and that part of the West 10 acres of the
19 Northeast Quarter of the Northeast Quarter lying south of Lester
20 River and the West 10 acres of the Northeast Quarter of the
21 Northeast Quarter lying north of Lester River, except the North
22 5 acres, Section 17, Township 51 North, Range 13 West;

23 (4) the Northwest Quarter of the Southeast Quarter, except
24 the West Half, and the East 165 feet of the West Half of the
25 Northwest Quarter of the Southeast Quarter, Section 5, Township
26 51 North, Range 13 West;

27 (5) the East Half of the Southeast Quarter of the Southeast
28 Quarter, Section 34, Township 58 North, Range 20 West; and

29 (6) Government Lot 2, Section 17, Township 51 North, Range
30 12 West, Wonderland 1st Addition to the town of Duluth, Lot 22,
31 Block 1.

32 (e) The conveyance of land under this paragraph must
33 contain a deed restriction that is 75 feet in width along the
34 shoreline, excluding a 15-foot access strip. The land to be
35 sold is located in St. Louis County and is described as: Lot 6,
36 Lot 7, and Lot 8, except the easterly 50 feet, Erickson's Beach,

1 town of Fayal, Section 27, Township 57 North, Range 17 West.

2 (f) The conveyance of land under this paragraph must
3 contain a deed restriction that is 75 feet in width along the
4 shoreline. The land to be sold is located in St. Louis County
5 and is described as: Lots 64 and 65, Vermilion Dells, 1st
6 Addition Greenwood, Section 2, Township 62 North, Range 16 West.

7 (g) The conveyances of land under this paragraph must
8 retain for the state a 150-foot conservation easement lying 75
9 feet on each side of the centerline of the stream. The land to
10 be sold is located in St. Louis County and is described as:

11 (1) the Northeast Quarter of the Southeast Quarter, Section
12 31, Township 52 North, Range 14 West;

13 (2) the Northeast Quarter of the Southwest Quarter, Section
14 31, Township 52 North, Range 14 West; and

15 (3) the South Half of the Southwest Quarter of the
16 Southwest Quarter, except the westerly 15 acres, Section 31,
17 Township 52 North, Range 14 West.

18 (h) The county has determined that the county's land
19 management interests would best be served if the lands were
20 returned to private ownership.

21 Sec. 18. [PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS
22 COUNTY.]

23 (a) Notwithstanding the public sale provisions of Minnesota
24 Statutes, chapter 282, or other law to the contrary, St. Louis
25 County may sell by private sale the tax-forfeited land described
26 in paragraph (c).

27 (b) The conveyances must be in a form approved by the
28 attorney general and, except for the parcel under paragraph (c),
29 clause (4), require the buyers to pay an administration fee to
30 cover expenses incurred by the county. The attorney general may
31 make necessary changes to legal descriptions to correct errors
32 and ensure accuracy.

33 (c) The land to be sold is located in St. Louis County and
34 is described as:

35 (1) the West 335 feet of the South 130 feet of the
36 Northwest Quarter of the Northeast Quarter, Section 12, Township

1 63 North, Range 12 West. This parcel contains 1.0 acres more or
2 less;

3 (2) the westerly 165.00 feet of the southerly 80.00 feet of
4 the easterly 490.00 feet of the Southeast Quarter of the
5 Southeast Quarter, Section 14, Township 51 North, Range 14
6 West. This parcel contains 0.3 acres;

7 (3) Lot 17, Block 5, Lyman Park Division of Duluth;

8 (4) the West 220 feet of the Southwest Quarter of the
9 Northeast Quarter, Section 11, Township 54 North, Range 15 West;

10 and

11 (5) the West 115 feet of the Southeast Quarter of the
12 Northeast Quarter of Section 32, Township 63 North, Range 12
13 West, lying south of the centerline of State Trunk Highway 169
14 and subject to highway right-of-way easement. This parcel
15 contains 2.5 acres more or less.

16 (d) The sales under this section resolve unintentional
17 occupancy trespasses.

18 Sec. 19. [PUBLIC SALE OF SURPLUS STATE LAND BORDERING
19 PUBLIC WATER; ST. LOUIS COUNTY.]

20 (a) Notwithstanding Minnesota Statutes, section 92.45, the
21 commissioner of natural resources may sell by public sale the
22 surplus land bordering public water that is described in
23 paragraph (c).

24 (b) The sale must be in a form approved by the attorney
25 general for consideration no less than the estimated market
26 value of the land. The attorney general may make necessary
27 changes in the legal description to correct errors and ensure
28 accuracy.

29 (c) The land to be sold is located in St. Louis County and
30 described as: the North 10 feet of the Northeast Quarter of the
31 Northwest Quarter, Section 16, Township 57 North, Range 17 West,
32 lying east of St. Mary's Lake.

33 (d) The parcel described in paragraph (c) has been under
34 lease since 1969 in order for the adjoining owner to meet county
35 zoning standards and the parcel is no longer needed for natural
36 resources purposes.

1 Sec. 20. [PRIVATE SALE OF SURPLUS STATE LAND; WABASHA
2 COUNTY.]

3 (a) Notwithstanding Minnesota Statutes, sections 94.09 and
4 94.10, the commissioner of natural resources may sell by private
5 sale the surplus state land that is described in paragraph (c).

6 (b) The conveyance must be in a form approved by the
7 attorney general. The attorney general may make necessary
8 changes to the legal description to correct errors and ensure
9 accuracy. Notwithstanding Minnesota Statutes, section 94.10,
10 the consideration for the conveyance is the estimated value for
11 the land described in paragraph (c) as of January 1976, adjusted
12 for inflation using the implicit price deflator for government
13 consumption expenditures and gross investment for state and
14 local governments prepared by the Bureau of Economic Analysis of
15 the United States Department of Commerce for the period starting
16 with January of 1976 and ending with January of 2005.

17 (c) The land that may be sold is located in Wabasha County
18 and is described as follows:

19 That part of the South Half of the Southwest Quarter of
20 Section 14, Township 109 North, Range 10 West, Wabasha County,
21 Minnesota, lying southerly of the following described center
22 line:

23 Commencing at the southwest corner of said South Half of
24 the Southwest Quarter from which the southeast corner of
25 said South Half of the Southwest Quarter bears East,
26 assumed bearing; thence South 88 degrees 44 minutes East
27 69.69 feet to the point of beginning; thence North 62
28 degrees East 72.46 feet; thence North 64 degrees East 48.05
29 feet; thence East 77.19 feet; thence South 86 degrees East
30 73.98 feet; thence North 76 degrees East 72.83 feet; thence
31 North 64 degrees East 75.07 feet; thence North 77 degrees
32 East 76.52 feet; thence North 85 degrees East 13.74 feet;
33 thence North 47 degrees East 63.99 feet; thence North 72
34 degrees East 76.61 feet; thence North 69 degrees East 72.57
35 feet; thence North 39 degrees East 56.12 feet; thence South
36 66 degrees East 80.17 feet; thence South 82 degrees East

1 48.68 feet; thence North 82 degrees East 69.30 feet; thence
2 South 31 degrees East 81.99 feet; thence South 10 degrees
3 East 39.39 feet; thence South 12 degrees East 74.13 feet;
4 thence South 22 degrees East 51.75 feet; thence South 43
5 degrees East 18.47 feet; thence South 83 degrees East 71.42
6 feet; thence North 89 degrees East 53.56 feet; thence North
7 28 degrees East 70.36 feet; thence North 31 degrees East
8 74.57 feet; thence North 22 degrees East 73.19 feet; thence
9 North 06 degrees East 52.91 feet; thence North 07 degrees
10 East 68.58 feet; thence North 14 degrees East 75.72 feet;
11 thence North 17 degrees East 72.04 feet; thence South 76
12 degrees East 84.66 feet; thence South 51 degrees East 75.23
13 feet; thence South 73 degrees East 72.96 feet; thence South
14 79 degrees East 81.25 feet; thence South 01 degree East
15 82.11 feet; thence South 05 degrees West 73.45 feet; thence
16 South 22 degrees East 69.17 feet; thence South 72 degrees
17 East 70.65 feet; thence South 79 degrees East 56.89 feet;
18 thence North 79 degrees East 54.55 feet; thence South 37
19 degrees East 80.95 feet; thence South 26 degrees East 49.79
20 feet, more or less, to the south line of said South Half of
21 the Southwest Quarter and there terminating, containing 6.4
22 acres, more or less.

23 (d) The sale would correct an error in a prior land
24 acquisition that cut off the existing access route to the
25 remainder of the adjacent landowner's property.

26 Sec. 21. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING
27 PUBLIC WATER; WASHINGTON COUNTY.]

28 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
29 282.018, subdivision 1, and the public sale provisions of
30 Minnesota Statutes, chapter 282, Washington County may sell the
31 tax-forfeited land described in paragraph (c) by private sale,
32 under the remaining provisions of Minnesota Statutes, chapter
33 282.

34 (b) The conveyance must be in a form approved by the
35 attorney general for the appraised value of the land.

36 (c) The land to be sold is property ID number

1 22.032.21.12.0001, located in Washington County, and described
2 as: the Northwest Quarter of the Northeast Quarter of Section
3 22, Township 32 North, Range 21 West of the 4th Principal
4 Meridian, except the following: that part platted as GREEN
5 VALLEY-2ND PLAT according to the recorded plat thereof. And
6 also except the South 220 feet of the West 40 feet of said
7 Northwest Quarter of the Northeast Quarter. And also except the
8 East 300 feet of the West 750.41 feet of said Northwest Quarter
9 of the Northeast Quarter. And also except commencing at the
10 northwest corner of Lot 4, GREEN VALLEY according to the
11 recorded plat thereof, which point is on the north line of said
12 Section 22; thence East (North 90 degrees 00 minutes East) along
13 the north line of said GREEN VALLEY and said north line of
14 Section 22 a distance of 418 feet to the northeast corner of Lot
15 7 of said GREEN VALLEY and the point of beginning; thence South
16 00 degrees 03 minutes East, along the easterly line of said Lot
17 7, a distance of 295.6 feet to the southeast corner of said Lot
18 7 and the north line of GREEN VALLEY-2ND PLAT, according to the
19 recorded plat thereof; thence South 76 degrees 49 minutes East,
20 along said north line of GREEN VALLEY-2ND PLAT, a distance of
21 872.7 feet; thence North 54 degrees 37 minutes 30 seconds East a
22 distance of 202.8 feet; thence North 78 degrees 04 minutes 30
23 seconds East a distance of 505 feet, more or less, to the shore
24 of Shields Lake; thence northerly, along the shore of Shields
25 Lake, a distance of 280 feet, more or less, to said north line
26 of Section 22; thence West along said north line a distance of
27 1573.16 feet, more or less, to the point of beginning.

28 (d) The county has determined that the county's land
29 management interests would be best served if the lands were
30 returned to private ownership.

31 Sec. 22. [EASEMENT ON STATE LAND BORDERING PUBLIC WATER;
32 WASHINGTON COUNTY.]

33 (a) Notwithstanding Minnesota Statutes, sections 92.45,
34 94.09, and 94.10, the commissioner of natural resources shall
35 convey an easement on land bordering public water that is
36 described in paragraph (c). The easement shall be issued to the

1 current owners of land who purchased land subject to an easement
2 on the property described in paragraph (c), and shall allow one
3 dock on the property for use by the easement holders.

4 (b) The conveyance must be in a form approved by the
5 attorney general for consideration of the easement preparation
6 and filing costs, and provide that the easement to a property
7 owner expires when the current owner conveys to another person
8 the property that qualified the person for the easement under
9 paragraph (a). The attorney general may make necessary changes
10 to the legal description to correct errors and ensure accuracy.

11 (c) The land for which an easement is conveyed is located
12 in Washington County and is described as:

13 part of Government Lot 6, Section 5, Township 29, Range 21,
14 being the South 45 feet lying east of the road, subject to
15 an easement (lot ID# 05.029.21.41.0001).

16 Sec. 23. [REPEALER.]

17 Minnesota Statutes 2004, section 84.033, subdivision 2, is
18 repealed.

APPENDIX
Repealed Minnesota Statutes for S0896-1

84.033 SCIENTIFIC AND NATURAL AREAS.

Subd. 2. **Designation approval.** No scientific and natural area may be designated unless the designation is approved by resolution of the board of the county in which the land is located.

1 Senator ^{Holding} moves to amend S.F. No. 896 as follows:

2 Page 11, after line 6, insert:

3 "Sec. 16. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING
4 PUBLIC WATER; RICE COUNTY.]

5 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
6 282.018, subdivision 1, Rice County may convey for no
7 consideration to the city of Dundas the tax-forfeited land
8 bordering public water that is described in paragraph (c).

9 (b) The conveyance must be in a form approved by the
10 attorney general and provide that the land revert to the state
11 if the land is not used for a public purpose as provided in
12 Minnesota Statutes, section 282.01.

13 (c) The land to be conveyed is located in Rice County and
14 is described as: All that part of Block Twenty-Two (22), in the
15 original town, now the city of Dundas, Rice County, Minnesota,
16 described as follows: Beginning at a point on the Southerly
17 line of Hester Street, so-called, on the Easterly line of the
18 right-of-way of the Chicago, Great Western Railway Company;
19 thence running in a Southerly direction parallel with said right-
20 of-way, a distance of Two Hundred Twenty-Five (225) Feet; thence
21 Easterly parallel with Hester Street, so-called, to the banks of
22 the Cannon River; thence Northerly along the said river bank to
23 a point where it intersects with the Southerly line of Hester
24 Street; thence in a Westerly direction along the South line of
25 Hester Street, to the point of the beginning (parcel
26 #17.0277.000).

27 (d) The county has determined that the county's land
28 management interests would best be served if the land was
29 conveyed to the city of Dundas."

30 Renumber the sections in sequence and correct the internal
31 references

32 Amend the title accordingly



Minnesota Department of Natural Resources

500 Lafayette Road
St. Paul, Minnesota 55155-40__

SF 896

March 29, 2005

Representative Tom Hackbarth
Chair, Environment & Natural
Resources Committee
409 State Office Building
St. Paul, Minnesota 55155

Senator John Marty
Chair, Environment & Natural
Resources Committee
323 Capitol
St. Paul, Minnesota 55155

Dear Committee Chairs:

**RE: SF 896 HF 814 Surplus Land Sale Bill
Proposed amendment concerning land located within the City of Dundas, Rice
County**

Minnesota Statutes 282.018, subd. 1(d) directs the DNR to evaluate sale proposals of certain tax
forfeit lands involving public waters and to make a recommendation to the legislature regarding
proposed disposition.

M.S. 282.018 subd. 1(d)

(d) Where the authority having jurisdiction over lands withdrawn from sale under this section is not
the Commissioner of Natural Resources, the authority may submit proposals for disposition of the
lands to the commissioner. The Commissioner of Natural Resources shall evaluate the lands and
their public benefits and make recommendations on the proposed dispositions to the committees of
the legislature with jurisdiction over natural resources. The commissioner shall include any
recommendations of the commissioner for disposition of lands withdrawn from sale under this
section over which the commissioner has jurisdiction. The commissioner's recommendations may
include a public sale, sale to a private party, acquisition by the department of natural resources for
public purposes, or a cooperative management agreement with, or transfer to, another unit of
government.

Please accept this letter as the Department's written recommendation of the proposed amendment.

**Department's Recommendation: No objection provided that the amendment requires that
the conveyance contain language that the parcel be used for the public purpose of**

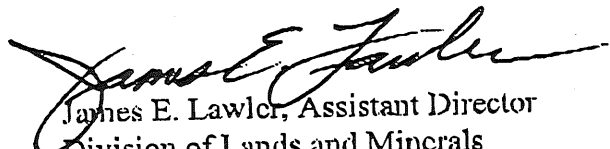


constructing a trail head and if it is not used for the stated public purpose, it shall revert to the trust in favor of the local taxing district.

It should also be noted that this parcel falls within the Wild, Scenic, and Recreational Land Use District. There is also potential to share a future trail head with a canoe access facility which has also been proposed for this area. DNR field staff have expressed that protection of the corridor is of utmost importance and that no vegetation removal or shoreland disturbance should take place within several hundred feet of the river, with the exception of control measures for invasive exotic species. Any structures need to be hidden from view and the property would benefit from a shoreland restoration project and enforcement of zoning restrictions.

If you have any questions, please feel free to call Gloria Johnson, Division of Lands and Minerals at (651) 296-9559.

Yours truly,



James E. Lawler, Assistant Director
Division of Lands and Minerals

cc: Senator Tom Bakk
Senator Thomas Neville



1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 896: A bill for an act relating to natural
4 resources; state lands; modifying requirements for designation
5 of scientific and natural areas; authorizing the private sale of
6 certain surplus state lands; authorizing the public and private
7 sale of certain tax-forfeited lands bordering public waters;
8 providing for an easement on state land bordering a public
9 water; amending Minnesota Statutes 2004, sections 84.033, by
10 adding a subdivision; 97A.093; Laws 2003, First Special Session
11 chapter 13, section 25; repealing Minnesota Statutes 2004,
12 section 84.033, subdivision 2.

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

15 Page 11, after line 6, insert:

16 "Sec. 16. [CONVEYANCE OF TAX-FORFEITED LAND BORDERING
17 PUBLIC WATER; RICE COUNTY.]

18 (a) Notwithstanding Minnesota Statutes, sections 92.45 and
19 282.018, subdivision 1, Rice County may convey for no
20 consideration to the city of Dundas the tax-forfeited land
21 bordering public water that is described in paragraph (c).

22 (b) The conveyance must be in a form approved by the
23 attorney general and provide that the land revert to the state
24 if the land is not used for a public purpose as provided in
25 Minnesota Statutes, section 282.01.

26 (c) The land to be conveyed is located in Rice County and
27 is described as: All that part of Block Twenty-Two (22), in the
28 original town, now the city of Dundas, Rice County, Minnesota,
29 described as follows: Beginning at a point on the Southerly
30 line of Hester Street, so-called, on the Easterly line of the
31 right-of-way of the Chicago, Great Western Railway Company;
32 thence running in a Southerly direction parallel with said right-
33 of-way, a distance of Two Hundred Twenty-Five (225) Feet; thence
34 Easterly parallel with Hester Street, so-called, to the banks of
35 the Cannon River; thence Northerly along the said river bank to
36 a point where it intersects with the Southerly line of Hester
37 Street; thence in a Westerly direction along the South line of
38 Hester Street, to the point of the beginning (parcel
39 #17.0277.000).

40 (d) The county has determined that the county's land
41 management interests would best be served if the land was

1 conveyed to the city of Dundas."

2 Renumber the sections in sequence

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

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.....
(Committee Chair)

April 11, 2005.....
(Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

G-17 STATE CAPITOL
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.
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JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

**S.F. No. 1905 - Relating to County Economic Development
Authority Boards**

Author: Senator Jim Vickerman

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)



Date: April 11, 2005

The proposed legislation permits a county economic development authority to have nine members and provides for staggering of the members' terms. Under current law, a county economic development authority may be organized under chapter 469, which provides for a board of three, five, or seven commissioners.

DPM:vs

Senator Vickerman introduced--

S.F. No. 1905: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to local government; authorizing nine-member
3 county economic development authority boards; amending
4 Minnesota Statutes 2004, section 469.1082, by adding a
5 subdivision.

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

7 Section 1. Minnesota Statutes 2004, section 469.1082, is
8 amended by adding a subdivision to read:

9 Subd. 8. [NINE-MEMBER BOARDS AUTHORIZED.] In addition to
10 the board options under section 469.095, a county economic
11 development authority may have a nine-member board. If the
12 authority has a nine-member board, at least two members must be
13 county commissioners appointed by the county board. Of the
14 county economic development authority board members initially
15 appointed, two each shall be appointed for terms of one, two, or
16 three years, respectively, and one each for terms of four, five,
17 or six years, respectively. Thereafter, all authority members
18 shall be appointed for six-year terms.

1 **Senator Higgins from the Committee on State and Local**
2 **Government Operations, to which was referred**

3 **S.F. No. 1905:** A bill for an act relating to local
4 government; authorizing nine-member county economic development
5 authority boards; amending Minnesota Statutes 2004, section
6 469.1082, by adding a subdivision.

7 Reports the same back with the recommendation that the bill
8 do pass and be placed on the Consent Calendar. Report adopted.

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10

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.....
(Committee Chair)

April 11, 2005.....
(Date of Committee recommendation)

1 To: Senator Anderson, Chair

2 Committee on Jobs, Energy and Community Development

3 Senator Kubly,

4 Chair of the Subcommittee on Energy, to which was referred

5 S.F. No. 1846: A bill for an act relating to state
6 government; establishing an energy savings program; authorizing
7 the Department of Administration to use energy forward pricing
8 mechanisms for budget risk reduction; amending Minnesota
9 Statutes 2004, section 16C.144; proposing coding for new law in
10 Minnesota Statutes, chapter 16C.

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

13 Delete everything after the enacting clause and insert:

14 "Section 1. [16C.143] [ENERGY FORWARD PRICING MECHANISMS.]

15 Subdivision 1. [DEFINITIONS.] The following definitions
16 apply in this section:

17 (1) "energy" means natural gas, heating oil, propane, and
18 any other energy source except electricity used in state
19 facilities; and

20 (2) "forward pricing mechanism" means a contract or
21 financial instrument that obligates a state agency to buy or
22 sell a specified quantity of energy at a future date at a set
23 price.

24 Subd. 2. [AUTHORITY.] Notwithstanding any other law to the
25 contrary, the commissioner may use forward pricing mechanisms
26 for budget risk reduction.

27 Subd. 3. [CONDITIONS.] Forward pricing mechanism
28 transactions must be made only under the following conditions:

29 (1) the quantity of energy affected by the forward pricing
30 mechanism must not exceed the estimated energy use for the state
31 agency for the same period; and

32 (2) a separate account must be established for each state
33 agency using a forward pricing mechanism.

34 Subd. 4. [WRITTEN POLICIES AND PROCEDURES.] Before
35 exercising the authority under this section, the commissioner
36 must develop written policies and procedures governing the use
37 of forward pricing mechanisms.

8 Sec. 2. Minnesota Statutes 2004, section 16C.144, is
amended to read:

1 16C.144 [GUARANTEED SAVINGS CONTRACTS PROGRAM.]

2 Subdivision 1. [DEFINITIONS.] The following definitions
3 apply to this section.

4 (a) "Utility" means electricity, natural gas, or other
5 energy resource, water, and wastewater.

6 (b) "Utility cost savings" means the difference between the
7 ~~utility-costs-under-the-precontract-conditions-and~~ the utility
8 ~~costs after the-changes-have-been-made-under-the-contract.--Such~~
9 ~~savings-shall-be-calculated-in-comparison-to-an-established~~
10 baseline-of-utility-costs installation of the utility
11 cost-savings measures pursuant to the guaranteed energy savings
12 agreement and the baseline utility costs after baseline
13 adjustments have been made.

14 (c) ~~"Established-baseline"-means-the-precontract~~
15 ~~preagreement-utilities,-operations,-and-maintenance-costs-~~

16 "Baseline" means the preagreement utilities, operations, and
17 maintenance costs.

18 (d) "Utility cost-savings measure" means a measure that
19 produces utility cost savings and/or operation and maintenance
20 cost savings.

21 (e) "Operation and maintenance cost savings" means a
22 ~~measurable decrease-in~~ difference between operation and
23 maintenance costs after the installation of the utility
24 cost-savings measures pursuant to the guaranteed energy savings
25 agreement and the baseline operation and maintenance costs that
26 ~~is-a-direct-result-of-the-implementation-of-one-or-more-utility~~
27 ~~cost-savings-measures-but-does~~ after inflation adjustments have
28 been made. Operation and maintenance costs savings shall not
29 include savings from in-house staff labor. Such-savings-shall
30 ~~be-calculated-in-comparison-to-an-established-baseline-of~~
31 ~~operation-and-maintenance-costs-~~

32 (f) "Guaranteed energy savings contract agreement" means a
33 ~~contract~~ an agreement for the evaluation, recommendation, and
34 installation of one or more utility cost-savings measures that
35 includes the qualified provider's guarantee as required under
36 subdivision 2. The-contract-must-provide-that-all-payments-are

1 ~~to-be-made-over-time-but-not-to-exceed-ten-years-from-the-date~~
2 ~~of-final-installation,-and-the-savings-are-guaranteed-to-the~~
3 ~~extent-necessary-to-make-payments-for-the-utility-cost-savings~~
4 ~~measures-~~

5 (g) "Baseline adjustments" means adjusting the established
6 utility cost savings baselines ~~in-paragraphs-(b)-and~~
7 ~~(d)~~ annually for changes in the following variables:

- 8 (1) utility rates;
- 9 (2) number of days in the utility billing cycle;
- 10 (3) square footage of the facility;
- 11 (4) operational schedule of the facility;
- 12 (5) facility temperature set points;
- 13 (6) weather; and
- 14 (7) amount of equipment or lighting utilized in the
15 facility.

16 (h) "Inflation adjustment" means adjusting the operation
17 and maintenance cost-savings baseline annually for inflation.

18 ~~(h)~~ (i) "Lease purchase contract agreement" means a
19 ~~contract~~ an agreement obligating the state to make regular lease
20 payments to satisfy the lease costs of the utility cost-savings
21 measures until the final payment, after which time the utility
22 cost-savings measures become the sole property of the state of
23 Minnesota.

24 ~~(i)~~ (j) "Qualified provider" means a person or business
5 experienced in the design, implementation, and installation of
26 utility cost-savings measures.

27 ~~(j)~~ (k) "Engineering report" means a report prepared by a
28 professional engineer licensed by the state of Minnesota
29 summarizing estimates of all costs of installations,
30 modifications, or remodeling, including costs of design,
31 engineering, installation, maintenance, repairs, and estimates
32 of the amounts by which utility and operation and maintenance
33 costs will be reduced.

34 ~~(k)~~ (l) "Capital cost avoidance" means money expended by a
5 state agency to pay for utility cost-savings measures with a
guaranteed savings ~~contract~~ agreement so long as the measures

1 that are being implemented to achieve the utility, operation,
2 and maintenance cost savings are a significant portion of an
3 overall project as determined by the commissioner.

4 ~~(1)~~ (m) "Guaranteed energy savings ~~contracting~~ program
5 guidelines" means policies, procedures, and requirements of
6 guaranteed savings ~~contracts~~ agreements established by the
7 Department of Administration ~~upon-enacting-this-legislation.~~

8 Subd. 2. [GUARANTEED ENERGY SAVINGS ~~CONTRACT~~ AGREEMENT.]

9 The commissioner may enter into a guaranteed energy savings
10 ~~contract~~ agreement with a qualified provider if:

11 (1) the qualified provider is selected through a
12 competitive process in accordance with the guaranteed energy
13 savings ~~contracting~~ program guidelines within the Department of
14 Administration;

15 (2) the qualified provider agrees to submit an engineering
16 report prior to the execution of the guaranteed energy savings
17 ~~contract~~ agreement. The cost of the engineering report may be
18 considered as part of the implementation costs if the
19 commissioner enters into a guaranteed energy savings agreement
20 with the provider;

21 (3) the term of the guaranteed energy savings agreement
22 shall not exceed 15 years from the date of final installation;

23 (4) the commissioner finds that the amount it would spend
24 on the utility cost-savings measures recommended in the
25 engineering report will not exceed the amount to be saved in
26 utility operation and maintenance costs over ~~ten~~ 15 years from
27 the date of implementation of utility cost-savings measures;

28 ~~(4)~~ (5) the qualified provider provides a written guarantee
29 that the annual utility, operation, and maintenance cost savings
30 during the term of the guaranteed energy savings agreement will
31 meet or exceed the ~~costs-of-the-guaranteed-savings-contract~~
32 annual payments due under a lease purchase agreement. The
33 qualified provider shall reimburse the state for any shortfall
34 of guaranteed utility, operation, and maintenance cost savings;
35 and

36 ~~(5)~~ (6) the qualified provider gives a sufficient bond in

1 accordance with section 574.26 to the commissioner for the
2 faithful implementation and installation of the utility
3 cost-savings measures.

4 Subd. 3. [~~LEASE PURCHASE CONTRACT~~ AGREEMENT.] The
5 commissioner may enter into a lease purchase agreement with any
6 party for the implementation of utility cost-savings measures in
7 accordance with ~~an engineering report~~ the guaranteed energy
8 savings agreement. The implementation costs of the utility
9 cost-savings measures recommended in the engineering report
10 shall not exceed the amount to be saved in utility and operation
11 and maintenance costs over the term of the lease purchase
12 agreement. The term of the lease purchase agreement shall not
13 exceed ~~ten~~ 15 years from the date of final installation. The
14 lease is assignable in accordance with terms approved by the
15 commissioner of finance.

16 Subd. 4. [USE OF CAPITAL COST AVOIDANCE.] The affected
17 state agency may contribute funds for capital cost avoidance for
18 guaranteed energy savings contracts agreements. Use of capital
19 cost avoidance is subject to the guaranteed energy savings
20 ~~contracting~~ program guidelines within the Department of
21 Administration.

22 Subd. 5. [REPORT.] By January 15 ~~of-2005-and~~, 2007, the
23 commissioner of administration shall submit to the commissioner
24 of finance and the chairs of the senate and house of
25 representatives capital investment committees a list of projects
26 in the agency that have been funded using guaranteed energy
27 savings, as outlined in this section, during the preceding
28 biennium. For each guaranteed energy savings contract agreement
29 entered into, the commissioner of administration shall contract
30 with an independent third party to evaluate the
31 cost-effectiveness of each utility cost-savings measure
32 implemented to ensure that such measures were the least-cost
33 measures available. For the purposes of this section,
34 "independent third party" means an entity not affiliated with
35 the qualified provider, that is not involved in creating or
providing conservation project services to that provider, and

1 that has expertise (or access to expertise) in energy savings
2 practices.

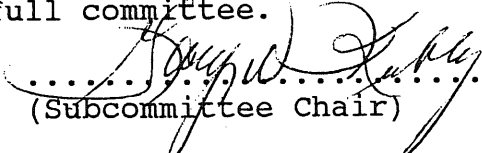
3 ~~Subd.--6.--[CONTRACT-LIMITS.]--Contracts-may-not-be-entered~~
4 ~~into-after-June-30,--2007--~~

5 Sec. 3. [EFFECTIVE DATE.]

6 Sections 1 and 2 are effective the day following final
7 enactment."

8 And when so amended that the bill be recommended to pass
9 and be referred to the full committee.

10
11
12
13
14


.....
(Subcommittee Chair)
March 31, 2005.....
(Date of Subcommittee action)

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 1846: A bill for an act relating to state
4 government; establishing an energy savings program; authorizing
5 the Department of Administration to use energy forward pricing
6 mechanisms for budget risk reduction; amending Minnesota
7 Statutes 2004, section 16C.144; proposing coding for new law in
8 Minnesota Statutes, chapter 16C.

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

11 Page 2, line 9, after "GUARANTEED" insert "ENERGY"

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

14
15 (Committee Chair)

16
17 April 11, 2005.....
18 (Date of Committee recommendation)

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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 1390 - State Employee Group Insurance Plan

Author: Senator Linda Higgins

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) *TSB*

Date: April 11, 2005

This bill makes a number of miscellaneous changes related to the operation of the State Employee Group Insurance Plan (SEGIP), which is administered by the Department of Employee Relations (DOER).

Section 1 [CONTRACTS.] eliminates the requirement that DOER deal only with specific types of carriers (health insurance carriers, nonprofit health service plan corporations, and health maintenance organizations). Authorizes DOER to enter into contracts with parties qualified to provide services necessary under SEGIP.

Section 2 Paragraph (a) removes the requirement that changes for benefits provided to legislative members must not be effective until the expiration of the term of the members of the current House of Representatives. The stricken language in paragraph (h) removes an obsolete reference to an early retirement incentive offered in 1982.

Section 3 [RETIRED EMPLOYEES.] current law requires DOER to provide retired state employees who meet certain conditions with a health insurance plan that is actuarially equivalent to those made available under collective bargaining agreements. The change in this section provides DOER with the discretion to offer an actuarially equivalent plan.

Section 4 [RETIRED JUDGES; FORMER LEGISLATORS.] current law allows former members of the legislature to purchase health insurance coverage at any time after leaving the legislature without limitation on the frequency of purchasing and terminating the coverage. This

section would limit former members to a onetime election to purchase coverage made within 30 days after leaving office.

TSB:rer

Senator Higgins introduced--

S.F. No. 1390: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to state employees; modifying state employee
3 group insurance plan provisions; amending Minnesota
4 Statutes 2004, sections 43A.23, subdivision 1; 43A.24,
5 subdivision 2; 43A.27, subdivisions 3, 4.

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

7 Section 1. Minnesota Statutes 2004, section 43A.23,
8 subdivision 1, is amended to read:

9 Subdivision 1. [GENERAL.] The commissioner is authorized
10 to request bids ~~from-carriers-or-to-negotiate-with-carriers~~ and
11 to enter into contracts with carriers parties which in the
12 judgment of the commissioner are best qualified to underwrite
13 and provide service to the benefit plans. Contracts entered
14 into ~~with-carriers~~ are not subject to the requirements of
15 sections 16C.16 to 16C.19. The commissioner may negotiate
16 premium rates and coverage ~~provisions-with-all-carriers-licensed~~
17 ~~under-chapters-62A7-62C7-and-62D.~~---The-commissioner-may-also
18 ~~negotiate-reasonable-restrictions-to-be-applied-to-all-carriers~~
19 ~~under-chapters-62A7-62C7-and-62D.~~ Contracts to underwrite the
20 benefit plans must be bid or negotiated separately from
21 contracts to service the benefit plans, which may be awarded
22 only on the basis of competitive bids. The commissioner shall
23 consider the cost of the plans, conversion options relating to
24 the contracts, service capabilities, character, financial
25 position, and reputation of the carriers, and any other factors

1 which the commissioner deems appropriate. Each benefit contract
 2 must be for a uniform term of at least one year, but may be made
 3 automatically renewable from term to term in the absence of
 4 notice of termination by either party. ~~The commissioner shall,~~
 5 ~~to the extent feasible, make hospital and medical benefits~~
 6 ~~available from at least one carrier licensed to do business~~
 7 ~~pursuant to each of chapters 62A, 62E, and 62D. The~~
 8 ~~commissioner need not provide health maintenance organization~~
 9 ~~services to an employee who resides in an area which is not~~
 10 ~~served by a licensed health maintenance organization. The~~
 11 ~~commissioner may refuse to allow a health maintenance~~
 12 ~~organization to continue as a carrier. The commissioner may~~
 13 ~~elect not to offer all three types of carriers if there are no~~
 14 ~~bids or no acceptable bids by that type of carrier or if the~~
 15 ~~offering of additional carriers would result in substantial~~
 16 ~~additional administrative costs.~~ A carrier licensed under
 17 chapter 62A is exempt from the taxes imposed by chapter 297I on
 18 premiums paid to it by the state.

19 All self-insured hospital and medical service products must
 20 comply with coverage mandates, data reporting, and consumer
 21 protection requirements applicable to the licensed carrier
 22 administering the product, had the product been insured,
 23 including chapters 62J, 62M, and 62Q. Any self-insured products
 24 that limit coverage to a network of providers or provide
 25 different levels of coverage between network and nonnetwork
 26 providers shall comply with section 62D.123 and geographic
 27 access standards for health maintenance organizations adopted by
 28 the commissioner of health in rule under chapter 62D.

29 Sec. 2. Minnesota Statutes 2004, section 43A.24,
 30 subdivision 2, is amended to read:

31 Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons
 32 are eligible for state paid life insurance and hospital,
 33 medical, and dental benefits as determined in applicable
 34 collective bargaining agreements or by the commissioner or by
 35 plans pursuant to section 43A.18, subdivision 6, or by the Board
 36 of Regents for employees of the University of Minnesota not

1 covered by collective bargaining agreements. Coverages made
2 available, including optional coverages, are as contained in the
3 plan established pursuant to section 43A.18, subdivision 2:

4 (a) a member of the state legislature, ~~provided that~~
5 ~~changes in benefits resulting in increased costs to the state~~
6 ~~shall not be effective until expiration of the term of the~~
7 ~~members of the existing house of representatives.~~ An eligible
8 member of the state legislature may decline to be enrolled for
9 state paid coverages by filing a written waiver with the
10 commissioner. The waiver shall not prohibit the member from
11 enrolling the member or dependents for optional coverages,
12 without cost to the state, as provided for in section 43A.26. A
13 member of the state legislature who returns from a leave of
14 absence to a position previously occupied in the civil service
15 shall be eligible to receive the life insurance and hospital,
16 medical, and dental benefits to which the position is entitled;

17 (b) an employee of the legislature or an employee of a
18 permanent study or interim committee or commission or a state
19 employee on leave of absence to work for the legislature, during
20 a regular or special legislative session, as determined by the
21 Legislative Coordinating Commission;

22 (c) a judge of the appellate courts or an officer or
23 employee of these courts; a judge of the district court, a judge
24 of county court, or a judge of county municipal court; a
25 district court referee, judicial officer, court reporter, or law
26 clerk; a district administrator; an employee of the Office of
27 the District Administrator that is not in the Second or Fourth
28 Judicial District; a court administrator or employee of the
29 court administrator in a judicial district under section
30 480.181, subdivision 1, paragraph (b), and a guardian ad litem
31 program employee;

32 (d) a salaried employee of the Public Employees Retirement
33 Association;

34 (e) a full-time military or civilian officer or employee in
35 the unclassified service of the Department of Military Affairs
36 whose salary is paid from state funds;

1 (f) a salaried employee of the Minnesota Historical
2 Society, whether paid from state funds or otherwise, who is not
3 a member of the governing board;

4 (g) an employee of the regents of the University of
5 Minnesota;

6 (h) ~~notwithstanding section 43A.27, subdivision 3, an~~
7 ~~employee of the state of Minnesota or the regents of the~~
8 ~~University of Minnesota who is at least 60 and not yet 65 years~~
9 ~~of age on July 1, 1982, who is otherwise eligible for employee~~
10 ~~and dependent insurance and benefits pursuant to section 43A.18~~
11 ~~or other law, who has at least 20 years of service and retires,~~
12 ~~earlier than required, within 60 days of March 23, 1982, or an~~
13 ~~employee who is at least 60 and not yet 65 years of age on July~~
14 ~~1, 1982, who has at least 20 years of state service and retires,~~
15 ~~earlier than required, from employment at Rochester state~~
16 ~~hospital after July 1, 1981, or an employee who is at least 55~~
17 ~~and not yet 65 years of age on July 1, 1982, and is covered by~~
18 ~~the Minnesota State Retirement System correctional employee~~
19 ~~retirement plan or the State Patrol retirement fund, who has at~~
20 ~~least 20 years of state service and retires, earlier than~~
21 ~~required, within 60 days of March 23, 1982. For purposes of~~
22 ~~this clause, a person retires when the person terminates active~~
23 ~~employment in state or University of Minnesota service and~~
24 ~~applies for a retirement annuity. Eligibility shall cease when~~
25 ~~the retired employee attains the age of 65, or when the employee~~
26 ~~chooses not to receive the annuity that the employee has applied~~
27 ~~for. The retired employee shall be eligible for coverages to~~
28 ~~which the employee was entitled at the time of retirement,~~
29 ~~subject to any changes in coverage through collective bargaining~~
30 ~~or plans established pursuant to section 43A.18, for employees~~
31 ~~in positions equivalent to that from which retired, provided~~
32 ~~that the retired employee shall not be eligible for state-paid~~
33 ~~life insurance. Coverages shall be coordinated with relevant~~
34 ~~health insurance benefits provided through the federally~~
35 ~~sponsored Medicare program;~~

36 (i) an employee of an agency of the state of Minnesota

1 identified through the process provided in this paragraph who is
2 eligible to retire prior to age 65. The commissioner and the
3 exclusive representative of state employees shall enter into
4 agreements under section 179A.22 to identify employees whose
5 positions are in programs that are being permanently eliminated
6 or reduced due to federal or state policies or practices.
7 Failure to reach agreement identifying these employees is not
8 subject to impasse procedures provided in chapter 179A. The
9 commissioner must prepare a plan identifying eligible employees
10 not covered by a collective bargaining agreement in accordance
11 with the process outlined in section 43A.18, subdivisions 2 and
12 3. For purposes of this paragraph, a person retires when the
13 person terminates active employment in state service and applies
14 for a retirement annuity. Eligibility ends as provided in the
15 agreement or plan, but must cease at the end of the month in
16 which the retired employee chooses not to receive an annuity, or
17 the employee is eligible for employer-paid health insurance from
18 a new employer. The retired employees shall be eligible for
19 coverages to which they were entitled at the time of retirement,
20 subject to any changes in coverage through collective bargaining
21 or plans established under section 43A.18 for employees in
22 positions equivalent to that from which they retired, provided
23 that the retired employees shall not be eligible for state-paid
24 life insurance;

25 ~~(j)~~ (i) employees of the state Board of Public Defense,
26 with eligibility determined by the state Board of Public Defense
27 in consultation with the commissioner of employee relations; and

28 ~~(k)~~ (j) employees of supporting organizations of Minnesota
29 Technology, Inc., established after July 1, 2003, under section
30 1160.05, subdivision 4, as paid for by the supporting
31 organization.

32 Sec. 3. Minnesota Statutes 2004, section 43A.27,
33 subdivision 3, is amended to read:

34 Subd. 3. [RETIRED EMPLOYEES.] (a) A person may elect to
35 purchase at personal expense individual and dependent hospital,
36 medical, and dental coverages if the person is:

1 (1) a retired employee of the state or an organization
2 listed in subdivision 2 or section 43A.24, subdivision 2, who,
3 at separation of service:

4 (i) is immediately eligible to receive a retirement benefit
5 under chapter 354B or an annuity under a retirement program
6 sponsored by the state or such organization of the state;

7 (ii) immediately meets the age and service requirements in
8 section 352.115, subdivision 1; and

9 (iii) has five years of service or meets the service
10 requirement of the collective bargaining agreement or plan,
11 whichever is greater; or

12 (2) a retired employee of the state who is at least 50
13 years of age and has at least 15 years of state service.

14 (b) The commissioner ~~shall~~ may offer at least one plan
15 which is actuarially equivalent to those made available through
16 collective bargaining agreements or plans established under
17 section 43A.18 to employees in positions equivalent to that from
18 which retired.

19 (c) A spouse of a person eligible under paragraph (a) may
20 purchase the coverage listed in this subdivision if the spouse
21 was a dependent under the retired employee's coverage at the
22 time of the retiree's death.

23 (d) Coverages must be coordinated with relevant health
24 insurance benefits provided through the federally sponsored
25 Medicare program. Until the retired employee reaches age 65,
26 the retired employee and dependents must be pooled in the same
27 group as active employees for purposes of establishing premiums
28 and coverage for hospital, medical, and dental insurance.
29 Coverage for retired employees and their dependents may not
30 discriminate on the basis of evidence of insurability or
31 preexisting conditions unless identical conditions are imposed
32 on active employees in the group that the employee left.
33 Appointing authorities shall provide notice to employees no
34 later than the effective date of their retirement of the right
35 to exercise the option provided in this subdivision. The
36 retired employee must notify the commissioner or designee of the

1 commissioner within 30 days after the effective date of the
2 retirement of intent to exercise this option.

3 Sec. 4. Minnesota Statutes 2004, section 43A.27,
4 subdivision 4, is amended to read:

5 Subd. 4. [RETIRED JUDGES; FORMER LEGISLATORS.] (a) Retired
6 judges or former legislators may elect to purchase coverage for
7 themselves or their dependents at their own expense as provided
8 in paragraphs (b) and (c).

9 (b) A retired judge of the state Supreme Court, the Court
10 of Appeals, a district court, a county court, a county municipal
11 court, or a probate court may elect to purchase coverage
12 provided persons listed in section 43A.24, subdivision 2, clause
13 (c). The commissioner shall notify judges no later than the
14 effective date of their retirement of their right to exercise
15 the option provided in this subdivision. A retired judge must
16 notify the commissioner or designee of the commissioner within
17 30 days after the effective date of retirement if the judge
18 intends to exercise the option.

19 (c) A former member of the legislature may elect to
20 purchase coverage provided persons listed in section 43A.24,
21 subdivision 2, clause (a). The commissioner shall notify
22 members of the legislature no later than the effective date of
23 their leaving office of their right to exercise the option
24 provided in this subdivision. A former member of the
25 legislature must notify the commissioner or designee of the
26 commissioner within 30 days after the effective date of leaving
27 office if the former member intends to exercise the option.

1 Senator ^{Higgins} moves to amend S.F. No. 1390 as follows:

2 Page 7, after line 27, insert:

3 "Sec. 5. Minnesota Statutes 2004, section 471.999, is
4 amended to read:

5 471.999 [REPORT TO LEGISLATURE.]

6 The commissioner of employee relations shall report to the
7 legislature by January 1 of each year on the status of
8 compliance with section 471.992, subdivision 1, by governmental
9 subdivisions.

10 The report must include a list of the political
11 subdivisions in compliance with section 471.992, subdivision 1,
12 and the estimated cost of compliance. The report must also
13 include a list of political subdivisions found by the
14 commissioner to be not in compliance, the basis for that
15 finding, recommended changes to achieve compliance, estimated
16 cost of compliance, and recommended penalties, if any. The
17 commissioner's report must include a list of subdivisions that
18 did not comply with the reporting requirements of this section.
19 The commissioner may request, and a subdivision shall provide,
20 any additional information needed for the preparation of a
21 report under this subdivision.

22 Notwithstanding any rule to the contrary, beginning in
23 2005, a political subdivision must report on its compliance with
24 the requirements of sections 471.991 to 471.999 no more
25 frequently than once every ~~five~~ three years. No report from a
26 political subdivision is required for 2003 and 2004."

27 Amend the title accordingly

Higgins

1 Senator moves to amend S.F. No. 1390 as follows:

2 Page 3, lines 4 to 7, reinstate the stricken language

3 Page 7, line 21, before the period, insert " , under

4 conditions provided in this paragraph.

5 (1) The commissioner must notify a member of the
6 legislature no later than the effective date of the member
7 leaving office of the member's rights to exercise the options
8 provided under this subdivision when leaving office and in
9 future years. A former member of the legislature must notify
10 the commissioner within 30 days after leaving office if the
11 former member intends to exercise the option to purchase
12 coverage upon leaving office.

13 (2) If a former member of the legislature does not exercise
14 the option to purchase coverage upon leaving office under clause
15 (1), the former member may later elect to purchase the coverage
16 only during an open enrollment period that is generally
17 applicable to state employees as prescribed by the commissioner.
18 The commissioner may prescribe the manner for making an election
19 under this clause during an open enrollment period.

20 (3) A former member who purchases coverage under this
21 subdivision may discontinue the coverage during an open
22 enrollment period by giving notice in the manner prescribed by
23 the commissioner. A former member who discontinues coverage
24 under this clause may purchase coverage again during a
25 subsequent open enrollment period by giving notice in a manner
26 prescribed by the commissioner.

27 (4) A former member who purchases coverage under this
28 subdivision, and who discontinues coverage at a time other than
29 during an open enrollment period, may not purchase coverage
30 again.

31 (5) A person who left legislative service before the
32 effective date of this section is subject to clauses (2) to (4),
33 except as follows:

34 (i) if the former member does not purchase coverage on the
35 effective date of this section, the former member may purchase
36 coverage once after that date at any time, notwithstanding the

1 requirement of clause (2) that coverage be purchased during an
2 open enrollment period; and

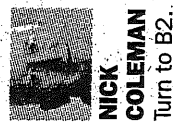
3 (ii) clause (4) does not prevent a former member who
4 discontinued coverage at any time before the effective date of
5 this section from purchasing coverage under this clause or under
6 clause (2)"

7 Page 7, after line 27, insert:

8 "Sec. 5. [EFFECTIVE DATE.]

9 Section 4 is effective the day following final enactment."

SF, Higgins



NICK COLEMAN
Turn to B2.

Metro/State

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StarTribune

Wednesday, April 6, 2005 • Section B

Red Lake teachers ready for classes

They back a return to old part of high school on Monday.

INSIDE

► *Mental health counselors have fanned out around Red Lake to help people deal with their grief.* B4

By Chuck Haga
Star Tribune Staff Writer

RED LAKE, MINN. — Buoyed by a pep talk from a Kentucky educator who knows their hearts, Red Lake High School teachers recommended Tuesday that classes resume Monday. And after brainstorming 10-

Current rules let former elected officials move in and out of coverage at will.

Legislators' health care perk targeted

By Conrad deFiebre
Star Tribune Staff Writer

Lying in a hospital bed after a heart attack, a former Minnesota legislator picked up the telephone and made an important call — to the state employees health insurance plan.

The ex-legislator wasn't covered by the plan, but under an unusual provision of state law he had the right to enroll at any time. State officials say that left taxpayers picking up a tab for heart bypass surgery of as much as \$70,000.

Shortly afterward, the ex-legis-

lator dropped the coverage, having paid only a few hundred dollars in premiums. But the option to re-enroll at any time stayed in place.

State Employee Relations Commissioner Cal Ludeman says as many as a dozen former legislators have moved in and out of the health plan in the past six years, about five of them "with regularity."

Citing severe federal penalties for disclosing confidential health information, Ludeman has named no names. But he is asking the 2005 Legislature to tighten up the rules to curb what he says would be an abuse if it weren't completely legal.

The law, on the books for at least 30 years, allows former legislators to enroll in the plan "at will, for no particular time, and to re-enroll any number of times during their lifetime," Ludeman said. "The claim cost is paid by all other members of the group — state agencies and employees."

So far, his efforts have received a mixed reaction from current legislators, although a bill is advancing that would allow most former legislators to take or drop coverage only during annual enrollment periods.

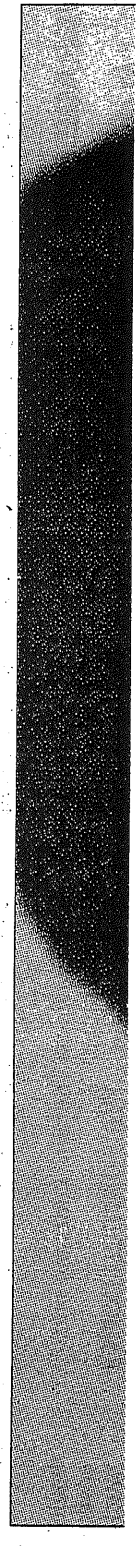
"What's the next benefit that you take away?" asked Rep. Tim Mahoney, DFL-St. Paul, who contends that legislators are underpaid and underappreciated.

Rep. Michael Beard, R-Shakopee, said he was stunned by the negative reaction from both DFL and Republican legislators to Ludeman's proposal, which Beard is sponsoring.

"It's a problem with serious political implications," Beard said. "This touched a lot of people whose pensions and perks have been reduced over the years."

COVERAGE continues on B2:
— 57 former legislators are now enrolled.

Years of searching for her father ended Friday for Jennifer Kallstrom-Torgerson. But there was no joyful reunion, because she learned he had been shot and killed.



they see us have guidelines in the 200," says Solomon Yigerm, one of the taxi leaders. "They are not looking at us like human beings."

Yigerm leads me to one of the toilets and shows me a label on the door. It says there must be one toilet for every 10 workers. With 600 drivers, that

Some increases were announced to drivers who we cord. But the driving transfers in thousands in their business, they can't recoup their investment. There are too many licenses, they say, and the waits between fares are too long. To

the holders of re-figure that prohibiting transfers in thousands in their business, they can't recoup their investment. There are too many licenses, they say, and the waits between fares are too long. To

clerks like fighter jet pilots scrambling to get into the air, leaning on their horns as they zoom into another lot.

Only to wait again.

The second lot is called the staging area, and drivers often spend another half hour there before being allowed to

tioned," Ludeman said.

Well-learned perk?

Ludeman is a former legislator who has never used the special provision. As a current state employee he now gets state-paid health coverage. He said many ex-legislators may not even know they are eligible for state health insurance and that the current controversy may spur some of them to enroll.

Legislators deserve such benefits for forsaking their families and careers for long hours of public service that, on average, pay less than the minimum wage, Mahoney said.

He is a pipefitter who had moved in and out of the state

look behind it. You may see lands. And you That anyone wants to drive a cab in this country.

Nick Coleman is at nickcoleman@startribune.com.

COVERAGE FROM B1

It's the principle, not cost, that matters, official says

But Mahoney and others questioned whether a problem really exists. "There's no proof," Mahoney said, noting the lack of specifics. Ludeman and other officials have offered, "It's such a rarely used thing."

57 beneficiaries

According to Ludeman, 57 ex-legislators are now enrolled in the state health plan, paying \$320 a month for single coverage or about \$900 for a fam-

ily. Former judges are the only others eligible to stay on the state plan, but few, if any, take advantage because their early retirement incentives include state-paid health insurance.

Ludeman estimates the annual cost to the plan for in-and-out ex-legislators at \$30,000 a year out of total plan outlays of \$360 million each year.

But he said the principle of fair dealing by former elected officials outweighs the dollars involved. He cited several logs from the health plan's customer contact reports as showing a pattern of potential abuse:

- One former legislator asked about "retroactive cancellation of his [coverage]. He had it for December, but canceled his appointment and wants his money back."
- Another "has a dental appointment for February and needs coverage [he's getting crowns]."
- A third "said he might need surgery in June so will be applying for health coverage in May. He wants a booklet with rates and an application."

"Obviously, the few are drawing attention to the well-inten-

tioned," Ludeman said.

health plan when his union coverage lapsed if he spent too much time at the State Capitol and not enough with a monkey wrench in hand. Now, he said, he sticks with the state plan.

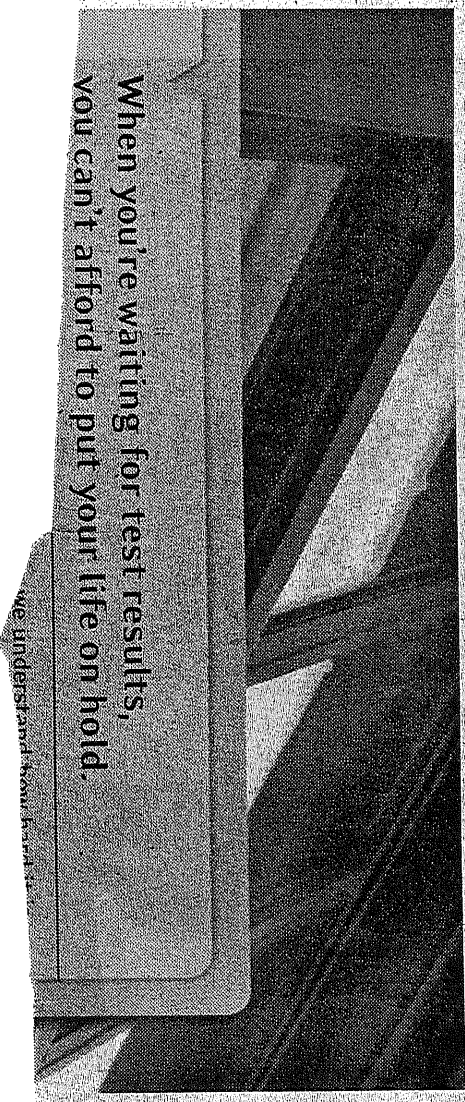
To Mahoney, the problem is legislators "who seem to hate themselves for doing this job" and will support restricting the health benefit as "self-sacrificing political grandstanding." If it keeps up, he said, the only people who will run for the Legislature will be fresh college graduates, retirees and the indigently wealthy.

Mahoney has managed to scale back Beard's bill, which originally would have allowed ex-legislators to join the state health plan only within 30 days of leaving office.

Under an amendment Mahoney drafted, those who have never been in the plan could join once, at any time. But if they dropped coverage outside an open enrollment period, they would not be able to buy back in later.

The measure is set for a hearing in the House State Government Finance Committee today. A Senate companion bill sponsored by Sen. Linda Higgins, DFl-Minneapolis, has not yet been heard.

Conrad deFiebre is at cd@tribune.com.



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1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1390: A bill for an act relating to state
4 employees; modifying state employee group insurance plan
5 provisions; amending Minnesota Statutes 2004, sections 43A.23,
6 subdivision 1; 43A.24, subdivision 2; 43A.27, subdivisions 3, 4.

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

9 Page 3, lines 4 to 7, reinstate the stricken language

10 Page 7, delete section 4 and insert:

11 "Sec. 4. Minnesota Statutes 2004, section 471.999, is
12 amended to read:

13 471.999 [REPORT TO LEGISLATURE.]

14 The commissioner of employee relations shall report to the
15 legislature by January 1 of each year on the status of
16 compliance with section 471.992, subdivision 1, by governmental
17 subdivisions.

18 The report must include a list of the political
19 subdivisions in compliance with section 471.992, subdivision 1,
20 and the estimated cost of compliance. The report must also
21 include a list of political subdivisions found by the
22 commissioner to be not in compliance, the basis for that
23 finding, recommended changes to achieve compliance, estimated
24 cost of compliance, and recommended penalties, if any. The
25 commissioner's report must include a list of subdivisions that
26 did not comply with the reporting requirements of this section.
27 The commissioner may request, and a subdivision shall provide,
28 any additional information needed for the preparation of a
29 report under this subdivision.

30 Notwithstanding any rule to the contrary, beginning in
31 2005, a political subdivision must report on its compliance with
32 the requirements of sections 471.991 to 471.999 no more
33 frequently than once every ~~five~~ three years. No report from a
34 political subdivision is required for 2003 and 2004."

35 Amend the title as follows:

36 Page 1, line 5, delete "subdivisions 3, 4" and insert
37 "subdivision 3; 471.999"

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

.....
(Committee Chair)

April 11, 2005.....
(Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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State of Minnesota

S.F. No. 1945 - Relating to City Charter Amendments

Author: Senator Linda Higgins

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)



Date: April 8, 2005

This bill would require a city council to hold a hearing on and vote on a charter amendment proposed by the city charter commission. Under current law, a home rule city council is not required to do so but may if it so chooses. The city council would still have the option of not enacting the proposed change as this bill only requires that the council hold a hearing and take a vote.

DPM:vs

Senator Higgins introduced--

S.F. No. 1945: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to local government; requiring a city council
3 to vote on charter commission recommendations for
4 charter amendments by ordinance; amending Minnesota
5 Statutes 2004, section 410.12, subdivision 7.

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

7 Section 1. Minnesota Statutes 2004, section 410.12,
8 subdivision 7, is amended to read:

9 Subd. 7. [AMENDMENT BY ORDINANCE.] Upon recommendation of
10 the charter commission the city council may enact a charter
11 amendment by ordinance. ~~Such-an~~ Within one month of receiving a
12 recommendation to amend the charter by ordinance, the city must
13 publish notice of a public hearing on the proposal and the
14 notice must contain the text of the proposed amendment. The
15 city council must hold the public hearing on the proposed
16 charter amendment at least two weeks but not more than one month
17 after the notice is published. Within one month of the public
18 hearing, the city council must vote on the proposed charter
19 amendment ordinance. The ordinance, ~~if is~~ enacted, ~~shall be~~
20 adopted-by-the-council-by if it receives an affirmative vote of
21 all its members ~~after-a-public-hearing-upon-two-weeks-~~ published
22 notice-containing-the-text-of-the-proposed-amendment of the city
23 council and shall-be is approved by the mayor and published as
24 in the case of other ordinances. An ordinance amending a city
25 charter shall not become effective until 90 days after passage

1 and publication or at such later date as is fixed in the
2 ordinance. Within 60 days after passage and publication of such
3 an ordinance, a petition requesting a referendum on the
4 ordinance may be filed with the city clerk. Such petition shall
5 be signed by qualified voters equal in number to two percent of
6 the total number of votes cast in the city at the last state
7 general election or 2,000, whichever is less. If the city has a
8 system of permanent registration of voters, only registered
9 voters are eligible to sign the petition. If the requisite
10 petition is filed within the prescribed period, the ordinance
11 shall not become effective until it is approved by the voters as
12 in the case of charter amendments submitted by the charter
13 commission, the council, or by petition of the voters, except
14 that the council may submit the ordinance at any general or
15 special election held at least 60 days after submission of the
16 petition, or it may reconsider its action in adopting the
17 ordinance. As far as practicable the requirements of
18 subdivisions 1 to 3 apply to petitions submitted under this
19 section, to an ordinance amending a charter, and to the filing
20 of such ordinance when approved by the voters.


1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1945: A bill for an act relating to local
4 government; requiring a city council to vote on charter
5 commission recommendations for charter amendments by ordinance;
6 amending Minnesota Statutes 2004, section 410.12, subdivision 7.

7 Reports the same back with the recommendation that the bill
8 do pass and be placed on the Consent Calendar. Report adopted.

9

10


.....
(Committee Chair)

11

12

13

14

15

April 11, 2005.....
(Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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State of Minnesota

S.F. No. 1298 - First Engrossment-Electronics Recycling

Author: Senator Linda Higgins

Prepared by: Greg Knopff, Legislative Analyst *GK*
phone: 651-296-9399 fax: 651-296-7747
e-mail: gregory.knopff@senate.leg.state.mn.us

Date: April 4, 2005

Section 1 [Contracts with Retailers] requires a retailer or manufacturer who is offered a contract to sell or lease a covered electronic device to a public entity to certify that they are registered to collect fees required under chapter 116F. This section also prohibits a public entity from contracting with a retailer or manufacturer who is not registered to collect the fee and provides for sanctions when a person is in violation of this section.

Section 2 [Definitions] defines relevant terms, including "covered electronic device" defined in subdivision 5, "manufacturer" defined in subdivision 6, and "video display device" defined in subdivision 16.

Section 3 [Fee; Expenditure of Proceeds] imposes a fee of \$10 on every sale to a consumer in Minnesota of a new covered electronic device. It requires a retailer to collect the fee at the time of sale and to transmit the fees, minus three percent for administrative costs, to the corporation defined in section 6 of the bill. The corporation may use the fees to fund collection, transportation, and recycling of covered electronic devices and to promote market development.

Section 4 [Office Responsibilities] requires the Office on Environmental Assistance (OEA) to report to the legislature biennially. The report must include:

- (1) a list of all parties participating in the system;
- (2) collection, transportation, and recycling costs;

- (3) projected sales of covered electronic devices;
- (4) projected volume of returns of the devices;
- (5) actual collection rates during the previous year; and
- (6) total weight of electronic devices received and recycled during the year.

Section 5 [Prohibitions] prohibits a person who is receiving reimbursement from the corporation from imposing a fee for the collection, transportation, and recycling of electronic devices. It also prohibits retailers and manufacturers of electronic devices from selling them in Minnesota unless they have registered with the corporation and they collect and remit the required fees.

Section 6 [Not-for-Profit Corporation] requires the Office of Environmental Assistance to establish a nonprofit corporation to administer the fee proceeds from the retail sale of electronic devices. Retailers in Minnesota are considered to have consented to be members of the not-for-profit corporation.

Section 7 [Corporation Responsibilities and Structure]

Subdivision 1 [Responsibilities] requires the corporation to be operated by a multistakeholder board and to manage the collection, transportation, recycling system for electronic devices. The corporation must receive the funds collected by the retailers and administer a system reimbursing collectors and recyclers.

Subdivision 2 [Structure] requires the corporation to use the funding for the purposes set out in statute, and allows the corporation to borrow up to ten percent of the projected annual fee funds from outside sources. The subdivision requires the office to annually report on the implementation of the system. The corporation must have a board of directors consisting of 11 members appointed by the director of the OEA, which must include representatives from:

- (1) five manufacturers of electronic devices;
- (2) two retailers of electronic devices;
- (3) one environmental not-for-profit organization experienced in recycling electronic devices;
- (4) one for-profit organization with recycling experience; and
- (5) two government representatives, including one from local government.

Subdivision 3 [Coordinating Contacts] requires the corporation to encourage collectors, transporters, and recyclers to coordinate their efforts in order to minimize costs.

Subdivision 4 [Reporting] requires the corporation to provide information to the OEA on the amount of covered electronic devices processed and the methods used.

Section 8 [Performance Requirements] requires the collected electronic devices to be recycled or disposed of in an environmentally sound manner. It requires the corporation to establish performance requirements for recyclers eligible to receive funds.

Section 9 [Level Playing Field Penalties] prohibits manufacturers from selling an electronic device unless a permanent label clearly identifying the brand or manufacturer is affixed to it. It requires manufacturers to notify retailers that the electronic device is subject to a fee, and makes a violation of this section subject to civil penalty of \$1,000 per violation. It allows manufacturers and retailers the right to sue a manufacturer or retailer for failing to collect or remit the fee to the corporation.

Section 10 [Market Development] requires the corporation to establish a market development program to enhance existing and development new end markets for remanufactured products and recycled materials.

Section 11 [Manufacturers] requires manufacturers to collect and remit the required fee on sales in which the manufacturer acts as a retailer, and to:

- (1) make information available to consumers about returning, recycling, and disposing of electronic devices; and
- (2) provide recyclers with information on the type and location of hazardous substances in the devices.

Beginning January 1, 2007, a manufacturer is prohibited from selling any product or electronic device that is prohibited from being sold in the European Union due to the presence of heavy metals. Beginning July 2008, and annually, manufacturers must make available a report that contains:

- (1) the total estimated amounts of lead, mercury, hexavalent chromium, cadmium, and PBBs contained in products sold within the state in the previous year;
- (2) the total estimated amounts of recyclable materials contained in electronic devices sold within the state; and
- (3) efforts to design electronic devices for recycling.

Section 12 [Procedures; Rules] requires the OEA to adopt procedures for fee collection registration and allows the OEA to adopt rules for administering these sections.

Section 13 [Program Review] requires the OEA in 2014, to convene a stakeholder group to evaluate the program and make recommendations regarding financing to the legislature by January 1, 2015.

Section 14 [Regulation of Covered Electronic Devices] provides that covered electronic devices must be reused, refurbished, and recycled in compliance with all federal, state, and local requirements, and cannot be exported for disposal in a manner that poses significant risk to public health or the environment.

Section 15 [Enforcement] clarifies that this act may be enforced by the Pollution Control Agency under the PCA's general authority for administrative, civil, and criminal enforcement powers.

Section 16 [Termination] terminates the requirements under this act, 30 days after the director of the OEA publishes notice in the State Register that a national program exists for waste covered electronic devices and is implemented throughout the state.

Section 15 [Effective Date] makes the bill effective July 1, 2005.

GK:dv

1 A bill for an act

2 relating to environment; enacting the Minnesota
3 Electronics Recycling Act of 2005; authorizing
4 rulemaking; providing penalties; amending Minnesota
5 Statutes 2004, section 16C.03, by adding a
6 subdivision; proposing coding for new law in Minnesota
7 Statutes, chapter 116F.

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

9 Section 1. Minnesota Statutes 2004, section 16C.03, is
10 amended by adding a subdivision to read:

11 Subd. 18. [CONTRACTS WITH RETAILERS.] (a) For the purposes
12 of this subdivision, the definitions in section 116F.505 have
13 the meanings given.

14 (b) A public entity, as defined in section 16B.122, may not
15 contract for the purchase or lease of a covered electronic
16 device from a retailer or manufacturer which has not registered
17 to collect the fee imposed under chapter 116F on its sales in
18 Minnesota or to a destination in Minnesota.

19 (c) Beginning on or after September 1, 2005, each retailer
20 or manufacturer that is offered a contract to sell or lease a
21 covered electronic device subject to a fee under chapter 116F to
22 a public entity must submit to the public entity certification
23 that the retailer or manufacturer is registered to collect fees
24 and acknowledging that the contract may be declared void if the
25 certification is false.

26 (d) The commissioner of administration must ensure that

1 acquisitions of covered electronic devices are certified by the
2 vendor to be in compliance with this subdivision.

3 (e) The bid solicitation documents must specify that the
4 prospective bidder is required to cooperate fully in providing
5 reasonable access to its records and documents that evidence
6 compliance with this subdivision.

7 (f) Any person awarded a contract for purchase or lease of
8 covered electronic devices that is found to be in violation of
9 this subdivision is subject to the following sanctions:

10 (1) the contract must be voided;

11 (2) the contractor is ineligible to bid on any state
12 contract for a period of three years; and

13 (3) if the attorney general establishes that any money,
14 property, or benefit was obtained by a contractor as a result of
15 violating this subdivision, the court may, in addition to any
16 other remedy, order the disgorgement of the unlawfully obtained
17 money, property, or benefit.

18 [EFFECTIVE DATE.] This section is effective for all
19 contracts entered into on or after September 1, 2005.

20 Sec. 2. [116F.505] [DEFINITIONS.]

21 Subdivision 1. [SCOPE.] For the purposes of sections
22 116F.505 to 116F.593, the following terms have the meanings
23 given.

24 Subd. 2. [COMPUTER.] "Computer" means an electronic,
25 magnetic, optical, electrochemical, or other high speed data
26 processing device performing logical, arithmetic, or storage
27 functions, but does not include an automated typewriter or
28 typesetter, a portable handheld calculator or device, or other
29 similar device.

30 Subd. 3. [CONSUMER.] "Consumer" means a person who
31 purchases a covered electronic device in a transaction that is a
32 sale.

33 Subd. 4. [CORPORATION.] "Corporation" means the
34 not-for-profit organization established under section 116F.540.

35 Subd. 5. [COVERED ELECTRONIC DEVICE.] "Covered electronic
36 device" means a desktop or personal computer, computer monitor,

1 portable computer, desktop printer, television, or video display
2 device. Covered electronic device does not include those items
3 when they are:

4 (1) part of a motor vehicle, or any component part of a
5 motor vehicle assembled by or for a vehicle manufacturer or
6 franchised dealer, including replacement parts for use in a
7 motor vehicle;

8 (2) part of a piece of industrial, commercial, or medical
9 equipment, including monitoring or control equipment; or

10 (3) contained within a clothes washer, clothes dryer,
11 refrigerator, refrigerator and freezer, microwave oven,
12 conventional oven or range, dishwasher, room air conditioner,
13 dehumidifier, or air purifier.

14 Subd. 6. [MANUFACTURER.] "Manufacturer" means any person
15 that:

16 (1) manufactures a covered electronic device under its own
17 brand;

18 (2) manufactures a covered electronic device without
19 affixing a brand;

20 (3) resells a covered electronic device produced by other
21 suppliers under its own brand and label; or

22 (4) imports a covered electronic device into the United
23 States.

24 Subd. 7. [MONITOR.] "Monitor" means a separate visual
25 display component of a computer, whether sold separately or
26 together with a computer central processing unit or computer
27 box, and includes a cathode ray tube, liquid crystal display,
28 gas plasma, digital light processing, or other image projection
29 technology, greater than nine inches when measured diagonally;
30 its case; interior wires and circuitry; cable to the central
31 processing unit; and power cord.

32 Subd. 8. [OFFICE.] "Office" means the Office of
33 Environmental Assistance.

34 Subd. 9. [PORTABLE COMPUTER.] "Portable computer" means a
35 computer and video display that can be carried by an individual.

36 Subd. 10. [PURCHASE.] "Purchase" means the taking, by

1 sale, of title or of the right to use.

2 Subd. 11. [RECYCLING.] "Recycling" has the meaning given
3 in section 115A.03.

4 Subd. 12. [RETAILER.] "Retailer" means a person who owns
5 or operates a business that sells new covered electronic devices.

6 Subd. 13. [REUSE.] "Reuse" means an operation by which a
7 covered electronic device changes ownership to be used for the
8 same purpose for which it was originally put on the market
9 without additional processing or remanufacturing.

10 Subd. 14. [SELL OR SALE.] "Sell" or "sale" means any
11 transfer for consideration of title or of the right to use to a
12 consumer, by lease or sales contract, including, but not limited
13 to, transactions conducted through sales outlets, catalogs, or
14 the Internet, or any other similar electronic means, and
15 excluding wholesale transactions with distributors or dealers.

16 Subd. 15. [TELEVISION.] "Television" means a stand-alone
17 display system having a viewable area greater than nine inches
18 when measured diagonally and able to adhere to any standard
19 consumer video formats such as PAL, SECAM, NTSC, and HDTV and
20 has the capability of selecting different broadcast channels and
21 support sound capability.

22 Subd. 16. [VIDEO DISPLAY DEVICE.] "Video display device"
23 means a device with an output surface having a viewable area
24 greater than nine inches when measured diagonally that displays
25 moving graphical images or a visual representation of image
26 sequences or pictures, showing a number of quickly changing
27 images on a screen in fast succession to create the illusion of
28 motion, including, if applicable, a device that is an integral
29 part of the display, and cannot be easily removed from the
30 display by the consumer, that produces the moving image on the
31 screen. Displays typically use a cathode ray tube, liquid
32 crystal display, gas plasma, digital light processing, or other
33 image projection technology.

34 Sec. 3. [116F.515] [FEE; EXPENDITURE OF PROCEEDS.]

35 (a) Beginning on September 1, 2005, a fee of \$10 is imposed
36 upon every sale to a consumer in Minnesota of a new covered

1 electronic device as required by section 116F.530.

2 (b) A retailer that sells a new covered electronic device
3 must collect at the time of sale the fee imposed under paragraph
4 (a) for each new covered electronic device sold to a consumer in
5 the state.

6 (c) A retailer shall transmit all fees collected under this
7 section, minus three percent of total fee revenues which may be
8 retained by the retailer for administrative costs associated
9 with collecting the fee, to the corporation on or before the
10 last day of the month following each quarter, accompanied by any
11 forms prescribed by the corporation. If a covered electronic
12 device for which the fee has been paid is returned to a retailer
13 under warranty, the fee may be refunded, and the retailer may
14 deduct the amount of the returned fee from the remittance to the
15 corporation.

16 (d) Fees collected by the corporation must be used only for
17 the administrative cost of the corporation to perform its
18 responsibilities under section 116F.540; to fund collection,
19 transportation, and recycling of covered electronic devices; and
20 to promote the collection and recycling of covered electronic
21 devices and market development. Fees may not be used to pay for
22 activities associated with refurbishment and reuse of covered
23 electronic devices, or for the collection, transportation, or
24 recycling of covered electronic devices that are refurbished and
25 reused.

26 (e) The fee imposed under this section must be clearly
27 identified separately on sales documents from the product price
28 and is not included in the price for purposes of sales taxes.

29 Sec. 4. [116F.520] [OFFICE RESPONSIBILITIES.]

30 (a) Beginning on July 1, 2007, the office shall report to
31 the legislature on a biennial basis regarding the progress on
32 the implementation of sections 116F.505 to 116F.593, including
33 recommendations for changes to sections 116F.505 to 116F.593
34 that will ensure the most effective collection of electronic
35 product recycling fees and whether the cap on the fee imposed
36 under section 116F.515 should be adjusted.

1 (b) The report must include the following:

2 (1) a list of all parties participating in the system;

3 (2) current collection, transportation, and recycling costs
4 of covered electronic devices;

5 (3) projected sales of covered electronic devices;

6 (4) projected volume of returns of covered electronic
7 devices;

8 (5) actual collection rates during the previous 12-month
9 period plus a yearly growth projection;

10 (6) the total weight of covered electronic devices received
11 during the preceding year by product category, together with the
12 total weight of the products recycled in each product category;
13 and

14 (7) any surplus funds carried forward.

15 (c) The report due on July 1, 2007, shall include an
16 assessment of the ratio of discarded CRTs to other discarded
17 covered electronic devices. The office shall also publish on
18 the office's Web site its assessment and evaluation of covered
19 electronic device collection, transportation, and reuse,
20 refurbish, or recycling programs in the state.

21 (d) In addition to the report described in this section,
22 the director shall evaluate in each odd-numbered year beginning
23 in 2007, the amount and composition of other household
24 electronic wastes such as computer central processing units, an
25 shall recommend the addition or deletion of products to be
26 covered under sections 116F.505 to 116F.593.

27 Sec. 5. [116F.525] [PROHIBITIONS.]

28 (a) A person who is receiving reimbursement from the
29 corporation under sections 116F.505 to 116F.593 must not impose
30 a drop-off or other fee for the collection, transportation, and
31 recycling of covered electronic devices. Sections 116F.505 to
32 116F.593 do not apply to end-of-life fees in effect for products
33 not covered by those sections.

34 (b) Retailers and manufacturers of covered electronic
35 devices are prohibited from selling covered electronic devices
36 in Minnesota unless they have registered with the corporation

1 and they collect and remit the fees for covered electronic
2 devices required by section 116F.515.

3 Sec. 6. [116F.530] [NOT-FOR-PROFIT CORPORATION.]

4 A corporation must be established by the office as a
5 nonprofit corporation organized under chapter 317A that
6 qualifies for tax exempt status under United States Code, title
7 26, section 501(c)(3), to administer collected fee proceeds from
8 the retail sale of covered electronic devices. Retailers of
9 covered electronic devices to consumers in Minnesota are
10 considered to have consented to be members of the not-for-profit
11 corporation. The corporation shall submit a budget annually to
12 the office and spend no more than five percent of the total fees
collected under section 116F.515 for administrative expenses.

14 Sec. 7. [116F.540] [CORPORATION RESPONSIBILITIES AND
15 STRUCTURE.]

16 Subdivision 1. [RESPONSIBILITIES.] (a) The corporation
17 must be governed and operated by a multistakeholder board for
18 fulfilling the responsibility for management of a collection,
19 transportation, and recycling system for covered electronic
20 devices.

21 (b) The corporation must serve, to the extent feasible, all
22 consumers in the state. The corporation must also rely
23 primarily on existing collection and consolidation
24 infrastructure for handling covered electronic devices to the
25 extent this infrastructure is cost effective and meets the
26 environmentally sound management requirements of section
27 116F.545.

28 (c) The corporation must receive funds collected by the
29 retailers and administer the system for reimbursement of
30 collectors and recyclers.

31 (d) The corporation shall organize and coordinate public
32 outreach. The corporation shall utilize local and regional
33 authorities to reach local residents and determine appropriate
methods for education.

25 Subd. 2. [STRUCTURE.] (a) The corporation shall use the
funding for the sole purpose of carrying out the duties of

1 sections 116F.505 to 116F.593. In the event that expenses from
2 collection, transportation, and recycling activities exceed
3 revenues, the corporation may borrow up to ten percent of the
4 projected annual net fee funds from outside sources. Borrowed
5 funds must be repaid within two years.

6 (b) On April 1 of each year, the office shall report to the
7 legislature on the implementation of the system during the
8 previous year. The report must identify the total weight of
9 covered electronic devices received during the preceding year by
10 product category, together with the total weight of products
11 recycled in each product category. The report must also include
12 a list of all parties participating in the system.

13 (c) The corporation must have a board of directors
14 consisting of 11 members appointed by the director. The board
15 members shall be appointed for two-year terms, except that for
16 the initial term, three members shall be appointed to one-year
17 terms and four members shall be appointed to two-year terms.
18 The director shall appoint a replacement if any vacancy occurs.
19 The board shall consist of representatives from:

20 (1) five manufacturers of covered electronic devices;

21 (2) two retailers of covered electronic devices;

22 (3) one environmental not-for-profit organization with
23 experience in the recycling of covered electronic devices;

24 (4) one for-profit organization with experience in the
25 recycling of covered electronic devices; and

26 (5) two government representatives, including one from
27 local government who shall be compensated pursuant to section
28 15.059, subdivision 3.

29 (d) The board shall hire a director who shall run the
30 day-to-day operations of the corporation and report to the board
31 at least once a year.

32 Subd. 3. [COORDINATING CONTRACTS.] The corporation shall
33 encourage collectors, transporters, and recyclers of covered
34 electronic devices to coordinate their efforts in order to
35 minimize costs. All contracts issued by the corporation for
36 recyclers must be competitively bid under a process created by

1 the corporation and may not prohibit or affect any contract,
2 franchise, permit, or other arrangement regarding the collection
3 or recycling of other solid or household hazardous waste.

4 Subd. 4. [REPORTING.] By February 1, 2007, and each year
5 thereafter, the corporation must provide information to the
6 office that specifies the following information regarding
7 covered electronic devices from Minnesota households:

8 (1) the total number and pounds of covered electronic
9 devices collected during the preceding year, together with the
10 total number and pounds of covered electronic devices reused or
11 refurbished for reuse, and the total number and pounds of
12 covered electronic devices recycled or resold; and

13 (2) a general description of the processes and methods used
14 to recycle, refurbish, or reuse the covered electronic devices
15 and any disassembly, physical recovery operation, or other
16 operation that was used, the location where these activities
17 occurred, and whether these activities were conducted in
18 accordance with applicable rules, standards, and requirements
19 for the environmentally sound management of covered electronic
20 devices.

21 Sec. 8. [116F.545] [PERFORMANCE REQUIREMENTS.]

22 (a) The corporation shall establish performance
23 requirements for recyclers eligible to receive funds from the
24 corporation. Recyclers shall, at a minimum, demonstrate
25 compliance with the United States Environmental Protection
26 Agency's Guidance on Environmentally Sound Management of
27 Electronic Products as issued and available on the office's Web
28 site in addition to any other requirements mandated by state law.

29 (b) The office shall keep on file and update a list of
30 recyclers approved to recycle covered electronic devices. A
31 copy of the list, including all changes to the list since the
32 previous year, must be sent to the corporation annually for use
33 in fulfilling its requirements under section 116F.540.

34 (c) The office is authorized to remove from the list any
35 recycler, who, as the result of an audit by the corporation or
36 the office, has failed to meet the criteria established under

1 section 116F.591 or who has been convicted of violating any
2 federal, state, or local law related to the collection,
3 transport, or processing of covered electronic products.

4 (d) The corporation and its board may not be held
5 financially liable for any violation of a federal, state, or
6 local law by a recycler appearing on the list created and
7 updated by the office.

8 Sec. 9. [116F.550] [LEVEL PLAYING FIELD PENALTIES.]

9 (a) Beginning September 1, 2005, a manufacturer may not
10 offer for sale in Minnesota a covered electronic device unless a
11 visible, permanent label clearly identifying the brand or
12 manufacturer of that device is affixed to it and, if the
13 manufacturer is also a retailer, the fee under section 116F.515
14 is collected.

15 (b) By July 15, 2005, manufacturers of covered electronic
16 devices must notify retailers that the covered electronic device
17 is subject to the fee in section 116F.515.

18 (c) A violation of this section is subject to a civil
19 penalty in the amount of \$1,000 per violation.

20 (d) The money collected and distributed shall be used to
21 offset enforcement expenses.

22 (e) Manufacturers and retailers, upon providing 60-day
23 notice to the attorney general and to a retailer who is not
24 collecting and remitting the fee in section 116F.515, or a
25 manufacturer who is not complying with this section, have the
26 right to sue that manufacturer or retailer for failure to
27 collect or remit the fee to the corporation. During the 60-day
28 notice period, if the attorney general initiates action against
29 the manufacturer or retailer, then the ability of the
30 manufacturer to sue is extinguished. The money collected by the
31 attorney general must be used to offset enforcement expenses.
32 Money in excess of the enforcement expenses shall be deposited
33 with the corporation. Manufacturers and retailers that
34 successfully challenge a noncompliant manufacturer or retailer
35 are entitled to receive their litigation costs as well as double
36 the penalties assessed under paragraph (c).

1 Sec. 10. [116F.560] [MARKET DEVELOPMENT.]

2 The corporation shall establish a market development
3 program to enhance existing and develop new end markets for
4 remanufactured products and recycled materials. No more than
5 one percent of corporation funds may be spent on this program.

6 Sec. 11. [116F.575] [MANUFACTURERS DUTIES.]

7 (a) Beginning September 1, 2005, a manufacturer must:

8 (1) collect and remit the fee in section 116F.515 on all
9 sales in which the manufacturer acts as a retailer;

10 (2) make information available to consumers describing
11 where and how to return, recycle, and dispose of covered
12 electronic devices through the use of product operation manuals,
13 industry or manufacturer Web sites, product labels, packaging
14 inserts, or toll-free telephone numbers; and

15 (3) provide recyclers with information on the type and
16 location of hazardous substances in the covered products.

17 (b) Beginning January 1, 2007, a manufacturer must not
18 offer for sale in the state any product or electronic device
19 that is prohibited from being sold or offered for sale in the
20 European Union on or after its date of manufacture, to the
21 extent that Directive 2002/95/EC adopted by the European
22 Parliament on January 27, 2003, and as amended thereafter by the
23 Commission of European Communities, prohibits the sale due to
24 the presence of heavy metals. This prohibition does not include
25 any product that contains a substance that is used to comply
26 with consumer health or safety requirements that are required by
27 Underwriters Laboratories, the federal government, or the state.

28 (c) Beginning July 1, 2008, and annually thereafter,
29 manufacturers shall make available to the public upon request a
30 report that contains:

31 (1) the total estimated amounts of lead, mercury,
32 hexavalent chromium, cadmium, and polybrominated biphenyls
33 (PBBs) contained in products sold within the state in the
34 previous year;

35 (2) the total estimated amounts of recyclable materials
36 contained in covered electronic devices sold within the state in

1 the previous year, and increases the use of those materials over
2 previous years; and

3 (3) any efforts to design covered electronic devices for
4 recycling and goals or plans for further increasing design for
5 recycling.

6 (d) In lieu of an individual report, manufacturers may
7 submit the information in a collated report submitted via a
8 trade association provided that information about an individual
9 company can be made available to the office upon written request
10 by the office. The office may only make such a request for
11 auditing purposes and not more than once during a five-year
12 period. The office may not make public any confidential

13 business information claimed by the manufacturer in the report.

14 (e) A report submitted to another state or to the federal
15 government that contains the same information as required in
16 this section must be accepted by the office in lieu of a
17 separate report for the state.

18 Sec. 12. [116F.580] [PROCEDURES; RULES.]

19 Subdivision 1. [REGISTRATION PROCEDURES.] The office shall
20 by November 1, 2005, establish procedures for registering with
21 the corporation and maintaining fee collection registrations and
22 the means for making registration information easily available
23 on a Web site to manufacturers, distributors, retailers, and
24 members of the public.

25 Subd. 2. [RULES.] The office may adopt rules for the
26 purpose of administering sections 116F.505 to 116F.593.

27 Sec. 13. [116F.590] [PROGRAM REVIEW.]

28 On or after January 1, 2014, the office shall convene a
29 stakeholder group to evaluate the program and make
30 recommendations to the legislature by January 1, 2015, as to
31 whether to:

32 (1) continue or modify the fee under section 116F.515;

33 (2) implement another financing alternative; or

34 (3) determine that no outside financing mechanism is
35 required to ensure that the system is financially solvent.

36 Sec. 14. [116F.591] [REGULATION OF COVERED ELECTRONIC

1 DEVICES.]

2 Covered electronic devices must be recycled, refurbished,
3 or reused in compliance with all applicable federal, state, and
4 local laws, regulations, and ordinances, and must not be
5 exported for disposal in a manner that poses a significant risk
6 to the public health or environment.

7 Sec. 15. [116F.592] [ENFORCEMENT.]

8 Sections 116F.505 to 116F.591 may be enforced under
9 sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072.

10 Sec. 16. [116F.593] [TERMINATION.]

11 The requirements under sections 116F.505 to 116F.592 shall
12 terminate 30 days after the director publishes a notice in the
13 State Register that a national program for effectively
14 collecting, transporting, and reusing or recycling waste covered
15 electronic devices is established and implemented throughout the
16 state.

17 Sec. 17. [EFFECTIVE DATE.]

18 Except as otherwise specified, sections 1 to 16 are
19 effective July 1, 2005.

Tomassoni

1 Senator moves to amend S.F. No. 1298 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [116H.55] [DEFINITIONS.]

4 Subdivision 1. [SCOPE.] For the purposes of this chapter,
5 the following terms have the meanings given.

6 Subd. 2. [CATHODE RAY TUBE OR CRT.] "Cathode ray tube" or
7 "CRT" means a vacuum tube or picture tube used to convert an
8 electronic signal into a visual image. It is composed primarily
9 of glass, and is the video display component of a television or
10 computer monitor, and includes other items integrally attached
11 to the CRT.

12 Subd. 3. [COMPUTER MONITOR.] "Computer monitor" means an
13 electronic device that is a cathode ray tube or flat panel
14 display primarily intended to display information from a central
15 processing unit or the Internet. Computer monitor includes a
16 laptop computer.

17 Subd. 4. [FULL TRUCKLOAD.] "Full truckload" means a
18 quantity weighing 25,000 pounds or more of video display devices.

19 Subd. 5. [HENNEPIN COUNTY STUDY.] "Hennepin County study"
20 means the Hennepin County Consumer Electronics Brand Tally,
21 published January 2005.

22 Subd. 6. [HOUSEHOLD.] "Household" means an occupant of a
23 single detached dwelling unit or a single unit of a multiple
24 dwelling unit who has used a video display device at a dwelling
25 unit primarily for personal use.

26 Subd. 7. [INTERMEDIATE CONSOLIDATION POINT.] "Intermediate
27 consolidation point" means a facility in the state approved by
28 the Office of Environmental Assistance pursuant to section
29 116H.65, paragraph (d), clause (3), where local governments and
30 households can deliver for consolidation video display devices
31 generated by households and destined for recycling,
32 refurbishment, or reuse. The facility may be operated by a
33 private entity or a local unit of government, and must be
34 capable of consolidating a full truckload of video display
35 devices from households in accordance with all applicable
36 federal, state, and local laws, rules, regulations, and

1 ordinances.

2 Subd. 8. [MANUFACTURER.] "Manufacturer" means a person
3 who: (1) manufactures video display devices to be sold under
4 its own brand as identified by its own brand label; or (2) sells
5 video display devices manufactured by others under its own brand
6 as identified by its own brand label.

7 Subd. 9. [MANUFACTURER'S BRANDS.] "Manufacturer's brands"
8 means a manufacturer's name, brand name, or brand label, and all
9 manufacturer's names, brand names, and brand labels for which
10 the manufacturer has legal responsibility, including those
11 manufacturer's names, brand names, and brand labels of companies
12 that have been acquired by the manufacturer.

13 Subd. 10. [OFFICE.] "Office" means the Office of
14 Environmental Assistance.

15 Subd. 11. [ORPHAN WASTE.] "Orphan waste" means a video
16 display device covered by this section for which (1) no
17 manufacturer can be identified, or (2) the manufacturer no
18 longer exists and no successor can be identified.

19 Subd. 12. [PRO RATA SHARE.] "Pro rata share" means the
20 percentage that is the proportion, multiplied by 100, of the
21 total weight of video display devices, of the manufacturer's
22 brands registered by a registrant, as required by section
23 116H.60, paragraph (e), received at intermediate consolidation
24 points divided by the total weight of video display devices
25 received at intermediate consolidation points, as determined by
26 the sampling program at intermediate consolidation points
27 pursuant to section 116H.65, paragraph (d), clause (1). The pro
28 rata share for the first program year shall be based on the
29 Hennepin County study.

30 Subd. 13. [REGISTRANT.] "Registrant" means a manufacturer
31 that submits the registration required by section 116H.60,
32 paragraph (a), or an independent party that submits the
33 registration required by section 116H.60, paragraph (a), in lieu
34 of a manufacturer.

35 Subd. 14. [SELL OR SALE.] "Sell" or "sale" means any
36 transfer for consideration of title or of the right to use, by

1 lease or sales contract, including, but not limited to,
2 transactions conducted through sales outlets, catalogs, or the
3 Internet, or any other similar electronic means either inside or
4 outside of the state, by a person who conducts the transaction
5 and controls the delivery of a video display device to a
6 consumer in the state, but does not include a wholesale
7 transaction with a distributor or a retailer.

8 Subd. 15. [TELEVISION.] "Television" means an electronic
9 device that is a cathode ray tube or flat panel display
10 primarily intended to receive video programming via broadcast,
11 cable, or satellite transmission or video from surveillance or
12 other similar cameras.

13 Subd. 16. [VIDEO DISPLAY DEVICE.] "Video display device"
14 means a computer monitor or television with a screen size
15 greater than eight inches measured diagonally.

16 Sec. 2. [116H.60] [REGISTRATION PROGRAM.]

17 (a) On and after July 1, 2006, a person may not sell or
18 offer for sale a new video display device to any person in the
19 state unless:

20 (1) the video display device is labeled with the
21 manufacturer's brand, which label is permanently affixed and
22 readily visible; and

23 (2) the video display device is subject to a registration
24 filed by a registrant with the office according to this section,
25 with the registration effective upon receipt by the office.

26 (b) A person who sells or offers for sale a new video
27 display device to a consumer in this state must, before initial
28 offer for sale of the device, submit to the office a
29 certification that the person has reviewed the office's Web site
30 specified in paragraph (h), and has determined that all new
31 video display devices that the person is then offering for sale
32 are labeled with manufacturer's brands that are subject to
33 registration statements filed with the office. After the
34 initial submittal, the certification must be submitted to the
35 office annually by July 10 of each year, effective as of July 1
36 of each year.

1 (c) By February 1, 2006, a manufacturer of video display
2 devices sold to a consumer in this state must submit a
3 registration to the office that includes a certification that a
4 registrant will participate in the intermediate consolidation
5 point program as specified in paragraph (m) beginning July 1,
6 2006. A manufacturer who begins to sell or offer for sale video
7 display devices after February 1, 2006, and has not filed a
8 registration pursuant to this section must submit a registration
9 to the office within ten days of beginning to sell or offer for
10 sale video display devices to consumers in the state. The
11 registration is effective upon receipt by the office.

12 (d) The registration must list the manufacturer's brands.
13 The registration must be updated within ten days after a change
14 in the manufacturer's brands, such as in the event of an
15 acquisition, merger, or divestiture.

16 (e) A registrant may partner with one or more manufacturers
17 or other parties, collectively a "registrant," to prepare and
18 submit to the office a joint video display device recycling,
19 refurbishment, or reuse program.

20 (f) The office must set a registration fee, not to exceed
21 \$3,000 per year, the revenues from which are to be used only to
22 pay administrative costs of the program. This fee-setting
23 process is subject to rulemaking under section 14.389.

24 (g) The office must review each registration and notify the
25 registrant if the registration does not include the information
26 required by this section. Within 30 days of receipt of a
27 notification from the office, the registrant must file with the
28 office a revised registration providing the information noted by
29 the office.

30 (h) The office must maintain on its Web site the names of
31 the registrants and the manufacturers' brands that are listed in
32 registrations filed with the office. The office must update the
33 Web site information promptly upon receipt of a new registration
34 or an updated registration.

35 (i) The obligations of a manufacturer or registrant apply
36 only to video display devices received from households in this

1 state and do not apply to video display devices received from
2 owners other than households.

3 (j) Persons who receive a video display device for
4 recycling, refurbishment, or reuse pursuant to a registration
5 may recycle, refurbish, or reuse, including re-sell, the video
6 display device. Except to the extent otherwise required by law,
7 such persons have no responsibility for any data that may be on
8 the video display device if an information storage device is
9 included with the video display device.

10 (k) A city, county, or other public agency may not require
11 households to use the intermediate consolidation point program
12 to recycle their video display devices to the exclusion of other
13 programs legally available. This chapter anticipates that video
14 display device recycling programs, in addition to those provided
15 by manufacturers and registrants under this section, will be
16 available to households in the state. Nothing in this chapter
17 prohibits or restricts any such programs or prohibits or
18 restricts any persons from receiving, storing, transporting, or
19 recycling video display devices.

20 (l) By October 1 of each year, each registrant must submit
21 a report to the office that describes the implementation of the
22 program during the preceding program year. The program year is
23 July 1 through June 30. The first report must be submitted by
24 October 1, 2007. The report must:

25 (1) identify the total weight of the video display devices
26 that the registrant has arranged for pickup from intermediate
27 consolidation points during the preceding year, and the total
28 weight of video display devices that the registrant has received
29 from households through other methods during the preceding year
30 and for which the registrant has used such video display devices
31 to satisfy all or a portion of its pro rata share responsibility
32 during the preceding year; and

33 (2) describe the processes and methods used to recycle,
34 refurbish, or reuse video display devices that the registrant
35 has arranged for pickup from intermediate collection points
36 during the preceding year and that the registrant has received

1 from households through other methods, and for which the
2 registrant has used such video display devices to satisfy all or
3 a portion of its pro rata share responsibility during the
4 preceding year; and, in particular, identify any disassembly,
5 physical recovery operation including crushing, shredding,
6 grinding, or glass to glass recycling, or any other operation
7 that was used and describe where it took place. The report must
8 also discuss whether these activities included procedures
9 described in the United States Environmental Protection Agency's
10 guidelines for the environmentally sound management of
11 electronic equipment.

12 (m) Participation in the intermediate consolidation point
13 program requires that a registrant must:

14 (1) arrange for the pickup and recycling of a full
15 truckload load or full truckloads of computer monitor video
16 display devices or television video display devices received by
17 intermediate consolidation points after July 1, 2006, up to the
18 registrant's pro rata share of computer monitor video display
19 devices or television video display devices, from intermediate
20 consolidation points, pursuant to rules adopted by the office
21 under section 116H.65, paragraph (e). Registrants are
22 responsible for the costs of pickup and recycling of the video
23 display devices. A registrant may satisfy a portion or all of
24 its pro rata share responsibility by receipt of video display
25 devices from households through other methods if the registrant
26 has not charged for the recycling, refurbishment, or reuse of
27 the video display devices that the registrant has received from
28 households in this state through the other methods. A
29 registrant who intends to satisfy a portion or all of its pro
30 rata share responsibility by receipt of the video display
31 devices from households through other methods must provide the
32 office with a report of its receipt of video display devices
33 through the other methods on a quarterly basis;

34 (2) ~~until June 30, 2009, arrange for the pickup and~~
35 ~~recycling of a minimum of an additional 12.5 percent of the~~
36 ~~registrant's pro rata share of video display devices by weight~~

1 from intermediate consolidation points, pursuant to rules
2 adopted by the office under section 116H.65, paragraph (e).
3 Registrants are responsible for the costs of pickup and
4 recycling of the video display devices. A registrant may
5 satisfy a portion or all of its additional pro rata share
6 responsibility by receipt of video display devices from
7 households through other methods if the registrant has not
8 charged for the recycling, refurbishment, or reuse of the video
9 display devices that the registrant received from households in
10 this state through the other methods. Collectively, the
11 registrants must arrange for the pickup and recycling of the
12 orphan waste collected during this period.

13 (n) After receipt of the report required by paragraph (l)
14 to be filed on October 1, 2009, the office must review the
15 performance of the program and may issue performance standards
16 related to the number of units collected per household.

17 Sec. 3. [116H.65] [DUTIES OF OFFICE.]

18 (a) The office must administer and enforce this chapter.

19 (b) The office must establish procedures for:

20 (1) receipt and maintenance of the registration statements
21 and certifications filed with the office pursuant to section
22 116H.60; and

23 (2) making the statements and certifications easily
24 available to registrants, manufacturers, distributors,
25 retailers, and members of the public.

26 (c) On or before December 1, 2010, and every three years
27 thereafter, the office must provide a report to the governor and
28 the legislature on the implementation of this chapter. For each
29 of the preceding three program years, the report must discuss
30 the total weight of video display devices received by all
31 registrants from intermediate consolidation points, the total
32 weight of video display devices received by each registrant from
33 intermediate consolidation points, the total weight of video
34 display devices that the registrant has received from households
35 through other methods during the preceding year and which the
36 registrant has used to satisfy all or a portion of its pro rata

1 share responsibility during the preceding year, and a summary of
2 information in the report submitted by registrants pursuant to
3 section 116H.60, paragraph (l). The report must also discuss
4 the various collection programs used to collect video display
5 devices and information received by the office regarding video
6 display devices that are not being collected by the
7 registrants. The report must include a description of
8 enforcement actions under this chapter and information about
9 video display devices, if any, being disposed of in landfills in
10 this state. The office may include in its report other
11 information received by the office regarding the implementation
12 of the chapter.

13 (d) The office must administer the intermediate
14 consolidation point program.

15 (1) The office must calculate pro rata shares for video
16 display devices on an annual program year basis for each
17 registrant. Pro rata shares for the first program year must be
18 determined by the office by May 1, 2006, using the Hennepin
19 County study. For each subsequent year, pro rata shares must be
20 determined by May 1 of the preceding year based upon an annual
21 sampling survey conducted by the office at intermediate
22 consolidation points during that preceding year. The sampling
23 survey must identify televisions and computer monitors
24 separately, and calculate the weight of televisions and computer
25 monitors separately. The office may provide registrants with
26 projections or estimates of the amount by weight of video
27 display devices for which the registrant may be responsible
28 during a given program year.

29 (2) The office must establish by rule by May 1, 2006, a
30 system to coordinate among registrants pickups from intermediate
31 consolidation points after an intermediate consolidation point
32 has notified the office that a full truckload of video display
33 devices from households has been consolidated. The office must
34 provide a program year accounting of the extent to which each
35 registrant met its pro rata share responsibility as established
36 pursuant to section 116H.60, paragraph (m), and methods for

1 addressing amounts greater than or less than a registrant's pro
2 rata share responsibility that were picked up and recycled by a
3 registrant during the program year.

4 (3) By February 1, 2006, the office must receive
5 applications for the establishment of intermediate consolidation
6 points. The director must seek to receive at least 15
7 applications with at least ten of the applications from outside
8 the metropolitan area. By April 30, 2006, the office must
9 establish a list of approved intermediate consolidation points
10 and must provide the list on its Web site. Manufacturers and
11 registrants have no responsibility for any costs of the
12 intermediate consolidation points. Applications for the
13 establishment of intermediate consolidation points must specify
14 any method that will be used to ensure that video display
15 devices will be collected only from households or that video
16 display devices from households will be segregated from other
17 video display devices.

18 (e) The office may adopt rules for the purpose of
19 administering and enforcing this chapter.

20 Sec. 4. [116H.75] [REQUIREMENTS FOR PURCHASES BY STATE
21 AGENCIES.]

22 (a) The Department of Administration must ensure that
23 acquisitions of video display devices under chapter 16C are
24 certified by the vendor to be in compliance with section 116H.60.

25 (b) The bid solicitation documents must specify that the
26 prospective bidder is required to cooperate fully in providing
27 reasonable access to its records and documents that evidence
28 compliance with paragraph (a) and section 116H.60.

29 (c) Any person awarded a contract under chapter 16C for
30 purchase or lease of video display devices that is found to be
31 in violation of paragraph (a) or section 116H.60 is subject to
32 the following sanctions:

33 (1) the contract must be voided;

34 (2) the contractor is ineligible to bid on any state
35 contract for a period of three years; and

36 (3) if the attorney general establishes that any money,

1 property, or benefit was obtained by a contractor as a result of
2 violating paragraph (a) or section 116H.60, the court may, in
3 addition to any other remedy, order the disgorgement of the
4 unlawfully obtained money, property, or benefit.

5 Sec. 5. [116H.80] [REGULATION OF CRT DEVICES.]

6 Rules adopted by the office or by the Pollution Control
7 Agency regarding the handling, storage, and treatment of cathode
8 ray tube devices or video display devices being recycled may not
9 be more restrictive than regulations adopted by the United
10 States Environmental Protection Agency. If the United States
11 Environmental Protection Agency adopts regulations under the
12 Resource Conservation and Recovery Act regarding the handling,
13 storage, or treatment of cathode ray tube devices or video
14 display devices being recycled, those regulations are
15 automatically effective in this state on the same date and
16 supersede any rules previously adopted by the office or the
17 Pollution Control Agency regarding the handling, storage, or
18 treatment of cathode ray tube devices or video display devices
19 being recycled.

20 Sec. 6. [116H.85] [ENFORCEMENT.]

21 This chapter shall be enforced in the manner provided by
22 sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072.

23 Sec. 7. [116H.90] [LIMITATIONS.]

24 This chapter expires if a federal law, or combination of
25 federal laws, takes effect that is applicable to all video
26 display devices sold in the United States and establishes a
27 program for the collection and recycling or reuse of video
28 display devices that is applicable to all video display devices
29 discarded by households."

NOT Adopted

1 Senator moves to amend S.F. No. 427 (LCPR05-231) as
2 follows:

3 Page 157, after line 35, insert:

4 "Sec. 80. [POLICE AND FIRE FUND SURVIVOR BENEFITS.]

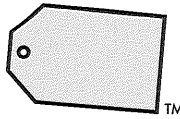
5 Notwithstanding any provision of Minnesota Statutes,
6 section 353.657, subdivision 1, requiring a specified period of
7 marriage to obtain survivor benefits, the surviving spouse of a
8 St. Louis Park police officer killed while serving on active
9 duty in Iraq is entitled to survivor benefits provided under
10 Minnesota Statutes, section 353.657, through the public
11 employees police and fire plan.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment."

14 Renumber the sections in sequence and correct the internal
15 references

16 Amend the title accordingly

SF1298



BEST BUY™

April 11, 2005

Members of the Committee
Senate State & Local Government Operations Committee
75 Rev. Dr. Martin Luther King Jr. Blvd., Room 328
St. Paul, MN 55155-1606

Re: **Electronic Waste (E-waste) Management**

Dear Senators:

As part of the Minnesota community with our corporate headquarters and nearly 8,000 employees in the State, Best Buy stands ready to work with you in finding a successful solution for effective electronic waste management. Best Buy is actively working at the federal level to find a national solution to the issue of electronics waste. However, we understand that the Minnesota Legislature and the Governor are eager to pass a state solution and in doing so, we ask that you support a **manufacturer responsibility model**, putting the initial responsibility for end-use disposal on the entities that designed and manufactured the covered products.

Best Buy is a retailer and a manufacturer. In considering the various e-waste models, Best Buy believes that a no-fee producer responsibility model is the best way to encourage recycling by providing consumers with a variety of options. As a manufacturer, we understand that we will incur costs in implementing a recycling plan. As a retailer, we understand that we will need to play a large role in educating our customers about their options for recycling. We also understand that by selling a wide variety of products from multiple manufacturers, we play a large role in ensuring that manufacturers are cooperating with the program.

Best Buy is active in recycling. Best Buy started its recycling program in 2001 to provide a simple, fun and convenient program for recycling electronics that protects the environment while raising awareness of recycling options. Best Buy has helped consumers nation-wide recycle over 2 million pounds of electronics in an environmentally responsible way since the program began. In addition to our recycling events, we offer kiosks in every store that accept cell phones, batteries and ink jet cartridges. This has become an important part of our commitment to our customers and the manufacturer responsibility model supports our current direction as opposed to an advance recovery model which has proved problematic for our business and our customers.

Best Buy has found the advanced recovery fee (ARF) in California costly and confusing-- placing responsibility unfairly on retailers and consumers. The CA Board of Equalization has made it clear that they have no enforcement authority on out-of-state manufacturers and retailers. This has presented problems for us in two areas. First, it hits directly at our ability to compete. Out-of-state sellers already hold a 5-8% tax advantage and now also hold up to a \$10 price advantage. In addition, in-state retailers are solely responsible for correctly labeling the products with the correct fee, adding an administrative burden to retailers that was intended to fall on manufacturers. The collection allowance permitted in CA does not begin to cover the set up costs or the ongoing costs of compliance. Finally, the ARF system is confusing for our customers. We are on the front lines for educating our customers. At this point, we are collecting a fee with no real understanding of how the fee works or if it can support the system.

A hybrid system that incorporates the two models only adds to customer confusion and does not account for the convergence of technologies. While integrating the manufacturer responsibility model and the ARF seems on the surface to address concerns for manufacturers, it does not address the concerns of retailers and consumers. By having to identify what is and is not covered under the system, only adds confusion in explaining the system to customers and will add costs for retailers. In addition, the system fails to take into account the growth and convergence of technologies. Already we are seeing televisions that can be hooked up to computers and monitors that act as televisions. This area of technology will only continue to grow making the ability to differentiate between products a serious issue for retailers.

Best Buy Corporate Campus • 7601 Penn Avenue South, Richfield, MN, USA 55423-3645 • (612) 291-1000 • NYSE symbol: BBY

As a retailer and manufacturer, we believe that the manufacturer responsibility model is the best approach because it involves all parties in a solution. Thank you for your consideration and for your on-going support of Best Buy.

Sincerely,

A handwritten signature in black ink, appearing to read "Paula Prahl". The signature is written in a cursive style with a large initial "P".

Paula J. Prahl
Vice President, Public Affairs

SF 1298

Consumer Electronics Retailers Coalition



www.ceretailers.org

April 11, 2005

The Honorable Linda Higgins
Chair – Senate State & Local Government Operations Committee
75 Rev. Dr. Martin Luther King Jr. Blvd., Room 328
St. Paul, MN 55155-1606

Re: Minnesota Legislature Action Surrounding Electronic Device Management

Dear Senator Higgins:

I am writing on behalf of the Consumer Electronics Retailers Coalition (CERC) – a national organization of major consumer electronics retailers and general retailers who sell consumer electronics, many whom have numerous stores located throughout the state of Minnesota. In point of fact, two of our members, Target Corporation and Best Buy, are headquartered in the state.

While CERC strongly believes a nationwide approach to the management of electronics is the ultimate solution, we understand that policymakers in the State of Minnesota are ready to take action on this matter now. In doing so, we urge you to please support a producer responsibility model for the management of electronic waste. CERC members collectively believe that a no-fee producer responsibility system will continue to encourage innovation and provide consumers with a variety of choices. Such a system will allow manufacturers flexibility to implement electronics recycling programs that make sense to and can be easily understood and implemented by – consumers, government, retailers and manufacturers. We believe that this approach is more balanced because it places the initial responsibility of end-use disposal on the entities that designed and manufactured the covered products in the first place, as opposed to instituting a new and expensive bureaucratic structure and forcing constituents to pay a new tax – an Advance Recovery Fee (ARF) – that is also being discussed by the Minnesota legislature.

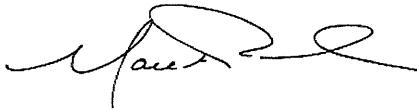
CERC members oppose any “Point-of-Sale|Advance Recovery Fee” system because we know from first hand experience that such an approach does not accomplish its goals, is administratively burdensome for all parties, and only guarantees a new revenue source for government without guaranteeing that an effective recycling system is put into place. Consumer electronic (CE) retailers are concerned that though ARF legislation is intended to promote electronic waste management, encourage greater recycling efforts, and incentivize some of the stakeholders to provide solutions, it falls short of attaining these worthy goals. Rather than providing a solution, as we have found in California, point of sale recycling collection fees add burdensome administrative structures and are harmful to CE retailers, as well as adding a confusing administrative structure for consumers to figure and state agencies to administer. There is no incentive on the manufacturer to develop any environmental recycling compliance plan.

The recent institution of such a fee/tax program in California has proven complicated for all parties – government, businesses and consumers – to understand and administer; incredibly costly for both the governmental agencies and retailers to implement; impracticable to bring sufficient dollars down to the local level to implement enough local collection and disposal facilities; impossible to impose on out-of-state online/mail order retailers; impractical, by asking the government to set up a new administrative structure to collect the fees, manage the program and disperse the revenue for effective recycling; and impossible to know how high the taxes/fees charged to consumers needs to be in order to adequately fund a successfully electronics device recycling program.

In short, a POS|ARF approach – particularly given significant budget cutting at all levels of government – will not adequately fund an effective recycling program, and will only serve to confuse and burden the consumer with the imposition of new fees and perceived new taxes without any direct benefits.

Thank you for the opportunity to share the industry's positions concerning eWaste legislative efforts in the state. We hope to work closely with the members of the Minnesota legislature in developing a fair and equitable electronics recycling management plan that will be good for the state, its businesses, and most of all, its constituents--our customers. Please do not hesitate to contact me if we can be of further assistance.

Sincerely,



Marc A. Pearl, Executive Director

cc: Vice Chair Charles Wiger; Ranking Member Claire Robling; and Senators Dick Day, D. Scott Dibble, Michelle L. Fischbach, Debbie J. Johnson, Gary W. Kubly, Sharon Marko, David H. Senjem, Yvonne Prettner Solon, David J. Tomassoni, Jim Vickerman and Betsy Wergin

Attached: CERC Position Paper on an Electronic Device Management System

*The **Consumer Electronics Retailers Coalition (CERC)** represents small, medium and large consumer electronic retail businesses and associations operating in all 50 states and worldwide, all of whom employ hundreds of Minnesota residents. **Member companies, in addition to Best Buy and Target, include Circuit City, RadioShack, Wal-Mart, the North American Retail Dealers Association and the Retail Industry Leaders Association.** Our goal is to educate, advocate and instill continued consumer and market confidence through our interactions with government agencies, state legislatures and the U.S. Congress.*



Consumer Electronics Retailers Coalition (CERC) Position on the Need for a National Electronics Management System

- Consumer electronics (CE) retailers strongly believe that developing a national electronics management system that effectively encourages the collection and recycling of electronic waste is far more preferable if handled as a “federal solution” rather than by individual states.
- CE retailers realize that they have an important role in working with and being active participants with other interested stakeholders in developing a successful federal model that will have to be implemented at the local level.
- CE retailers believe a successful national system for electronics recycling can be established without imposing fees at the point-of-sale; without having to create a new complex administrative structure; and without mandates that discourage innovation.
- CE retailers believe that a no-fee system will not only continue to encourage innovation, but will also provide consumers with a variety of choices and manufacturers with flexibility to implement electronics recycling programs that make sense – to consumers, government, retailers and manufacturers.
- CE retailers also believe that the U.S. can learn from and build on the lessons of other countries that have implemented recycling programs. Our nation has a unique opportunity to create a progressive producer responsibility system that encourages the market to drive an effective, efficient and environmentally sound solution.

Federal Legislation – A comprehensive nationwide approach to the financing, collection, transportation and recycling of electronic devices that preempts individual state action is ultimately the best solution for all parties – manufacturers, distributors, retailers, collection agencies, recyclers, governments at all levels and consumers.

- Consumer electronic retailers view the implementation of the **Producer Responsibility** model as the most efficient and comprehensive electronics waste management plan. Such an approach will encourage effective recycling while, at the same time, be the least burdensome to the consumer. In order to be successful, however, the **Producer Responsibility** approach must include –
 - A **limited number of types** and **clear definition** of covered devices.
 - That any **retailer ‘take-back’ programs** – if mentioned at all – must remain **voluntary**.
 - A **‘safe harbor’** for a consumer electronics retailer that sells a product not covered under an approved management plan absent actual knowledge.
 - Programs that help **educate** and are easily understood by **consumers**.
 - A **flexible system** that allows manufacturers the ability to provide services to consumers and encourages the market to drive efficiencies and choices.
 - Encouraging **voluntary collection initiatives** by manufacturers to partner with retailers, charities and/or local governments.

- Establishing manufacturers' **financial responsibility based on the products that consumers return to the system** – not fees at the point-of-sale or other financial models that do not reflect the true costs and realities of the return system.
- The ability of **manufacturers to work independently or collaborate with others** to meet the established responsibility goals.

State Action – Though a successful electronic waste management solution must be nationwide in scope, CE retailers, in coalition with other interested stakeholders, will actively work with states that remain desirous of moving their own legislative solution as a transitional step to the implementation of a nationwide system – focusing their attention on the **Producer Responsibility model**. If a state does move such legislation, it should recognize the need to include certain key principles –

- A **sunset provision** that allows for federal preemption in the event that Congress passes a national electronic device recycling law.
- Provisions that **include all means by which a covered device is sold for retail** in the state – whether sold in-store, by telephone or over the Internet.

For practical and administrative reasons, a **nationwide PRODUCER RESPONSIBILITY approach is the most efficient and optimal answer** because it will –

- Place responsibility for the effective recycling of electronic devices where it belongs – on those stakeholders, including producers, distributors, retailers and consumers, who benefit from the sale of electronic products.
- Encourage producers to design products for ease of recycling, and could encourage manufacturers to design products with less materials of concern, if laws are designed to exempt those products that are safe for landfills.
- Establish a system that – unlike the point-of-sale advance recovery fee approach instituted in California – is easy to administer, is not complicated, is inexpensive for consumers, retailers and governments, and does not unfairly burden the residents of one state.
- Provide a level playing field that applies to all types of sale at the state level – whether the covered consumer electronic product is sold via the Internet, catalogue, over the telephone, or in a traditional brick-and-mortar/in-store operation.

THE POINT-OF-SALE | ADVANCE RECOVERY FEE APPROACH WILL NOT WORK – Consumer electronic retailers oppose any “point-of-sale|advance recovery fee” (POS|ARF) approach because such an approach has been shown to not accomplish its goals; is administratively burdensome for all parties; and will only guarantee a new revenue source for government without guaranteeing that an effective recycling system will be put into place.

The recent institution of such a fee/tax program in California has already been shown to be:

- Too complicated for all parties – government, businesses and consumers – to understand and administer;
- Incredibly costly for both the governmental agencies and retailers to implement;
- Impracticable to bring sufficient dollars down to the local level to implement enough local collection and disposal facilities;
- Impossible to impose on out-of-state online/mail order retailers;
- Impractical, by asking the government to set up a new administrative structure to collect the fees, manage the program and disperse the revenue for effective recycling; and
- Impossible to know how high the taxes/fees charged to consumers needs to be in order to adequately fund a successfully electronics device recycling program.

In short, a POS|ARF approach – particularly given significant budget cutting at all levels of government – will not adequately fund an effective recycling program, and will only serve to confuse and burden the consumer with the imposition of new fees and perceived new taxes without any direct benefits.

SF 1298



April 4, 2005

To: Members of the State and Local Government Operations Committee --
Senators: Higgins, Wiger, Robling, Day, Dibble, Fischbach, D.J. Johnson, Kubly, Marko,
Senjem, Solon, Tomassoni, Vickerman, Wergin

Re: Electronic Waste Recycling (SF 1298)

Senate File 1298, as amended in the Senate Environment Committee on Wednesday (March 30, 2005), can have an adverse effect on local and metropolitan governmental units as well as the future of waste electronic recycling and its economic development potential in Minnesota. The amendment removed Producer Responsibility (manufacturers pay for the collection, reuse and recycling of electronic waste) and inserted an Advance Recycling Fee (requires a taxpayer subsidy).

We believe the implication of going forward with an insufficient Advance Recycling Fee will shift some substantial financial burden to local and metropolitan units of government. The taxpayer subsidy is not a sustainable situation economically, nor is it one that we would expect to receive support from taxpayers given the wide range of other local governmental services that need to be covered in every city, township and county currently facing budget challenges.

A more effective and fiscally responsible approach to handling electronic waste is Producer Responsibility. The provisions in Senate Files 1298 (before amendment) and 1595 can be used to address immediate electronic waste recycling issues, minimize burdens to governmental units and eliminate taxpayer subsidies.

For additional information, please contact Tim Rudnicki/ Representing Computer TakeBack Campaign/ Cell: 612-801-3266

1 **Senator Higgins from the Committee on State and Local**
2 **Government Operations, to which was re-referred**

3 **S.F. No. 1298:** A bill for an act relating to environment;
4 enacting the Minnesota Electronics Recycling Act of 2005;
5 authorizing rulemaking; providing penalties; amending Minnesota
6 Statutes 2004, section 16C.03, by adding a subdivision;
7 proposing coding for new law in Minnesota Statutes, chapter 116F.

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

10 Delete everything after the enacting clause and insert:

11 "Section 1. [116H.55] [DEFINITIONS.]

12 Subdivision 1. [SCOPE.] For the purposes of this chapter,
13 the following terms have the meanings given.

14 Subd. 2. [CATHODE RAY TUBE OR CRT.] "Cathode ray tube" or
15 "CRT" means a vacuum tube or picture tube used to convert an
16 electronic signal into a visual image. It is composed primarily
17 of glass, and is the video display component of a television or
18 computer monitor, and includes other items integrally attached
19 to the CRT.

20 Subd. 3. [COMPUTER MONITOR.] "Computer monitor" means an
21 electronic device that is a cathode ray tube or flat panel
22 display primarily intended to display information from a central
23 processing unit or the Internet. Computer monitor includes a
24 laptop computer.

25 Subd. 4. [FULL TRUCKLOAD.] "Full truckload" means a
26 quantity weighing 25,000 pounds or more of video display devices.

27 Subd. 5. [HENNEPIN COUNTY STUDY.] "Hennepin County study"
28 means the Hennepin County Consumer Electronics Brand Tally,
29 published January 2005.

30 Subd. 6. [HOUSEHOLD.] "Household" means an occupant of a
31 single detached dwelling unit or a single unit of a multiple
32 dwelling unit who has used a video display device at a dwelling
33 unit primarily for personal use.

34 Subd. 7. [INTERMEDIATE CONSOLIDATION POINT.] "Intermediate
35 consolidation point" means a facility in the state approved by
36 the Office of Environmental Assistance pursuant to section
37 116H.65, paragraph (d), clause (3), where local governments and
38 households can deliver for consolidation video display devices
39 generated by households and destined for recycling,

1 refurbishment, or reuse. The facility may be operated by a
2 private entity or a local unit of government, and must be
3 capable of consolidating a full truckload of video display
4 devices from households in accordance with all applicable
5 federal, state, and local laws, rules, regulations, and
6 ordinances.

7 Subd. 8. [MANUFACTURER.] "Manufacturer" means a person
8 who: (1) manufactures video display devices to be sold under
9 its own brand as identified by its own brand label; or (2) sells
10 video display devices manufactured by others under its own brand
11 as identified by its own brand label.

12 Subd. 9. [MANUFACTURER'S BRANDS.] "Manufacturer's brands"
13 means a manufacturer's name, brand name, or brand label, and all
14 manufacturer's names, brand names, and brand labels for which
15 the manufacturer has legal responsibility, including those
16 manufacturer's names, brand names, and brand labels of companies
17 that have been acquired by the manufacturer.

18 Subd. 10. [OFFICE.] "Office" means the Office of
19 Environmental Assistance.

20 Subd. 11. [ORPHAN WASTE.] "Orphan waste" means a video
21 display device covered by this section for which (1) no
22 manufacturer can be identified, or (2) the manufacturer no
23 longer exists and no successor can be identified.

24 Subd. 12. [PRO RATA SHARE.] "Pro rata share" means the
25 percentage that is the proportion, multiplied by 100, of the
26 total weight of video display devices, of the manufacturer's
27 brands registered by a registrant, as required by section
28 116H.60, paragraph (e), received at intermediate consolidation
29 points divided by the total weight of video display devices
30 received at intermediate consolidation points, as determined by
31 the sampling program at intermediate consolidation points
32 pursuant to section 116H.65, paragraph (d), clause (1). The pro
33 rata share for the first program year shall be based on the
34 Hennepin County study.

35 Subd. 13. [REGISTRANT.] "Registrant" means a manufacturer
36 that submits the registration required by section 116H.60,

1 paragraph (a), or an independent party that submits the
2 registration required by section 116H.60, paragraph (a), in lieu
3 of a manufacturer.

4 Subd. 14. [SELL OR SALE.] "Sell" or "sale" means any
5 transfer for consideration of title or of the right to use, by
6 lease or sales contract, including, but not limited to,
7 transactions conducted through sales outlets, catalogs, or the
8 Internet, or any other similar electronic means either inside or
9 outside of the state, by a person who conducts the transaction
10 and controls the delivery of a video display device to a
11 consumer in the state, but does not include a wholesale
12 transaction with a distributor or a retailer.

13 Subd. 15. [TELEVISION.] "Television" means an electronic
14 device that is a cathode ray tube or flat panel display
15 primarily intended to receive video programming via broadcast,
16 cable, or satellite transmission or video from surveillance or
17 other similar cameras.

18 Subd. 16. [VIDEO DISPLAY DEVICE.] "Video display device"
19 means a computer monitor or television with a screen size
20 greater than eight inches measured diagonally.

21 Sec. 2. [116H.60] [REGISTRATION PROGRAM.]

22 (a) On and after July 1, 2006, a person may not sell or
23 offer for sale a new video display device to any person in the
24 state unless:

25 (1) the video display device is labeled with the
26 manufacturer's brand, which label is permanently affixed and
27 readily visible; and

28 (2) the video display device is subject to a registration
29 filed by a registrant with the office according to this section,
30 with the registration effective upon receipt by the office.

31 (b) A person who sells or offers for sale a new video
32 display device to a consumer in this state must, before initial
33 offer for sale of the device, submit to the office a
34 certification that the person has reviewed the office's Web site
35 specified in paragraph (h), and has determined that all new
36 video display devices that the person is then offering for sale

1 are labeled with manufacturer's brands that are subject to
2 registration statements filed with the office. After the
3 initial submittal, the certification must be submitted to the
4 office annually by July 10 of each year, effective as of July 1
5 of each year.

6 (c) By February 1, 2006, a manufacturer of video display
7 devices sold to a consumer in this state must submit a
8 registration to the office that includes a certification that a
9 registrant will participate in the intermediate consolidation
10 point program as specified in paragraph (m) beginning July 1,
11 2006. A manufacturer who begins to sell or offer for sale video
12 display devices after February 1, 2006, and has not filed a
13 registration pursuant to this section must submit a registration
14 to the office within ten days of beginning to sell or offer for
15 sale video display devices to consumers in the state. The
16 registration is effective upon receipt by the office.

17 (d) The registration must list the manufacturer's brands.
18 The registration must be updated within ten days after a change
19 in the manufacturer's brands, such as in the event of an
20 acquisition, merger, or divestiture.

21 (e) A registrant may partner with one or more manufacturers
22 or other parties, collectively a "registrant," to prepare and
23 submit to the office a joint video display device recycling,
24 refurbishment, or reuse program.

25 (f) The office must set a registration fee, not to exceed
26 \$3,000 per year, the revenues from which are to be used only to
27 pay administrative costs of the program. This fee-setting
28 process is subject to rulemaking under section 14.389.

29 (g) The office must review each registration and notify the
30 registrant if the registration does not include the information
31 required by this section. Within 30 days of receipt of a
32 notification from the office, the registrant must file with the
33 office a revised registration providing the information noted by
34 the office.

35 (h) The office must maintain on its Web site the names of
36 the registrants and the manufacturers' brands that are listed in

1 registrations filed with the office. The office must update the
2 Web site information promptly upon receipt of a new registration
3 or an updated registration.

4 (i) The obligations of a manufacturer or registrant apply
5 only to video display devices received from households in this
6 state and do not apply to video display devices received from
7 owners other than households.

8 (j) Persons who receive a video display device for
9 recycling, refurbishment, or reuse pursuant to a registration
10 may recycle, refurbish, or reuse, including resell, the video
11 display device. Except to the extent otherwise required by law,
12 such persons have no responsibility for any data that may be on
13 the video display device if an information storage device is
14 included with the video display device.

15 (k) A city, county, or other public agency may not require
16 households to use the intermediate consolidation point program
17 to recycle their video display devices to the exclusion of other
18 programs legally available. This chapter anticipates that video
19 display device recycling programs, in addition to those provided
20 by manufacturers and registrants under this section, will be
21 available to households in the state. Nothing in this chapter
22 prohibits or restricts any such programs or prohibits or
23 restricts any persons from receiving, storing, transporting, or
24 recycling video display devices.

25 (l) By October 1 of each year, each registrant must submit
26 a report to the office that describes the implementation of the
27 program during the preceding program year. The program year is
28 July 1 through June 30. The first report must be submitted by
29 October 1, 2007. The report must:

30 (1) identify the total weight of the video display devices
31 that the registrant has arranged for pickup from intermediate
32 consolidation points during the preceding year, and the total
33 weight of video display devices that the registrant has received
34 from households through other methods during the preceding year
35 and for which the registrant has used such video display devices
36 to satisfy all or a portion of its pro rata share responsibility

1 during the preceding year; and

2 (2) describe the processes and methods used to recycle,
3 refurbish, or reuse video display devices that the registrant
4 has arranged for pickup from intermediate collection points
5 during the preceding year and that the registrant has received
6 from households through other methods, and for which the
7 registrant has used such video display devices to satisfy all or
8 a portion of its pro rata share responsibility during the
9 preceding year; and, in particular, identify any disassembly,
10 physical recovery operation including crushing, shredding,
11 grinding, or glass to glass recycling, or any other operation
12 that was used and describe where it took place. The report must
13 also discuss whether these activities included procedures
14 described in the United States Environmental Protection Agency's
15 guidelines for the environmentally sound management of
16 electronic equipment.

17 (m) Participation in the intermediate consolidation point
18 program requires that a registrant must:

19 (1) arrange for the pickup and recycling of a full
20 truckload or full truckloads of computer monitor video display
21 devices or television video display devices received by
22 intermediate consolidation points after July 1, 2006, up to the
23 registrant's pro rata share of computer monitor video display
24 devices or television video display devices, from intermediate
25 consolidation points, pursuant to rules adopted by the office
26 under section 116H.65, paragraph (e). Registrants are
27 responsible for the costs of pickup and recycling of the video
28 display devices. A registrant may satisfy a portion or all of
29 its pro rata share responsibility by receipt of video display
30 devices from households through other methods if the registrant
31 has not charged for the recycling, refurbishment, or reuse of
32 the video display devices that the registrant has received from
33 households in this state through the other methods. A
34 registrant who intends to satisfy a portion or all of its pro
35 rata share responsibility by receipt of the video display
36 devices from households through other methods must provide the

1 office with a report of its receipt of video display devices
2 through the other methods on a quarterly basis;

3 (2) arrange for the pickup and recycling of the
4 registrant's pro rata share of orphan waste by weight from
5 intermediate consolidation points, pursuant to rules adopted by
6 the office under section 116H.65, paragraph (e). Registrants
7 are responsible for the costs of pickup and recycling of the
8 video display devices. A registrant may satisfy a portion or
9 all of its additional pro rata share responsibility by receipt
10 of video display devices from households through other methods
11 if the registrant has not charged for the recycling,
12 refurbishment, or reuse of the video display devices that the
13 registrant received from households in this state through the
14 other methods. Collectively, the registrants must arrange for
15 the pickup and recycling of the orphan waste collected during
16 this period.

17 (n) After receipt of the report required by paragraph (l)
18 to be filed on October 1, 2009, the office must review the
19 performance of the program and may issue performance standards
20 related to the number of units collected per household.

21 Sec. 3. [116H.65] [DUTIES OF OFFICE.]

22 (a) The office must administer and enforce this chapter.

23 (b) The office must establish procedures for:

24 (1) receipt and maintenance of the registration statements
25 and certifications filed with the office pursuant to section
26 116H.60; and

27 (2) making the statements and certifications easily
28 available to registrants, manufacturers, distributors,
29 retailers, and members of the public.

30 (c) On or before December 1, 2010, and every three years
31 thereafter, the office must provide a report to the governor and
32 the legislature on the implementation of this chapter. For each
33 of the preceding three program years, the report must discuss
34 the total weight of video display devices received by all
35 registrants from intermediate consolidation points, the total
36 weight of video display devices received by each registrant from

1 intermediate consolidation points, the total weight of video
2 display devices that the registrant has received from households
3 through other methods during the preceding year and which the
4 registrant has used to satisfy all or a portion of its pro rata
5 share responsibility during the preceding year, and a summary of
6 information in the report submitted by registrants pursuant to
7 section 116H.60, paragraph (1). The report must also discuss
8 the various collection programs used to collect video display
9 devices and information received by the office regarding video
10 display devices that are not being collected by the
11 registrants. The report must include a description of
12 enforcement actions under this chapter and information about
13 video display devices, if any, being disposed of in landfills in
14 this state. The office may include in its report other
15 information received by the office regarding the implementation
16 of the chapter.

17 (d) The office must administer the intermediate
18 consolidation point program.

19 (1) The office must calculate pro rata shares for video
20 display devices on an annual program year basis for each
21 registrant. Pro rata shares for the first program year must be
22 determined by the office by May 1, 2006, using the Hennepin
23 County study. For each subsequent year, pro rata shares must be
24 determined by May 1 of the preceding year based upon an annual
25 sampling survey conducted by the office at intermediate
26 consolidation points during that preceding year. The sampling
27 survey must identify televisions and computer monitors
28 separately, and calculate the weight of televisions and computer
29 monitors separately. The office may provide registrants with
30 projections or estimates of the amount by weight of video
31 display devices for which the registrant may be responsible
32 during a given program year.

33 (2) The office must establish by rule by May 1, 2006, a
34 system to coordinate among registrants pickups from intermediate
35 consolidation points after an intermediate consolidation point
36 has notified the office that a full truckload of video display

1 devices from households has been consolidated. The office must
2 provide a program year accounting of the extent to which each
3 registrant met its pro rata share responsibility as established
4 pursuant to section 116H.60, paragraph (m), and methods for
5 addressing amounts greater than or less than a registrant's pro
6 rata share responsibility that were picked up and recycled by a
7 registrant during the program year.

8 (3) By February 1, 2006, the office must receive
9 applications for the establishment of intermediate consolidation
10 points. The director must seek to receive at least 15
11 applications with at least ten of the applications from outside
12 the metropolitan area. By April 30, 2006, the office must
13 establish a list of approved intermediate consolidation points
14 and must provide the list on its Web site. Manufacturers and
15 registrants have no responsibility for any costs of the
16 intermediate consolidation points. Applications for the
17 establishment of intermediate consolidation points must specify
18 any method that will be used to ensure that video display
19 devices will be collected only from households or that video
20 display devices from households will be segregated from other
21 video display devices.

22 (e) The office may adopt rules for the purpose of
23 administering and enforcing this chapter.

24 Sec. 4. [116H.75] [REQUIREMENTS FOR PURCHASES BY STATE
25 AGENCIES.]

26 (a) The Department of Administration must ensure that
27 acquisitions of video display devices under chapter 16C are
28 certified by the vendor to be in compliance with section 116H.60.

29 (b) The bid solicitation documents must specify that the
30 prospective bidder is required to cooperate fully in providing
31 reasonable access to its records and documents that evidence
32 compliance with paragraph (a) and section 116H.60.

33 (c) Any person awarded a contract under chapter 16C for
34 purchase or lease of video display devices that is found to be
35 in violation of paragraph (a) or section 116H.60 is subject to
36 the following sanctions:

1 (1) the contract must be voided;

2 (2) the contractor is ineligible to bid on any state
3 contract for a period of three years; and

4 (3) if the attorney general establishes that any money,
5 property, or benefit was obtained by a contractor as a result of
6 violating paragraph (a) or section 116H.60, the court may, in
7 addition to any other remedy, order the disgorgement of the
8 unlawfully obtained money, property, or benefit.

9 Sec. 5. [116H.80] [REGULATION OF CRT DEVICES.]

10 Rules adopted by the office or by the Pollution Control
11 Agency regarding the handling, storage, and treatment of cathode
12 ray tube devices or video display devices being recycled may not
13 be more restrictive than regulations adopted by the United
14 States Environmental Protection Agency. If the United States
15 Environmental Protection Agency adopts regulations under the
16 Resource Conservation and Recovery Act regarding the handling,
17 storage, or treatment of cathode ray tube devices or video
18 display devices being recycled, those regulations are
19 automatically effective in this state on the same date and
20 supersede any rules previously adopted by the office or the
21 Pollution Control Agency regarding the handling, storage, or
22 treatment of cathode ray tube devices or video display devices
23 being recycled.

24 Sec. 6. [116H.85] [ENFORCEMENT.]

25 This chapter shall be enforced in the manner provided by
26 sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072.

27 Sec. 7. [116H.90] [LIMITATIONS.]

28 This chapter expires if a federal law, or combination of
29 federal laws, takes effect that is applicable to all video
30 display devices sold in the United States and establishes a
31 program for the collection and recycling or reuse of video
32 display devices that is applicable to all video display devices
33 discarded by households."

34 Amend the title as follows:

35 Page 1, line 4, delete everything after the semicolon

36 Page 1, delete line 5

1 Page 1, line 6, delete "subdivision;"

2 Page 1, line 7, delete "116F" and insert "116H"

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

5

[Handwritten Signature]
.....
(Committee Chair)

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April 11, 2005.....
(Date of Committee recommendation)